
***N.T.S. STEEL GROUP PUBLIC
COMPANY LIMITED***

Financial Statements

Year ended March 31, 2015

REPORT OF THE INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

TO THE SHAREHOLDERS AND BOARD OF DIRECTORS

N.T.S. STEEL GROUP PUBLIC COMPANY LIMITED

We have audited the financial statements of N.T.S. Steel Group Public Company Limited, which comprise the statement of financial position as at March 31, 2015, and the related statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Thai Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the aforementioned financial statements present fairly, in all material respects, the financial position of N.T.S. Steel Group Public Company Limited as at March 31, 2015, and its financial performance and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards.



Thanawan Anuratbodee
Certified Public Accountant (Thailand)
Registration No. 3440

BANGKOK
April 28, 2015

DELOITTE TOUCHE TOHMATSU JAIYOS AUDIT CO., LTD.

N.T.S. STEEL GROUP PUBLIC COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2015

UNIT : BAHT

	Notes	2015	2014
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4.1	198,055,055	158,473,997
Trade and other receivables			
Trade receivables - related companies	5, 19	90,255,344	168,175,738
Trade receivables - other companies	5	660,084,040	637,674,393
Other receivables - related companies	19	4,445,798	1,730,439
Other receivables - other companies		14,936,498	12,952,807
Inventories	6	1,507,170,306	1,892,191,221
Other current assets		6,009,694	12,345,938
Total Current Assets		<u>2,480,956,735</u>	<u>2,883,544,533</u>
NON-CURRENT ASSETS			
Available-for-sale investments		500,000	600,000
Property, plant and equipment	7	4,335,904,207	4,636,541,480
Intangible asset	8	144,291	209,182
Deferred tax assets	9	6,417,195	206,152,737
Other non-current assets			
Corporate income tax refundable		16,876,050	16,876,050
Others		4,218,601	5,482,135
Total Non-current Assets		<u>4,364,060,344</u>	<u>4,865,861,584</u>
TOTAL ASSETS		<u>6,845,017,079</u>	<u>7,749,406,117</u>

Notes to the financial statements form an integral part of these statements

N.T.S. STEEL GROUP PUBLIC COMPANY LIMITED
STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT MARCH 31, 2015

UNIT : BAHT

	Notes	2015	2014
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
Short-term borrowings from financial institutions	10	1,539,711,422	1,541,301,871
Short-term borrowing from parent company	10, 19	1,612,506,835	223,014,015
Trade and other payables			
Trade payables - related companies	19	861,334,958	1,088,702,114
Trade payables - other companies		260,994,702	324,129,669
Other payables - related companies	19	18,052,554	7,577,016
Other payables - other companies	4.2	790,207	449,556
Accrued expenses		190,409,782	158,258,383
Advances received from customers		134,483,968	29,312,520
Current portion of long-term liabilities			
Trade payables arising from debt restructuring	12	6,326,827	6,326,827
Long-term borrowings from parent company	11, 19	865,000,000	1,610,000,000
Other current liabilities		12,215,160	23,915,020
Total Current Liabilities		<u>5,501,826,415</u>	<u>5,012,986,991</u>
NON-CURRENT LIABILITIES			
Long-term borrowings from parent company	11, 19	200,000,000	1,065,000,000
Employee benefit obligations	14	43,377,636	33,768,805
Total Non-current Liabilities		<u>243,377,636</u>	<u>1,098,768,805</u>
TOTAL LIABILITIES		<u>5,745,204,051</u>	<u>6,111,755,796</u>

N.T.S. STEEL GROUP PUBLIC COMPANY LIMITED
STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT MARCH 31, 2015

UNIT : BAHT

	Notes	2015	2014
LIABILITIES AND SHAREHOLDERS' EQUITY (CONTINUED)			
SHAREHOLDERS' EQUITY			
SHARE CAPITAL	15		
Authorised share capital			
3,856,637,797 ordinary shares of Baht 1.20 each		<u>4,627,965,356</u>	<u>4,627,965,356</u>
Issued and paid-up share capital			
3,856,637,797 ordinary shares of Baht 1.20 each, fully paid		4,627,965,356	4,627,965,356
Share premium			
Ordinary shares		3,773,395,295	3,773,395,295
Expired warrants		1,896	1,896
RETAINED EARNINGS (DEFICITS)			
Appropriated			
Legal reserve	15	42,699,155	42,699,155
Unappropriated (deficits)		(7,344,748,674)	(6,807,011,381)
OTHER COMPONENTS OF SHAREHOLDERS' EQUITY			
Unrealised gain on remeasuring available-for-sale investments		500,000	600,000
TOTAL SHAREHOLDERS' EQUITY		<u>1,099,813,028</u>	<u>1,637,650,321</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u>6,845,017,079</u>	<u>7,749,406,117</u>

Notes to the financial statements form an integral part of these statements

N.T.S. STEEL GROUP PUBLIC COMPANY LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED MARCH 31, 2015

UNIT : BAHT

	Notes	2015	2014
Revenue from sales	21	26,876,840,443	32,119,015,857
Cost of sales		<u>(26,582,512,368)</u>	<u>(31,531,562,263)</u>
Gross Profit		294,328,075	587,453,594
Other income			
Gain on exchange rate - net		3,869,061	-
Gain from debt restructuring		-	2,887,609
Others		5,070,152	19,867,826
Selling expenses		(195,443,946)	(205,084,151)
Administrative expenses		(271,203,335)	(134,917,808)
Loss on exchange rate - net		-	(4,311,869)
Finance costs		<u>(172,409,224)</u>	<u>(269,136,540)</u>
LOSS BEFORE INCOME TAX EXPENSE		(335,789,217)	(3,241,339)
INCOME TAX EXPENSE	9	<u>(199,735,542)</u>	<u>-</u>
LOSS FOR THE YEAR		<u>(535,524,759)</u>	<u>(3,241,339)</u>
OTHER COMPREHENSIVE INCOME (LOSS)			
Unrealised loss on remeasuring available-for-sale investments		(100,000)	(700,000)
Actuarial gain (loss) on defined employee benefit plan	14	<u>(2,212,534)</u>	<u>5,957,300</u>
TOTAL OTHER COMPREHENSIVE INCOME (LOSS)			
FOR THE YEAR - NET OF TAX		<u>(2,312,534)</u>	<u>5,257,300</u>
TOTAL COMPREHENSIVE INCOME (LOSS)			
FOR THE YEAR		<u>(537,837,293)</u>	<u>2,015,961</u>
LOSS PER SHARE			
BASIC LOSS PER SHARE	18 BAHT	(0.14)	(0.00)
DILUTED LOSS PER SHARE	18 BAHT	(0.14)	(0.00)

Notes to the financial statements form an integral part of these statements

N.T.S. STEEL GROUP PUBLIC COMPANY LIMITED
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED MARCH 31, 2015

UNIT : BAHT

Notes	Issued and paid-up share capital		Share premium		Retained earnings (deficits)		Other components of shareholders' equity		Total shareholders' equity
	Preference shares	Ordinary shares	Ordinary shares	Expired warrants	Appropriated Legal reserve	Unappropriated (deficits)	Other comprehensive income (loss)	Unrealised gain (loss) on remeasuring available-for-sale investments	
Balance as at April 1, 2013	945,960,000	3,682,005,356	3,773,395,295	1,896	42,699,155	(6,809,727,342)	1,300,000		1,635,634,360
Expired preference shares	(945,960,000)	945,960,000	-	-	-	-	-		-
Total comprehensive income (loss) for the year	-	-	-	-	-	2,715,961	(700,000)		2,015,961
Balance as at March 31, 2014	-	4,627,965,356	3,773,395,295	1,896	42,699,155	(6,807,011,381)	600,000		1,637,650,321
Balance as at April 1, 2014	-	4,627,965,356	3,773,395,295	1,896	42,699,155	(6,807,011,381)	600,000		1,637,650,321
Total comprehensive loss for the year	-	-	-	-	-	(537,737,293)	(100,000)		(537,837,293)
Balance as at March 31, 2015	-	4,627,965,356	3,773,395,295	1,896	42,699,155	(7,344,748,674)	500,000		1,099,813,028

Notes to the financial statements form an integral part of these statements

N.T.S. STEEL GROUP PUBLIC COMPANY LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2015

