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

***Financial Statements***

***Year ended March 31, 2017***

## REPORT OF THE INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

TO THE SHAREHOLDERS AND BOARD OF DIRECTORS

N.T.S. STEEL GROUP PUBLIC COMPANY LIMITED

### Opinion

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, 2017, and the related statements of profit or loss and other comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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, 2017, and financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

### Basis for Opinion

We conducted our audit in accordance with Thai Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Federation of Accounting Professions under the Royal Patronage of His Majesty the King's Code of Ethics for Professional Accountants that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Thai Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



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

BANGKOK  
May 9, 2017

**DELOITTE TOUCHE TOHMATSU JAIYOS AUDIT CO., LTD.**

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

**STATEMENT OF FINANCIAL POSITION**

**AS AT MARCH 31, 2017**

UNIT : BAHT

	Notes	2017	2016
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	4.1	115,976,238	48,311,417
Trade and other receivables	5	785,293,592	762,750,344
Inventories	6	1,221,479,689	1,061,216,415
Other current assets		9,807,611	16,400,124
Non current assets held for sale	7	521,000,000	-
Total Current Assets		2,653,557,130	1,888,678,300
<b>NON-CURRENT ASSETS</b>			
Available-for-sales investment		3,300,000	2,200,000
Property, plant and equipment	8	2,860,428,628	4,115,263,846
Intangible asset	9	63,371	90,010
Deferred tax assets	10	5,803,223	4,941,788
Other non-current assets	11	21,549,081	23,244,854
Total Non-current Assets		2,891,144,303	4,145,740,498
<b>TOTAL ASSETS</b>		<b>5,544,701,433</b>	<b>6,034,418,798</b>

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, 2017**

UNIT : BAHT

	Notes	2017	2016
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>CURRENT LIABILITIES</b>			
Short-term borrowings from			
financial institutions	12	608,075,911	1,276,543,120
Trade and other payables	13	1,351,472,851	1,435,110,215
Current portion of long-term liabilities	14	6,326,827	206,326,827
Short-term borrowing	15	2,719,633,872	1,965,744,016
Other current liabilities		20,529,931	14,793,467
Total Current Liabilities		<u>4,706,039,392</u>	<u>4,898,517,645</u>
<b>NON-CURRENT LIABILITIES</b>			
Employee benefit obligations	18	57,516,179	49,016,939
Total Non-current Liabilities		<u>57,516,179</u>	<u>49,016,939</u>
<b>TOTAL LIABILITIES</b>		<u>4,763,555,571</u>	<u>4,947,534,584</u>
<b>SHAREHOLDERS' EQUITY</b>			
<b>SHARE CAPITAL</b>			
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
<b>RETAINED EARNINGS (DEFICITS)</b>			
Unappropriated		(3,849,559,494)	(3,542,941,142)
<b>OTHER COMPONENTS OF SHAREHOLDERS' EQUITY</b>			
		2,740,000	1,860,000
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<u>781,145,862</u>	<u>1,086,884,214</u>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<u>5,544,701,433</u>	<u>6,034,418,798</u>

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

N.T.S. STEEL GROUP PUBLIC COMPANY LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED MARCH 31, 2017