UNIT : BAHT

	Note	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before income tax		(335,789,217)	(3,241,339)
Adjustments:			
Unrealised (gain) loss on foreign exchange rate		(1,444,504)	5,913,012
Allowance for inventory obsolescence		1,734,345	1,172,631
Depreciation and amortisation		323,957,965	330,521,200
Amortisation of rolling mill roll		11,147,128	12,502,491
Employee benefit obligations expense		10,033,657	3,007,367
Other employee benefit expense		298,358	-
Interest income		(263,305)	(5,686,427)
Interest expense		172,409,224	269,136,540
Gain from debt restructuring		-	(2,887,609)
Loss on sales of property, plant and equipment		10	4,077
Loss (gain) from writting off of non-current assets		445,000	(168,561)
Loss from allowance for diminution in value of inventory		538,418	-
Reversal of allowance for diminution in value of inventory		(8,688)	-
		<u>183,058,391</u>	<u>610,273,382</u>
Decrease in trade accounts receivable			
- related parties		77,920,395	44,713,864
(Increase) decrease in trade accounts receivable			
- other companies		(22,409,647)	157,313,341
(Increase) decrease in other receivables - related parties		(2,898,755)	4,211,297
Increase in other receivables - other companies		(1,983,691)	(7,214,556)
Decrease in inventories		371,609,712	634,667,268
Decrease in value added tax refundable		-	31,844,589
Decrease (increase) in other current assets		6,346,140	(311,090)
Decrease in other non-current assets		818,534	1,706,213

N.T.S. STEEL GROUP PUBLIC COMPANY LIMITED
STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED MARCH 31, 2015

UNIT : BAHT

	Note	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES			
(CONTINUED)			
Decrease in trade accounts payable - related companies		(226,751,980)	(182,509,844)
Decrease in trade accounts payable			
- other companies		(62,305,639)	(132,706,305)
Increase (decrease) in other payables - related parties		9,238,213	(8,351,136)
Increase (decrease) in advance received from customers		105,171,448	(968,976)
Increase (decrease) in accrued expenses		30,084,490	(69,410,180)
(Decrease) increase in other current liabilities		(11,998,218)	18,671,452
Cash paid for employee benefit obligations		(2,637,360)	(421,000)
Cash received from operating activities		453,262,033	1,101,508,319
Interest received		446,700	6,850,353
Cash paid for interest		(169,104,990)	(269,887,168)
Cash paid for income tax		(9,896)	(11,916)
Net cash provided by operating activities		<u>284,593,847</u>	<u>838,459,588</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash paid for purchases of property, plant			
and equipment		(22,915,160)	(15,934,495)
Decrease in short-term loans to parent company		-	948,573,847
Net cash provided by (used in) investing activities		<u>(22,915,160)</u>	<u>932,639,352</u>

N.T.S. STEEL GROUP PUBLIC COMPANY LIMITED
STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED MARCH 31, 2015

		UNIT : BAHT	
	Note	2015	2014
CASH FLOWS FROM FINANCING ACTIVITIES			
Decrease in short-term borrowings from financial institutions		(1,590,449)	(221,860,088)
Increase in short-term borrowings from parent company		1,389,492,820	223,014,015
Repayment for long-term borrowing from parent company		(1,610,000,000)	(1,650,000,000)
Repayment for trade accounts payable arising from debt restructuring		-	(48,497,962)
Net cash used in financing activities		(222,097,629)	(1,697,344,035)
Net increase in cash and cash equivalents		39,581,058	73,754,905
Beginning balance of cash and cash equivalents		158,473,997	84,719,092
Ending balance of cash and cash equivalents	4.1	198,055,055	158,473,997

Notes to the financial statements form an integral part of these statements

**N.T.S. STEEL GROUP PUBLIC COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2015**

1. GENERAL INFORMATION

N.T.S. Steel Group Public Company Limited (“the Company”) is incorporated in Thailand on October 22, 1993. The head office and factory of the Company are located:

Head Office : Rasa Tower 2, 20th Floor, 555 Phaholyothin Road, Chatuchak, Bangkok 10900

Bo-win factory : Hemarajchonburi Industrial Estate, 351 Moo 6, Bo-win Subdistrict, Sriracha District, Chonburi 20230

The Company engages in manufacturing, render a manufacturing service, distributor and trading of rebars, wire rods and small section products. Sales of the Company are mainly local sales contributing 94% and 92% of the total sales for the years ended March 31, 2015 and 2014, respectively.

The major shareholder and the parent company is Tata Steel (Thailand) Public Company Limited (“TSTH”), a Thai public company listed on the Stock Exchange of Thailand holding 99.76% of the Company’s share capital. The ultimate parent company is Tata Steel Limited, a listed company incorporated under the law of India.

The Company has extensive transactions and relationships with the parent company and related parties. Accordingly, the financial statements may not necessarily be indicative of the conditions that would have existed or the results of operations that would have occurred if the Company had operated without such affiliations.

As at March 31, 2015 and 2014, the Company’s total current liabilities are in excess of total current assets by Baht 3,021 million and Baht 2,129 million, respectively. However, the amount of current liabilities included the borrowing from the parent company of Baht 2,478 million and Baht 1,833 million, respectively. The parent company will continue its financial support to the Company to enable the Company to continue its operations satisfactorily at least for the next 12 months from the statement of financial position date and the Company’s management has prepared the business plan including initiatives to improve operation and financial results of the Company.

2. BASIS FOR PREPARATION AND PRESENTATION OF THE FINANCIAL STATEMENTS

2.1 The Company maintains its accounting records in Thai Baht and prepares its statutory financial statements in the Thai language in conformity with Thai Financial Reporting Standards and accounting practices generally accepted in Thailand.

- 2.2 The Company's financial statements have been prepared in accordance with the Thai Accounting Standard (TAS) No. 1 (Revised 2012) "Presentation of Financial Statements" and the Notification of the Department of Business Development dated September 28, 2011 regarding "The Brief Particulars in the Financial Statement B.E. 2554".
- 2.3 Since April 1, 2014, the Company adopted the new and revised Thai Financial Reporting Standards ("TFRSs") issued by the Federation of Accounting Professions, which are effective for the financial statements for the accounting periods beginning on or after January 1, 2014 onwards, in preparation and presentation of the financial statements as follows:

Thai Accounting Standards ("TAS")

TAS 1 (Revised 2012)	Presentation of Financial Statements
TAS 7 (Revised 2012)	Statement of Cash Flows
TAS 12 (Revised 2012)	Income Taxes
TAS 17 (Revised 2012)	Leases
TAS 18 (Revised 2012)	Revenue
TAS 19 (Revised 2012)	Employee Benefits
TAS 21 (Revised 2012)	The Effects of Changes in Foreign Exchange Rates
TAS 24 (Revised 2012)	Related Party Disclosures
TAS 28 (Revised 2012)	Investments in Associates
TAS 31 (Revised 2012)	Interests in Joint Ventures
TAS 34 (Revised 2012)	Interim Financial Reporting
TAS 36 (Revised 2012)	Impairment of Assets
TAS 38 (Revised 2012)	Intangible Assets

Thai Financial Reporting Standards ("TFRS")

TFRS 2 (Revised 2012)	Share-based Payments
TFRS 3 (Revised 2012)	Business Combinations
TFRS 5 (Revised 2012)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 8 (Revised 2012)	Operating Segments

Thai Accounting Standard Interpretations ("TSIC")

TSIC 15	Operating Leases - Incentives
TSIC 27	Evaluating the Substance of Transactions Involving the Legal form of a Lease
TSIC 29	Disclosure - Service Concession Arrangements
TSIC 32	Intangible Assets - Web Site Costs

Thai Financial Reporting Interpretations ("TFRIC")

TFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4	Determining whether an Arrangement Contains a Lease
TFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7	Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies
TFRIC 10	Interim Financial Reporting and Impairment
TFRIC 12	Service Concession Arrangements
TFRIC 13	Customer Loyalty Programmes
TFRIC 17	Distributions of Non-cash Assets to Owners
TFRIC 18	Transfers of Assets from Customers

Guideline on accounting

Guideline on accounting regarding stock dividend

Such TFRSs have no significant impact on the Company's financial statements.

- 2.4 The Federation of Accounting Professions issued the Notification regarding the Conceptual Framework for Financial Reporting (Revised 2014), which was announced in the Royal Gazette and was effective on October 15, 2014 onwards to replace the Accounting Framework (Revised 2009).

The Company's management adopted the Conceptual Framework for Financial Reporting (Revised 2014) in the preparation of the Company's financial statements in the period that become effective. The Company's management assessed the effects of such Conceptual Framework for Financial Reporting and it had no significant impact on the Company's financial statements in the period of initial application.

- 2.5 The Federation of Accounting Professions issued the Notifications regarding the Thai Financial Reporting Standards ("TFRSs"), which are announced in the Royal Gazette and effective for the financial statements for the accounting periods beginning on or after January 1, 2015 onwards as follows:

Thai Accounting Standards ("TAS")

TAS 1 (Revised 2014)	Presentation of Financial Statements
TAS 2 (Revised 2014)	Inventories
TAS 7 (Revised 2014)	Statement of Cash Flows
TAS 8 (Revised 2014)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (Revised 2014)	Events after the Reporting Period
TAS 11 (Revised 2014)	Construction Contracts
TAS 12 (Revised 2014)	Income Taxes
TAS 16 (Revised 2014)	Property, Plant and Equipment
TAS 17 (Revised 2014)	Leases
TAS 18 (Revised 2014)	Revenue
TAS 19 (Revised 2014)	Employee Benefits
TAS 20 (Revised 2014)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (Revised 2014)	The Effects of Changes in Foreign Exchange Rates
TAS 23 (Revised 2014)	Borrowing Costs
TAS 24 (Revised 2014)	Related Party Disclosures
TAS 26 (Revised 2014)	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (Revised 2014)	Separate Financial Statements
TAS 28 (Revised 2014)	Investments in Associates and Joint Venture
TAS 29 (Revised 2014)	Financial Reporting in Hyperinflationary Economics
TAS 33 (Revised 2014)	Earnings per Share
TAS 34 (Revised 2014)	Interim Financial Reporting
TAS 36 (Revised 2014)	Impairment of Assets
TAS 37 (Revised 2014)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (Revised 2014)	Intangible Assets
TAS 40 (Revised 2014)	Investment Property

Thai Financial Reporting Standards ("TFRS")

TFRS 2 (Revised 2014)	Share - based Payments
TFRS 3 (Revised 2014)	Business Combinations
TFRS 5 (Revised 2014)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6 (Revised 2014)	Exploration for and Evaluation of Mineral Resources
TFRS 8 (Revised 2014)	Operating Segments
TFRS 10	Consolidated Financial Statements
TFRS 11	Joint Arrangements
TFRS 12	Disclosure of Interests in Other Entities
TFRS 13	Fair Value Measurement

Thai Accounting Standard Interpretations (“TSIC”)

TSIC 10 (Revised 2014)	Government Assistance - No specific Relation to Operating Activities
TSIC 15 (Revised 2014)	Operating Leases - Incentives
TSIC 25 (Revised 2014)	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders
TSIC 27 (Revised 2014)	Evaluating the Substance of Transactions Involving the Legal form of a Lease
TSIC 29 (Revised 2014)	Service Concession Arrangements : Disclosures
TSIC 31 (Revised 2014)	Revenue - Barter Transactions Involving Advertising Services
TSIC 32 (Revised 2014)	Intangible Assets - Web Site Costs

Thai Financial Reporting Interpretations (“TFRIC”)

TFRIC 1 (Revised 2014)	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4 (Revised 2014)	Determining whether an Arrangement contains a Lease
TFRIC 5 (Revised 2014)	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7 (Revised 2014)	Applying the Restatement Approach under TAS 29 (Revised 2014) Financial Reporting in Hyperinflationary Economies
TFRIC 10 (Revised 2014)	Interim Financial Reporting and Impairment
TFRIC 12 (Revised 2014)	Service Concession Arrangements
TFRIC 13 (Revised 2014)	Customer Loyalty Programmes
TFRIC 14	TAS 19 (Revised 2014) - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
TFRIC 15 (Revised 2014)	Agreements for the Construction of Real Estate
TFRIC 17 (Revised 2014)	Distributions of Non-cash Assets to Owners
TFRIC 18 (Revised 2014)	Transfers of Assets from Customers
TFRIC 20	Stripping Costs in the Production Phase of a Surface Mine

The Company’s management will adopt the above TFRSs relevant to the Company in the preparation of the Company’s financial statements when they become effective. The Company’s management is in the process to assess the impact of these TFRSs on the financial statements of the Company in the period of initial application.

- 2.6 The Federation of Accounting Professions issued the Notification regarding the Thai Financial Reporting Standard (TFRS), which is announced in the Royal Gazette and effective for the financial statements for the periods beginning on or after January 1, 2016 onwards as follows:

Thai Financial Reporting Standard (TFRS)

TFRS 4 (Revised 2014)	Insurance Contracts
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The Company’s management has assessed above Thai Financial Reporting Standard. Such TFRS is not applicable to the Company’s business activities.

3. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost basis except as disclosed in the significant accounting policies as follows:

3.1 Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and all types of deposits at financial institutions with the original maturities of three months or less from the date of acquisition, by excluding deposit at financial institutions used as collateral.

3.2 Trade and other receivables

Trade accounts receivable are stated at their invoice values less allowance for doubtful accounts.

Allowance for doubtful accounts

The Company determines allowance for doubtful accounts by using various assumptions and judgements of the management, which includes the estimated collection losses on receivables, based on the Company's collection experience together with a review of the statement of financial position of the debtors and the aging report. The management reviews these estimates and assumptions on a regular basis.

The Company derecognises trade receivables after sales of the trade receivables only when it transfers substantially risks and rewards of ownership of the trade receivables to the buyer.

3.3 Inventories

Inventories are stated at the lower of cost or net realisable value.

Cost of inventories is calculated using the following methods:

Finished goods and work in process	- at weighted-average cost method
Merchandise, raw materials, spare parts, supplies and others	- at moving-average cost method

The cost of inventories comprises of all costs of purchases, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured inventories and work in process, cost of inventories includes an appropriate share of overheads based on normal production capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. Allowance is made, where necessary, for obsolete and slow-moving inventories, if any.

3.4 Available-for-sales investments

Available-for-sales investments are investments in marketable equity other than those investments which held for trading are classified as being available-for-sales investments and are stated at fair value, with any resultant gain or loss being recognised directly in equity.

The fair value of marketable securities are determined as the last quoted bid price at the statements of financial position date.

Disposal of investments

On disposal of an investment, the difference between net disposal proceeds and the carrying amount together with the associated cumulative gain or loss that was reported in equity is recognised in the statement of comprehensive income.

3.5 Property, plant and equipment

Land is stated at cost less allowance for impairment, if any.

Plant and equipment are stated at cost less accumulated depreciation and allowance for impairment, if any.

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable.

Depreciation

Depreciation is recorded as expense in the statement of comprehensive income on a straight-line basis over the estimated useful lives of each part of an item of plant and equipment. The estimated useful lives are as follows:

Land improvements, building and structures	5 - 30 years
Machinery and equipment	5 - 25 years
Vehicles	5 years
Furniture, fixtures and office equipment	3 - 25 years

The Company does not calculate depreciation for freehold land or assets under construction and installation.

3.6 Intangible asset

Intangible asset represents computer software which is stated at cost less accumulated amortisation and allowance for impairment, if any.

Amortisation

Amortisation is recognised as an expense in the statement of comprehensive income on a straight-line basis over the estimated useful lives of computer software of 5 years and 10 years.

3.7 Impairment

The carrying amount of the Company's assets are reviewed at each year end to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amounts are estimated.

The Company recognises impairment loss when the recoverable amount of an asset is lower than its carrying amount, which is the higher of the asset's fair value less cost to sell or its value in use. The Company determines the value in use by estimating the present value of future cash flows generated by the asset, discounted using a pre-tax discount rate which reflects current market assessments of the time value of money and the risk specific to the asset. In determining fair value less costs of disposal, an appropriate valuation model is used. The calculation reflects the amount that the Company could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

The Company recognises an impairment loss in the statement of comprehensive income.

Reversal of an impairment loss

The Company reverses impairment loss of asset, if any, which had been recognised in the prior periods, if there is an indicator for impairment may no longer exist or may have decreased which the recoverable amount must be estimated.

3.8 Employee benefits

Provident funds

Obligations for contributions to provident fund are recognised as an expense in the statement of comprehensive income as incurred.

Employee benefit obligations

The Company's obligations in respect of employee benefit obligations for employees who are entitled to receive it upon retirement under the Thai Labor Protection Act and other benefits according to the Company policy; are calculated by estimating the amount of future benefits that employees have earned in return for their service in the current and prior periods; that benefits are discounted to determine their present value. The calculation is performed by using the projected unit credit method.

The Company recognised expense for defined employee benefit plans as personnel expenses in the statement of comprehensive income.

The actuarial gains (losses) are recognised in other comprehensive income and transferred immediately to the retained earnings in the period in which they arise.

3.9 Operating lease

Lease in which substantially all the risks and rewards of ownership of assets remain with the lessor is accounted for as an operating lease. Rentals applicable to such operating leases are charged to the statement of comprehensive income on the straight-line basis.