		UNIT : BAHT	
	Notes	2017	2016
Revenue from sales	26	19,459,031,590	20,179,878,334
Cost of sales		<u>(18,640,487,111)</u>	<u>(19,874,514,449)</u>
Gross profit		818,544,479	305,363,885
Other income		21,545,705	61,005,446
Selling expenses		(201,656,380)	(156,544,496)
Administrative expenses		(321,904,832)	(126,097,067)
Other expenses	21	(536,024,955)	-
Finance costs		<u>(85,598,183)</u>	<u>(96,881,175)</u>
<b>LOSS BEFORE INCOME TAX EXPENSE</b>		<b>(305,094,166)</b>	<b>(13,153,407)</b>
INCOME TAX INCOME (EXPENSE)	10	<u>1,081,435</u>	<u>(1,135,407)</u>
<b>LOSS FOR THE YEAR</b>		<b><u>(304,012,731)</u></b>	<b><u>(14,288,814)</u></b>
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>			
Item that will be reclassified subsequently to profit or loss			
Unrealised gain on remeasuring available-for-sales investments			
		1,100,000	1,700,000
Item that will not be reclassified subsequently to profit or loss			
Actuarial loss on defined employee benefit plan			
	18	(2,605,621)	-
Income tax relating to components of other comprehensive income			
		<u>(220,000)</u>	<u>(340,000)</u>
<b>TOTAL OTHER COMPREHENSIVE INCOME (LOSS) FOR THE YEAR - NET OF TAX</b>		<b><u>(1,725,621)</u></b>	<b><u>1,360,000</u></b>
<b>TOTAL COMPREHENSIVE LOSS FOR THE YEAR</b>		<b><u>(305,738,352)</u></b>	<b><u>(12,928,814)</u></b>
<b>BASIC LOSS PER SHARE</b>	23 BAHT	(0.08)	(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, 2017**

	Note	UNIT : BAHT									
		Issued and paid-up share capital		Share premium account		Retained earnings (deficits)		Other components of shareholders' equity		Total	
		Ordinary shares	Ordinary shares	Warrants	Appropriated	Unappropriated	Other comprehensive income	Unrealised gain on remeasuring available-for-sales investments	shareholders' equity	shareholders' equity	
<b>Balances as at April 1, 2015</b>		4,627,965,356	3,773,395,295	1,896	42,699,155	(7,344,748,674)	500,000		1,099,813,028		
Total comprehensive loss for the year		-	-	-	-	(14,288,814)	1,360,000		(12,928,814)		
Transferred to deficits	19	-	(3,773,395,295)	(1,896)	(42,699,155)	3,816,096,346	-		-		
<b>Balances as at March 31, 2016</b>		4,627,965,356	-	-	-	(3,542,941,142)	1,860,000		1,086,884,214		
<b>Balances as at April 1, 2016</b>		4,627,965,356	-	-	-	(3,542,941,142)	1,860,000		1,086,884,214		
Total comprehensive loss for the year		-	-	-	-	(306,618,352)	880,000		(305,738,352)		
<b>Balances as at March 31, 2017</b>		4,627,965,356	-	-	-	(3,849,559,494)	2,740,000		781,145,862		

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, 2017**

**UNIT : BAHT**

	Notes	2017	2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Loss before income tax expense		(305,094,166)	(13,153,407)
Adjustments:			
Gain on foreign exchange rate		(1,024,992)	(6,008,513)
Depreciation and amortisation		347,110,685	337,194,596
Employee benefit obligation expenses		7,491,054	7,533,353
Interest income		(68,374)	(79,745)
Interest expense		85,598,183	96,881,175
Other non-cash adjustment items	4.2	622,616,069	17,396,711
		<u>756,628,459</u>	<u>439,764,170</u>
Cash from trade accounts receivable (increase) decrease		(31,762,277)	1,929,110
Cash from other accounts receivable decrease		9,239,733	5,712,107
Cash from inventories (increase) decrease		(309,374,031)	425,841,710
Cash from trade accounts payable increase (decrease)		(130,483,090)	74,776,005
Cash from other accounts payable increase (decrease)		47,953,748	(101,238,286)
Other cash received (paid) from operating activities	4.3	12,621,701	(11,611,925)
Cash received from operating activities		<u>354,824,243</u>	<u>835,172,891</u>
Adjustment of cash occurred from borrowings	4.4	(86,096,712)	(99,537,191)
Income tax paid		(194,383)	(244,452)
Net cash provided by operating activities		<u>268,533,148</u>	<u>735,391,248</u>

**N.T.S. STEEL GROUP PUBLIC COMPANY LIMITED**  
**STATEMENT OF CASH FLOWS (CONTINUED)**  
**FOR THE YEAR ENDED MARCH 31, 2017**