3.10 Recognition of revenue and expense

Revenue from the sales of goods is recognised when the significant risks and rewards of ownership of goods are transferred to the buyer. No revenue is recognised if there is continuing management involvement with the goods or there are significant uncertainties regarding recovery of the consideration due, associated costs or the probable return of goods. Sales are recognised upon delivery of goods to customer for domestic sales and to a common carrier for export sales, and deducting discounts, purchase volume discount and goods returned.

Interest income

Interest income is recognised on an accrual basis by reference to the principal outstanding at the contract rate.

Other income and expense are recognised on an accrual basis.

3.11 Finance costs

Finance costs such as interest expenses and similar expenses are recognised in statement of comprehensive income for the period in which they are incurred, except to the extent that finance costs are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use or sale.

3.12 Income tax

Income tax income (expense) is calculated based on the taxable profit multiplied by the tax rate that has been enacted at the statement of financial position date and adjusted by the effect of deferred income tax accounting.

Deferred tax assets and liabilities resulted from temporary differences between the carrying amounts of assets or liabilities in the statement of financial position and their tax bases. The Company recognises deferred tax liabilities for all taxable temporary differences and recognises deferred tax assets for deductible temporary differences and tax losses carried forward. The Company recognises deferred tax assets to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each statement of financial position date, the Company reviews and reduces the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are offset when they relate to income tax levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Deferred tax expenses (income) are charged or credited in the statement of comprehensive income, except when the temporary differences relate to items charged directly to equity where the related deferred tax is charged or credited to such item in equity.

3.13 Loss per share

The calculations of basic loss per share were based on the net loss for the year divided by the weighted average number of ordinary shares held by shareholders outstanding during the year. The calculations of diluted loss per share were based on the weighted average number of ordinary shares on the assumption that all dilutive potential ordinary shares have been converted to ordinary shares.

3.14 Foreign currency transactions

Transactions denominated in foreign currencies are converted into Baht at rates of exchange prevailing at the transaction dates. All balances of assets and liabilities in foreign currencies outstanding at the end of the year, except forward foreign exchange contracts, are converted into Baht at the reference exchange rates established by the Bank of Thailand on that date. Gains and losses on foreign exchange are recognised as an income or expenses in the statement of comprehensive income.

The Company has adopted a policy to cover foreign exchange exposure by entering into forward exchange contracts with banks for a certain portion of its assets and liabilities in foreign currencies. The Company recognises gains or losses from the adjustment in the value of such forward exchange contracts incurred from the difference between the forward contract rate and marked-to-market rate for the remaining period of forward exchange contracts at the statement of financial position date as income or expense in the statement of comprehensive income.

3.15 Financial instruments

The Company entered into forward foreign exchange contracts in asset and liability management activities to control exposure to fluctuations in foreign exchange rates. Further details of financial instruments are disclosed in Notes 22 and 23.

Gains and losses on forward foreign exchange contracts designated as hedges of existing assets and liabilities are recognised as income or expense in the statements of comprehensive income.

Amounts to be paid and received for each contract are offset in the statement of financial position and included in assets or liabilities category in the statement of financial position.

The Company has no policy to speculate in or engage in the trading of any derivative financial instruments.

3.16 Use of accounting estimates

The preparation of financial statements in conformity with Thai Financial Reporting Standards requires the Company's management to exercise judgments in order to determine the accounting policies, estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities at the end of the reporting period and the reported amounts of revenue and expense during the reporting period. Although these estimates are based on management's reasonable consideration of current events, actual results may differ from these estimates.

Critical judgment in applying accounting estimates are as follows:

Impairment

An impairment loss is recognised if the carrying value of an asset exceeds the recoverable amount which is a higher of net selling price and value in use.

Value in use is computed from the present value of future cash flow projections expected from perpetual use of the asset, under current business conditions using reasonable market estimates.

Recognition of deferred tax assets

A deferred tax asset is recognised to the extent that it is probable that it will be utilised in the future. Such an assessment is based upon the probability that the Company will generate taxable income sufficient to fully utilise the deferred tax assets.

4. SUPPLEMENTARY DISCLOSURES OF CASH FLOW INFORMATION

4.1 Cash and cash equivalents as at March 31, consist of:

	Unit : Thousand Baht	
	2015	2014
Bank deposits in current accounts	124,710	32,045
Bank deposits in savings accounts	73,345	126,429
Total	<u>198,055</u>	<u>158,474</u>

4.2 Non-cash transactions in the financial statements are as follows:

- The recording of investments in available-for-sale investments at fair value in the financial statements for the years ended March 31, 2015 and 2014 and recognising unrealised loss on such investments of Baht 0.1 million and Baht 0.7 million, respectively.
- Non-cash items from purchases and increase of property, plant and equipment for the years ended March 31, are as follows:

	Unit : Thousand Baht	
	2015	2014
Payables for property, plant and equipment brought forward	450	9,744
<u>Add</u> Purchase during the years	23,255	6,640
<u>Less</u> Cash payment during the years	<u>(22,915)</u>	<u>(15,934)</u>
Payables for property, plant and equipment carried forward	<u>790</u>	<u>450</u>

- During 2014, the Company has written off trade accounts receivable and other receivable of Baht 17 million, which has been fully provided the allowance for doubtful accounts. (2015: nil)
- In December 2013, the Company's preference shares were expired which resulted to an increase in issued and paid up of ordinary share and related share premium as follows:

	Unit : Thousand Baht	
	2015	2014
Issued and paid-up share capital		
Preference shares brought forward	-	945,960
<u>Less</u> Expired preference shares	<u>-</u>	<u>(945,960)</u>
Preference shares carried forward	<u>-</u>	<u>-</u>

5. TRADE ACCOUNTS RECEIVABLE

Trade accounts receivable as at March 31, consist of:

	As at March 31, 2015			Unit : Thousand Baht As at March 31, 2014		
	Related	Other	Total	Related	Other	Total
	parties	companies		parties	Companies	
Within credit terms	90,255	612,748	703,003	147,268	626,845	774,113
Overdue:						
Not over 3 months	-	28,532	28,532	20,908	10,338	31,246
Over 3 months to 6 months	-	9,634	9,634	-	13	13
Over 6 months to 12 months	-	7,960	7,960	-	-	-
Over 12 months	-	19,407	19,407	-	18,675	18,675
Total	90,255	678,281	768,536	168,176	655,871	824,047
<u>Less</u> Allowance for doubtful accounts	-	(18,197)	(18,197)	-	(18,197)	(18,197)
Total	90,255	660,084	750,339	168,176	637,674	805,850

In 2008, the Company has entered into a "Receivable Purchase Agreement" with a financial institution which all risks and rewards only for the amount accepted by the buyer have been transferred to the buyer.

For the years ended March 31, 2015 and 2014, the Company had sold trade receivables to the aforementioned financial institution amounting to Baht 9,137 million and Baht 10,236 million, respectively.

6. INVENTORIES

Inventories as at March 31, consist of:

	Unit : Thousand Baht	
	2015	2014
Finished goods	406,642	540,555
Work in process	251,519	266,984
Raw materials	221,049	390,836
Spare parts, stores, supplies and others	568,331	618,843
Raw materials in transit	86,202	117,554
Total	1,533,743	1,934,772
<u>Less</u> Allowance for diminution in value of inventories	(2,579)	(2,050)
<u>Less</u> Allowance for inventory obsolescence	(23,994)	(40,531)
Total	1,507,170	1,892,191

For the year ended March 31, 2015, the allowance for inventory obsolescence recognised in previous year of Baht 18 million had been reversed and allowance for diminution in value of inventory and the allowance for inventory obsolescence were recognised as part of cost of sales amounted to Baht 0.5 million and Baht 2 million, respectively.

For the year ended March 31, 2014, the allowance for inventory obsolescence recognised in previous year of Baht 13 million had been reversed and the allowance for inventory obsolescence were recognised as part of cost of sales amounted to Baht 1 million.

For the years ended March 31, 2015 and 2014, the amounts of inventories recognised as expenses in the financial statements, are Baht 26,599 million and Baht 31,544 million, respectively.

7. **PROPERTY, PLANT AND EQUIPMENT**

Property, plant and equipment as at March 31, consist of:

As at March 31, 2015

	Unit : Thousand Baht				
	Balance as at April 1, 2014	Additions	Disposals	Transfer	Balance as at March 31, 2015
Cost					
Land	714,611	-	-	-	714,611
Land improvements	246,818	-	-	-	246,818
Building and structures	2,106,893	-	-	7,460	2,114,353
Machinery and equipment	9,275,902	498	(39,139)	14,776	9,252,037
Vehicles	2,120	-	-	-	2,120
Furniture, fixtures and office equipment	59,326	1,433	(168)	110	60,701
Total cost	<u>12,405,670</u>	<u>1,931</u>	<u>(39,307)</u>	<u>22,346</u>	<u>12,390,640</u>
Accumulated depreciation					
Land improvements	(124,331)	(11,265)	-	-	(135,596)
Building and structures	(628,521)	(32,639)	-	-	(661,160)
Machinery and equipment	(4,080,841)	(273,671)	16,812	-	(4,337,700)
Vehicles	(2,078)	(43)	-	-	(2,121)
Furniture, fixtures and office equipment	(39,052)	(6,275)	168	-	(45,159)
Total accumulated depreciation	<u>(4,874,823)</u>	<u>(323,893)</u>	<u>16,980</u>	<u>-</u>	<u>(5,181,736)</u>
	7,530,847				7,208,904
<u>Less</u> Allowance for impairment on plant and equipment	<u>(2,897,702)</u>	<u>-</u>	<u>22,327</u>	<u>-</u>	<u>(2,875,375)</u>
	4,633,145				4,333,529
Construction in progress, machinery and equipment under installation	3,396	21,325	-	(22,346)	2,375
Property, plant and equipment	<u>4,636,541</u>				<u>4,335,904</u>

As at March 31, 2014

	Unit : Thousand Baht				
	Balance as at April 1, 2013	Additions	Disposals	Transfer	Balance as at March 31, 2014
Cost					
Land	714,611	-	-	-	714,611
Land improvements	246,818	-	-	-	246,818
Building and structures	2,106,750	-	-	143	2,106,893
Machinery and equipment	9,204,689	424	-	70,789	9,275,902
Vehicles	2,120	-	-	-	2,120
Furniture, fixtures and office equipment	58,014	878	(166)	600	59,326
Total cost	12,333,002	1,302	(166)	71,532	12,405,670
Accumulated depreciation					
Land improvements	(113,065)	(11,266)	-	-	(124,331)
Building and structures	(595,551)	(32,970)	-	-	(628,521)
Machinery and equipment	(3,801,103)	(279,738)	-	-	(4,080,841)
Vehicles	(2,031)	(47)	-	-	(2,078)
Furniture, fixtures and office equipment	(32,779)	(6,435)	162	-	(39,052)
Total accumulated depreciation	(4,544,529)	(330,456)	162	-	(4,874,823)
	7,788,473				7,530,847
<u>Less</u> Allowance for impairment on plant and equipment	(2,897,702)	-	-	-	(2,897,702)
	4,890,771				4,633,145
Construction in progress, machinery and equipment under installation	69,590	5,338	-	(71,532)	3,396
Property, plant and equipment	4,960,361				4,636,541
Depreciation for the years ended March 31,					
2015					323,893
2014					330,456

As at March 31, 2015 and 2014, costs of fully depreciated plant and equipment that are still in use are Baht 297 million and Baht 212 million, respectively.

As at March 31, 2015 and 2014, property, plant and equipment of the Company with carrying amount of Baht 3,736 million and Baht 3,976 million, respectively, are used as part of collateral for long-term borrowings from two financial institutions of the parent company (see Note 11).

Resulting from an impairment testing exercise, consistent with Thai Accounting Standard No. 36 (Revised 2012) "Impairment of Assets" as at March 31, 2013, the Company decided to recognize impairment on the plant and equipment of the Company of Baht 2,678 million, and provided the allowance for loss on impairment of obsolete equipment of Baht 220 million and such losses included in the statement of comprehensive income under loss on impairment of plant and equipment. The impairment does not impact the Company's ability to produce finished goods, nor its ability to provide services in both existing and future markets is in anyway diminished.

The Company's management decided to temporarily cease operation of the Mini Blast Furnace ("MBF") from the end of August 2011 to September 2015 due to the high prices of MBF input raw material internationally, thereby adversely impacting the viability of costs of steel produced through MBF route. For the years ended March 31, 2015 and 2014, depreciation and other expenses of MBF which incurred during the mothball period were totally Baht 28 million and Baht 15 million, respectively.

8. INTANGIBLE ASSET

Intangible asset as at March 31, consists of:

As at March 31, 2015

	Unit : Thousand Baht			
	Balance as at April 1, 2014	Addition	Disposal	Balance as at March 31, 2015
Computer software	2,887	-	-	2,887
<u>Less Accumulated amortisation</u>	<u>(2,678)</u>	<u>(65)</u>	<u>-</u>	<u>(2,743)</u>
Intangible asset	<u>209</u>			<u>144</u>

As at March 31, 2014

	Unit : Thousand Baht			
	Balance as at April 1, 2013	Addition	Disposal	Balance as at March 31, 2014
Computer software	2,887	-	-	2,887
<u>Less Accumulated amortisation</u>	<u>(2,612)</u>	<u>(66)</u>	<u>-</u>	<u>(2,678)</u>
Intangible asset	<u>275</u>			<u>209</u>

Amortisation for the years ended March 31

2015	<u>65</u>
2014	<u>66</u>

Costs of fully amortised intangible asset that is still in use as at March 31, 2015 and 2014, are Baht 2.34 million and Baht 2.29 million, respectively.

9. DEFERRED TAX ASSETS AND INCOME TAX EXPENSE

Income tax expense for the years ended March 31, consist of:

	Unit : Thousand Baht	
	2015	2014
Current income tax per tax return form	-	-
Deferred tax		
Write-off deferred tax assets	<u>199,736</u>	<u>-</u>
Income tax expense as included in the statement of comprehensive income	<u>199,736</u>	<u>-</u>

The difference between the tax rate of 20% for the years ended March 31, and the effective income tax rate compared to loss before income tax expense are reconciled as follows:

	Unit : Thousand Baht	
	2015	2014
Loss before income tax expense	(335,789)	(3,241)
Income tax expense calculated at 20%	(67,158)	(648)
Effect of non-deductible expenses (income) for tax purpose:		
- Temporary differences not accounted for deferred tax assets and elimination entries	67,158	3,791
- Permanent differences	-	(3,143)
- Write-off deferred tax assets	199,736	-
Income tax expense	<u>199,736</u>	<u>-</u>
	Tax rate	Tax rate
	(%)	(%)
Effective tax rate	(59.48)	0

As at March 31, deferred tax assets which resulted from the temporary differences between the carrying amount and its tax base of an assets and liabilities in the statement of financial position are as follows:

	Unit : Thousand Baht		
	Balance as at April 1, 2014	Recognised in the statement of comprehensive income	Balance as at March 31, 2015
Deferred tax assets resulted from			
Employee benefit obligations	6,417	-	6,417
Accumulate tax loss carried forward	<u>199,736</u>	<u>(199,736)</u>	<u>-</u>
Total deferred tax assets	<u>206,153</u>	<u>(199,736)</u>	<u>6,417</u>

	Unit : Thousand Baht		
	Balance as at April 1, 2013	Recognised in the statement of comprehensive income	Balance as at March 31, 2014
Deferred tax assets resulted from			
Employee benefit obligations	6,417	-	6,417
Accumulate tax loss carried forward	<u>199,736</u>	<u>-</u>	<u>199,736</u>
Total deferred tax assets	<u>206,153</u>	<u>-</u>	<u>206,153</u>

The Company has deferred tax assets related to tax loss carried forward of Baht 200 million mainly resulted from the promoted business. Based on TAS No.12 (Revised 2012) "Income Taxes", paragraph 34, it is concluded that the deferred tax assets should be written off in the year ended March 31, 2015.

As at March 31, 2015 and 2014, the Company had unused tax losses of Baht 5,578 million and Baht 4,140 million, respectively, which was not recognised as deferred tax assets. Such tax losses will gradually expire from March 2015 to November 2022.

Income tax rate reduction

According to the Royal Decree No. 577 B.E. 2557 issued under the Revenue Code regarding the corporate income tax rate reduction effective on November 11, 2014, to extend the corporate income tax rate reduction at 20% of net profit for accounting period beginning on or after January 1, 2015 but not later than December 31, 2015.

10. SHORT-TERM BORROWINGS

Short-term borrowings as at March 31, consist of:

	Interest rate per annum (%)	As at March 31, 2015 Thousand Baht	Interest rate per annum (%)	As at March 31, 2014 Thousand Baht
Short-term borrowings from financial institutions	3.88 - 4.28	1,539,711	4.14 - 4.96	1,541,302
Short-term borrowing from parent company	1	1,612,507	1	223,014

As at March 31, 2015 and 2014, the Company has short-term borrowing from two financial institutions of Baht 1,222 million and Baht 1,163 million, respectively, bearing the interest rate at BIBOR+2% per annum. The Group which consisted of the parent company, the Company and the parent company's two subsidiaries, entered into an agreement to obtain short-term credit facilities limit in the previous term totaling of Baht 1,698 million for scrap purchasing. Subsequently, on December 26, 2014, the Group increased such credit limit to totaling Baht 1,998 million.

As at March 31, 2015 and 2014, the Company has short-term borrowing from another financial institution of Baht 271 million and Baht 379 million, respectively, bearing the interest rate at BIBOR+2% per annum. The Group entered into an agreement to obtain short-term credit facilities limit in the previous term totaling of Baht 968 million, for utilities financing. Subsequently, on August 29, 2014, the Group increased such credit facilities limit to totaling Baht 1,068 million.

As at March 31, 2015, the Company has short-term borrowing from a financial institution of Baht 47 million, bearing the interest rate at BIBOR+2% per annum which was an agreement for short-term credit facilities limit totaling of Baht 150 million, for other raw materials. (2014 : nil)

Short-term borrowings from parent company

As at March 31, 2015 and 2014, the Company has short-term borrowing from the parent company in the amount of Baht 1,613 million and Baht 223 million, respectively, bearing the interest rate of 1.00% per annum.

As at March 31, 2015 and 2014, the Group entered into the agreements with 8 local financial institutions to obtain credit facilities limit of Baht 6,723 million so as to be the Company's working capital. The interest rates of these credit facilities are as follows:

Credit lines	Interest rates
1) Bank overdraft	Minimum Overdraft Rate (MOR)
2) Trust receipts (Baht)	Money Market Rate (MMR)
3) Promissory note	Money Market Rate (MMR)

As at March 31, 2015, and 2014, the Group has withdrawn the credit facilities including letters of credit and trust receipts totaling Baht 824 million and Baht 1,120 million, respectively.

11. LONG-TERM BORROWINGS FROM PARENT COMPANY

The period to maturity of long-term borrowings from parent company, denominated in Thai Baht, as at March 31, are as follows:

	Unit : Thousand Baht	
	2015	2014
Within one year	865,000	1,610,000
After one year but not over five years	200,000	1,065,000
Total	<u>1,065,000</u>	<u>2,675,000</u>

As at March 31, 2015 and 2014, the Company had entered into a long-term credit facilities agreement with the parent company of Baht 2,900 million which had been totally withdrawn, at the interest rate of MLR-1.25% per annum to use in business operation. The Company had issued promissory note to the parent company for collateral as described in the agreement. The Company agreed to repay for principal and interest to the parent company within 7 years commencing on February 28, 2007.

As at March 31, 2015 and 2014, the Company had entered into a long-term credit facilities agreement with the parent company of Baht 3,500 million which had been totally withdrawn, at the interest rate of MLR-2.00% per annum, to invest in Mini Blast Furnace (MBF) (see Note 7). The Company had issued promissory notes as each principal loan to the parent company for collateral as stipulated in the agreement. The Company agreed to repay the principal to the parent company on a quarterly basis. The first installment commences on the last working date of twenty-fourth month commencing on November 30, 2007 which is the first date of withdrawal until November 30, 2014. In April 2010, the parent company made the supplement of long-term borrowings to the Company in order to extend the first repayment to November 30, 2011. Subsequently, on November 30, 2011, the parent company made the supplement of long-term borrowings to the Company in order to extend the first repayment to November 30, 2012. The Company has made a payment on such installment.

12. TRADE PAYABLES ARISING FROM DEBT RESTRUCTURING

As at March 31, 2012, the aforementioned trade payables is debt of the Company arising from of the Company under the Reorganisation Plan (the "Plan") which was approved by the creditors' meeting on July 8, 2002 and the Central Bankruptcy Court on July 19, 2002. The creditors in these groups will receive repayment in full of their principal claims within 10 years. Condition in the Plan stated that the Company shall be able to select the repayment term commencing from the fifth year to the tenth year commencing from November 29, 2002. This debt is guaranteed by The Siam Iron and Steel (2001) Co., Ltd. and The Siam Construction Steel Co., Ltd., related companies, without guarantee fees.

As at March 31, 2015 and 2014, the above payable amounting to Baht 6.33 million is due within one year. Therefore, it is classified as current liabilities.

During 2014, the Company made a payment of such trade accounts payable arising from debt restructuring of Baht 48.5 million and had been granted a hair-cut which was recorded as other income in the statement of comprehensive income for the year ended March 31, 2014 of Baht 2.9 million. (2015 : nil)

13. PROVIDENT FUNDS

The defined contribution plans comprise provident fund for the Company's employees. Membership to the fund is on a voluntary basis. Contributions are made monthly by the employees at rates ranging from 2% to 10% of their basic salaries and by the Company at rates ranging from 3% to 10% of the employees' basic salaries each month. The provident fund is registered with the Ministry of Finance as juristic entity and is managed by a licensed fund manager.

For the years ended March 31, 2015 and 2014, the contribution of the Company recognised as expenses amounting to Baht 11 million each year.

14. EMPLOYEE BENEFIT OBLIGATIONS

As at March 31, 2015 and 2014, the Company recorded a provision for employee benefit obligations totaling Baht 43.38 million and Baht 33.77 million, respectively. The estimated liability was calculated based on the Projected Unit Credit Method by a qualified independent actuary.

The significant assumptions used for the purposes of the actuarial valuations are as follows:

	2015	2014
Discount rate (%)	3.21	3.71
Average expected rate of salary increase (%)	5.05	5.00
Voluntarily resignation rate (%)	0 - 17.00	0 - 17.00
Retirement age (year)	55 - 60	55 - 60

The benefit costs recognised in the statement of comprehensive income for the years ended March 31, are as follows:

	Unit : Thousand Baht	
	2015	2014
Past service cost	3,806	-
Current service cost	3,901	1,850
Interest cost	1,400	1,157
Total	<u>9,107</u>	<u>3,007</u>

The provision for employee benefit obligations as at March 31, and movements in the present value of the defined benefit obligations for the years ended March 31, are as follows:

	Unit : Thousand Baht	
	2015	2014
Present value of unfunded obligations	<u>43,378</u>	<u>33,769</u>
Beginning of provision for employee benefit obligations	33,769	37,140
Other long-term employee benefit	996	-
Revised the beginning of provision for employee benefit obligations ⁽¹⁾	<u>34,765</u>	<u>37,140</u>
Past service cost	3,806	-
Current service cost	3,901	1,850
Interest cost	1,400	1,157
Net actuarial (gain) loss recognised during the years	2,213	(5,957)
Severance paid during the years	<u>(2,707)</u>	<u>(421)</u>
Ending of provision for employee benefit obligations	<u>43,378</u>	<u>33,769</u>

⁽¹⁾ Provisions for employee benefit obligations at the beginning are not equal to the ending of prior year because the Company has changed the method of benefit calculation under the Group Policy.

15. SHARE CAPITAL, WARRANTS AND LEGAL RESERVE

Preference shares

Rights attaching to the preference shares are as follows:

- (a) Preference shares have preemptive right to receive cash from the Company's liquidation prior to ordinary shares when the total amount of the proceeds from liquidation is not greater than the sum amount of the outstanding number of preference shares at the date of liquidation multiplied by Baht 1.87 and the outstanding number of preference shares at the date of liquidation multiplied by Baht 1.30.
- (b) Preemptive rights of preference shares are effective within 11 years which was due on November 29, 2013 commencing the date of fully paid-up capital to the Company at the first time. At the end of the 11th year, preemptive rights of preference shares are immediately expired and preference shares are converted to ordinary shares.

- (c) Preference shareholders are entitled to the same voting rights as ordinary shareholders.
- (d) Preference shares are convertible to ordinary shares in proportion 1:1 at the option of the preference shareholders by requesting to the Company and surrender certificates.

On July 26, 2013, the Annual General Meeting of the Shareholders of the Company has approved a resolution to decrease the registered capital of Baht 45,508 from the existing registered capital of Baht 4,628,010,864 to Baht 4,627,965,356 by cancelling the 37,923 ordinary shares which was reserved for the conversion of the warrants.

On November 30, 2013, the 788,300,000 preference shares preemptive right expired because their conversion rights were not exercised within the specified period. On December 9, 2013, the Company converted the preference shares into ordinary shares for the shareholders, which holds 788,300,000 preference shares. The Company registered the changes on its ordinary shares with the Department of Business Development, Ministry of Commerce, on December 13, 2013.

Warrants

There are two types of warrants:

- (a) Warrant 1: 476,530,000 units issued at Baht 0.05 per warrant, exercise price Baht 2.10 per ordinary share
- (b) Warrant 2: 668,980,000 units issued at Baht 0.05 per warrant, exercise price Baht 6.114 per ordinary share

Warrants, which are negotiable, have a 10 years term from the issued date (December 2, 2002). If any warrants have not been exercised within the specified period, such warrants will be cancelled.

On October 1, 2012, the major shareholders exercised warrants 1 of 476,514,224 units to purchase ordinary shares of 476,514,224 shares at Baht 2.10 per share and warrants 2 of 668,957,853 units to purchase ordinary shares of 668,957,853 shares at Baht 6.114 per share. The premium on ordinary shares increased of Baht 3,716,121,691. The Company issued and paid-up share capital increased from Baht 2,307,438,864 (divided into 1,922,865,720 ordinary shares at Baht 1.20 par value) to Baht 3,682,005,356 (divided into 3,068,337,797 ordinary on shares at Baht 1.20 par value). The Company registered the increase in authorised share capital with the Ministry of Commerce on October 3, 2012.

On December 3, 2012, the Company's remaining warrants expired because those warrants have not been exercised within the specific period. There are two types of warrants which including Warrant 1 of 15,776 units issued at Baht 0.05 per warrant and Warrant 2 of 22,147 units issued at Baht 0.05 per warrant. The Company recorded the expired warrants of Baht 1,896 as share premium in the statement of financial position as at March 31, 2013.

Legal reserve

According to the Public Companies Act B.E. 2535 requires that a company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward, if any, to a reserve account ("legal reserve"), until this account reaches an amount not less than 10% of the authorised shares capital. The legal reserve is not available for dividend distribution.

16. CAPITAL MANAGEMENT

The Company's objective in managing capital is to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

The management sets strategies to support the Company's business operations to be more efficiency including setting dividend and capital management policies to maintain the optimal capital structure and cost of capital and to comply with the Debt Covenant Ratios.

17. EXPENSES BY NATURE

Significant expenses by nature for the years ended March 31, are as follows:

	Unit : Thousand Baht	
	2015	2014
Change in finished goods and work in process	149,916	436,143
Cost of finished goods purchased	13,048,085	14,802,925
Cost of scrap purchased	5,436,963	6,750,023
Raw materials and consumables used	5,580,868	6,821,153
Store and supplies used	289,854	354,400
Fuel	312,828	392,537
Depreciation, amortisation and amortisation of rolling mill expenses	335,105	343,024
Employee benefits expense	234,581	237,354
Utilities expenses	864,355	1,044,477
Repair and maintenance expenses	214,077	233,383
Contractor	67,360	68,147
Delivery and selling expenses	195,444	205,084
Management fees	162,440	12,000
Bank charges	64,967	70,415
Premium on forward exchange contract	5,203	7,365
Rent	4,192	4,656
Reversal of allowance for inventory obsolescence	(16,546)	(12,077)
Reversal of allowance for impairment on plant and equipment	(22,327)	-
Loss on exchange rate	-	4,312

18. LOSS PER SHARE

Loss per share for the years ended March 31, are as follows:

		Unit : Thousand Baht	
		2015	2014
Basic loss per share			
	Net loss attributable to ordinary shareholders	(535,525)	(3,241)
	Weighted average number of ordinary shares	3,856,637,797	3,312,386,838
	Basic loss per share	<u>(0.14)</u>	<u>(0.00)</u>
Diluted loss per share			
	Weighted average number of ordinary shares	3,856,637,797	3,312,386,838
	Effect of convertible preferred share (see Note 15)	-	544,250,959
	Weighted average number of ordinary shares outstanding at end of the years (diluted)	3,856,637,797	3,856,637,797
	Diluted loss per share	<u>(0.14)</u>	<u>(0.00)</u>

19. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties are those parties linked to the Company by common shareholders or directors. Transactions with related parties are conducted at prices based on market prices or, where no market price exists, at contractually agreed prices.

The pricing policies for particular types of transactions are explained further below:

		Pricing Policies
Sales		Market price
Purchase		Market price
Management fees		Contract rate
Interest income		Contract rate
Interest expenses		Contract rate

The major related parties as at March 31, 2015 are as follows:

Type	Name	Type of Business	Relationship
Ultimate parent company	Tata Steel Limited	Manufacture steel	Ultimate parent company
Parent company	Tata Steel (Thailand) Plc.	Holding company	Parent company
Related party	The Siam Iron and Steel (2001) Co., Ltd.	Manufacture wire rods and small section products	Common shareholders and directors
Related party	The Siam Construction Steel Co., Ltd.	Manufacture steel bars	Common shareholders and directors
Related party	The Siam Industrial Wire Co., Ltd.	Manufacture steel wire	Same group of shareholders
Related party	Siam Steel Mill Services Co., Ltd.	Recycling and reprocessing steel scrap	Parent company indirect shareholding by subsidiary
Related party	TSN Wires Co., Ltd.	Manufacture galvanized steel wire	Same group of shareholders
Related party	NatSteel Trade International Pte. Ltd.	Trading	Same group of shareholders
Related party	NatSteel Recycling Pte. Ltd.	Trading	Same group of shareholders
Related party	Tata International Metals (Asia) Limited (Formerly Tata Steel International (Hong Kong) Ltd.)	Trading	Same group of shareholders

Type	Name	Type of Business	Relationship
Related party	Tata Steel UK Ltd.	Manufacture steel	Same group of shareholders
Related party	Tata Steel Resources Australia Pte. Ltd.	Procurement	Same group of shareholders
Related party	Tata NYK Shipping Pte. Ltd.	Shipping	Same group of shareholders
Related party	Tata Steel Global Procurement Co. Pte. Ltd.	Trading	Same group of shareholders
Related party	Tata Steel International Singapore Pte. Ltd.	Trading	Same group of shareholders
Related party	Tata Steel Asia (Hong Kong) Ltd.	Trading	Same group of shareholders
Related party	Tata Steel International (UK) Ltd.	Shipping	Same group of shareholders
Related party	Tata Steel IJmuiden BV	Manufacture steel	Same group of shareholders
Related party	Mjunction Services Limited	Trading and procurement	Same group of shareholders
Related party	Tata South East Asia Limited	Manufacture steel	Same group of shareholders
Related party	NatSteel Holdings Pte. Ltd.	Manufacture steel	Same group of shareholders

Balances with related parties as at March 31, consist of:

	Unit : Thousand Baht	
	2015	2014
Trade receivables - related companies		
The Siam Iron and Steel (2001) Co., Ltd.	17,088	33,495
The Siam Construction Steel Co., Ltd.	73,167	79,619
The Siam Industrial Wire Co., Ltd.	-	47,973
TSN Wires Co., Ltd.	-	7,089
Total	<u>90,255</u>	<u>168,176</u>
Other receivables - related companies		
Tata Steel Limited	14	-
Tata Steel (Thailand) Public Company Limited	114	360
The Siam Iron and Steel (2001) Co., Ltd.	2,283	1,357
The Siam Construction Steel Co., Ltd.	2,034	13
Total	<u>4,445</u>	<u>1,730</u>
Trade payables - related companies		
The Siam Iron and Steel (2001) Co., Ltd.	199,023	313,620
The Siam Construction Steel Co., Ltd.	541,257	456,036
Siam Steel Mill Services Co., Ltd.	10,745	8,821
NatSteel Recycling Pte. Ltd.	45,801	299,795
Tata International Metals (Asia) Limited	60,525	-
Tata Steel International Singapore Pte. Ltd.	3,984	-
Tata Steel Asia (Hong Kong) Ltd.	-	10,430
Total	<u>861,335</u>	<u>1,088,702</u>

	Unit : Thousand Baht	
	2015	2014
Other payables - related companies		
Tata Steel (Thailand) Public Company Limited	16,290	5,100
The Siam Iron and Steel (2001) Co., Ltd.	464	76
The Siam Construction Steel Co., Ltd.	857	2,375
The Siam Industrial Wire Co., Ltd.	441	-
Siam Steel Mill Services Co., Ltd.	-	26
Total	18,052	7,577

Short-term borrowings from parent company*		
Tata Steel (Thailand) Public Company Limited	1,612,507	223,014

* Short-term borrowings from parent company are non-collateralised and no maturity date carrying interest rate as at March 31, 2015 and 2014 at 1% p.a.

	Unit : Thousand Baht	
	2015	2014
Long-term borrowings from parent company		
Tata Steel (Thailand) Public Company Limited	1,065,000	2,675,000

The long-term borrowings from parent company as at March 31, are matured as follows (see Note 11) :

	Unit : Thousand Baht	
	2015	2014
Within one year	865,000	1,610,000
After one year but not over five years	200,000	1,065,000
Total	1,065,000	2,675,000

Significant transactions for the years ended March 31, with related parties are summarised as follows:

	Unit : Thousand Baht	
	2015	2014
Revenues		
Sales		
Tata Steel Limited	212,103	123,565
The Siam Iron and Steel (2001) Co., Ltd.	1,787,127	2,790,796
The Siam Construction Steel Co., Ltd.	3,778,570	4,040,688
The Siam Industrial Wire Co., Ltd.	666,717	925,379
TSN Wires Co., Ltd	31,450	121,884
NatSteel Holding Pte. Ltd.	-	6,403
Total	6,475,967	8,008,715
Interest income		
Tata Steel (Thailand) Public Company Limited	182	5,584

Expenses	Unit : Thousand Baht	
	2015	2014
Purchases		
The Siam Iron and Steel (2001) Co., Ltd.	4,604,303	5,638,022
The Siam Construction Steel Co., Ltd.	8,482,227	9,405,514
The Siam Industrial Wire Co., Ltd.	-	677
Siam Steel Mill Services Co., Ltd.	89,025	81,046
NatSteel Trade International Pte. Ltd.	273,247	-
NatSteel Recycling Pte. Ltd.	266,210	706,189
Tata International Metals (Asia) Limited	61,176	6,299
Tata Steel International Singapore Pte. Ltd.	16,110	-
Tata Steel Asia (Hong Kong) Ltd.	-	80,482
Total	13,792,298	15,918,229
Management fees		
Tata Steel (Thailand) Public Company Limited	162,440	12,000
Interest expenses		
Tata Steel (Thailand) Public Company Limited	99,405	186,276
Service fee expenses		
Siam Steel Mill Services Co., Ltd.	1,616	1,197
Other expenses		
Mjunction Services Limited	-	4

The Company has the trading policy, with the price and term with related parties are similar to the third parties.

In 2010, the parent company made the agreement for management fee by determining based on 2.0% of the annual net sales. In case that the Company has the annual loss excluding management fee, such management fee shall not exceed Baht 1 million per month. This agreement is effective on April 1, 2010, onward.

20. INVESTMENT PROMOTIONAL PRIVILEGES

By virtue of the provisions of the Industrial Investment Promotion Act of B.E. 2520, the Company has been granted privileges according to the promotion certificates No. 1467/2538, and 2084(8)/2550 dated July 14, 1995 and July 18, 2007, respectively, including exemption from customs duties for machinery as approved by the Board of Investment (“BOI”) and exemption from corporate income tax for a period of eight (8) years from the dates the income is first derived from the promoted activity which were April 10, 2006, and November 25, 2009, respectively.

Promoted business	Exemption from corporate income tax for net profit for 8 years
Manufacture of steel wire rods	April 2006 - April 2014
Manufacture of hot metal, pig iron and steel billet	November 2009 - November 2017

As a promoted company, the Company must comply with certain conditions and restrictions provided for in the promotional certificates.

21. REVENUES REPORTING OF A PROMOTED INDUSTRY

According to the Announcement of the Board of the Investment No. Por. 14/2541 dated December 30, 1998 regarding revenue reporting of a promoted industry, the Company is required to report the revenue from domestic sales and export sales separately and to report separately between the promoted and non-promoted sectors. Such information is as follows:

Unit : Thousand Baht

	For the year ended March 31, 2015		
	Promoted sector	Non-Promoted sector	Total
Revenues			
Revenue from domestic sales	39,457	25,242,841	25,282,298
Revenue from export sales	2,606	1,591,937	1,594,543
Total revenue from sales	<u>42,063</u>	<u>26,834,778</u>	<u>26,876,841</u>

Unit : Thousand Baht

	For the year ended March 31, 2014		
	Promoted sector	Non-Promoted Sector	Total
Revenues			
Revenue from domestic sales	2,082,618	27,358,584	29,441,202
Revenue from export sales	20,455	2,657,359	2,677,814
Total revenue from sales	<u>2,103,073</u>	<u>30,015,943</u>	<u>32,119,016</u>

22. FINANCIAL INSTRUMENTS

Credit risk

Credit risk arises from the possibility that customers may not be able to settle obligations to the Company as per contracts which may cause financial loss. The Company has a policy to protect against this risk by assessing the credit worthiness of customers, defining credit limits, checking credit insurance cover, asking for bank guarantees and/or personnel guarantees, credit terms and reviewing collections. The credit risk is the fair value of trade accounts receivable and other receivables presented in the statement of financial position which are the balance net of an allowance for doubtful accounts estimated by management.

Interest Rate Risk and Foreign Exchange Rate

Interest rate risk occurs from the Company maintains its loans and borrowings at floating rate.

Foreign exchange risk occurs from the fluctuating of foreign currency. The Company has no policy to use financial derivatives for speculation or trading.

In addition, in order to manage risk from fluctuation in foreign currency, the Company has entered into forward foreign exchange contracts to hedge its debts as disclosed in Note 23.

Liquidity Risks

The Company monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Company's operations and to mitigate the effects of fluctuations in cash flows.

Fair Value

The Company uses the methods and assumptions in estimating the fair values of financial instruments as follows:

Cash and cash equivalents, trade and other receivables, short-term borrowings from financial institutions, trade and other payables, current portion of trade accounts payable arising from debt restructuring and current portion of long-term borrowings, current portion of long-term borrowing from parent company and other current liabilities - the carrying values approximate to their fair values due to the relative short-term maturity of these financial instruments.

Available-for-sale investments - fair value is determined as the last quoted bid price at the statement of financial position date.

Long-term borrowings from parent company - the carrying values approximate to their fair values because they bear interest at floating market rates.

23. FORWARD EXCHANGE CONTRACTS

The Company entered into forward exchange contracts - bought/sold to cover foreign exchange exposure on liabilities associated with its trade accounts payable denominated in foreign currency of the Company. The Company does not enter into financial instruments for trading or speculative purposes.

The contractual amounts of the Company's forward exchange contracts are as the follows:

Currency	Contract Amount	Forward exchange rate per contract (Baht per currency)	As at March 31, 2015		
			Maturity date	Value per forward rate (Thousand Baht)	Fair Value gain (loss) (Thousand Baht)
Forward exchange contracts - bought					
USD	213,578	32.59	May 22, 2015	6,961	6
USD	3,154,000	32.67 - 33.10	April 30 - October 30, 2015	103,685	(393)
Currency	Contract Amount	Forward exchange rate per contract (Baht per currency)	As at March 31, 2014		
			Maturity date	Value per forward rate (Thousand Baht)	Fair Value gain (loss) (Thousand Baht)
Forward exchange contracts - bought					
USD	4,569,000	31.53 - 32.62	May 30 - November 13, 2014	146,282	2,729
USD	3,020,000	32.98 - 33.42	April 28 - October 24, 2014	100,097	(1,661)

Fair value of forward exchange contracts-bought/sold as at March 31, is as follows:

	Unit : Thousand Baht	
	2015	2014
Derivative assets	6	2,729
Derivative liabilities	(393)	(1,661)
Net gain (loss)	<u>(387)</u>	<u>1,068</u>

24. COMMITMENTS

As at March 31, 2015 and 2014, the Company had the commitments as follows:

- Letters of credit opened but not qualified as liabilities as at March 31, 2015 and 2014 amounting to Baht 8 million and Baht 6 million, respectively.
- Letters of guarantee issued by the financial institutions to the Provincial Electricity Authority and other as at March 31, 2015 and 2014 amounting to Baht 125 million of each year in the normal courses of business.

- c) As at March 31, the Company has operating lease commitment for vehicles and office equipment (including service charges) as follows:

	Unit : Thousand Baht	
	2015	2014
Within one year	1,451	1,499
After one year but not over five years	<u>1,825</u>	<u>3,276</u>
Total	<u>3,276</u>	<u>4,775</u>

For the years ended March 31, 2015 and 2014, rentals applicable to long-term lease and service have been recorded as expenses in the statements of comprehensive income are Baht 1.50 million and Baht 1.53 million, respectively.

25. SEGMENT INFORMATION

Operating segment information is reported in a manner consistent with the Company's internal reports that are regularly obtained and reviewed by the chief operating decision maker for the purpose of the allocation of resources to the segment and assess its performance.

The Company's operations involve the single business segment of the manufacture, and distribution of long steel products, which is located in Thailand. Sales of the Company are mainly local sales whereas an export sale is not significant. As a result, all the revenues, operating profits and assets as reflected in these financial statements pertain to the aforementioned single business segment and geographic area.

26. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements have been approved by the authorised directors of the Company for issuing on April 28, 2015.