UNIT : BAHT

	Notes	2017	2016
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received		68,374	79,745
Payment for purchases of property, plant and equipment		(86,745,211)	(112,863,270)
Payment for purchases of intangible asset		(5,290)	-
Proceeds from sales of property, plant and equipment		391,155	2,579,760
Net cash used in investing activities		<u>(86,290,972)</u>	<u>(110,203,765)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Cash received from borrowings		753,889,855	353,237,181
Cash repayments for borrowings		(868,467,210)	(1,128,168,302)
Net cash used in financing activities		<u>(114,577,355)</u>	<u>(774,931,121)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>		67,664,821	(149,743,638)
Beginning balance of cash and cash equivalents		48,311,417	198,055,055
<b>Ending balance of cash and cash equivalents</b>	4.1	<u>115,976,238</u>	<u>48,311,417</u>

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, 2017**

**1. GENERAL INFORMATION AND OPERATION OF THE COMPANY**

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

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

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

The Company engages in manufacturing, rendering a manufacturing service, distributor and trading of rebars, wire rods and small section products. Sales of the Company are mainly local sales contributing 95% and 91% of the total sales for the years ended March 31, 2017 and 2016, respectively.

The major shareholder and the parent company is Tata Steel (Thailand) Public Company Limited (“TSTH”), a 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 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, 2017 and 2016, the Company’s total current liabilities are in excess of total current assets by Baht 2,052 million and Baht 3,010 million, respectively. However, the amount of current liabilities included the borrowings from the parent company of Baht 2,720 million and Baht 2,166 million, respectively. The parent company confirms to 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. In addition, the parent company manages the liquidity based on a group basis, consisted of the parent company, the parent company’s two subsidiaries and 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 2015) "Presentation of Financial Statements" which was effective for financial periods beginning on or after January 1, 2016 onward, and the Notification of the Department of Business Development dated September 28, 2011 regarding "The Brief Particulars in the Financial Statements B.E. 2554".
- 2.3 The Federation of Accounting Professions has issued the Notifications regarding Thai Financial Reporting Standards ("TFRSs") which are effective for the financial statements for the financial period beginning on or after January 1, 2016 onwards, as follows:

### **Thai Accounting Standards ("TAS")**

TAS 1 (Revised 2015)	Presentation of Financial Statements
TAS 2 (Revised 2015)	Inventories
TAS 7 (Revised 2015)	Statement of Cash Flows
TAS 8 (Revised 2015)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (Revised 2015)	Events after the Reporting Period
TAS 11 (Revised 2015)	Construction Contracts
TAS 12 (Revised 2015)	Income Taxes
TAS 16 (Revised 2015)	Property, Plant and Equipment
TAS 17 (Revised 2015)	Leases
TAS 18 (Revised 2015)	Revenue
TAS 19 (Revised 2015)	Employee Benefits
TAS 20 (Revised 2015)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (Revised 2015)	The Effects of Changes in Foreign Exchange Rates
TAS 23 (Revised 2015)	Borrowing Costs
TAS 24 (Revised 2015)	Related Party Disclosures
TAS 26 (Revised 2015)	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (Revised 2015)	Separate Financial Statements
TAS 28 (Revised 2015)	Investments in Associates and Joint Ventures
TAS 29 (Revised 2015)	Financial Reporting in Hyperinflationary Economies
TAS 33 (Revised 2015)	Earnings per Share
TAS 34 (Revised 2015)	Interim Financial Reporting
TAS 36 (Revised 2015)	Impairment of Assets
TAS 37 (Revised 2015)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (Revised 2015)	Intangible assets
TAS 40 (Revised 2015)	Investment Property
TAS 41	Agriculture

**Thai Financial Reporting Standards (“TFRS”)**

TFRS 2 (Revised 2015)	Share-based Payments
TFRS 3 (Revised 2015)	Business Combinations
TFRS 4 (Revised 2015)	Insurance Contracts
TFRS 5 (Revised 2015)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6 (Revised 2015)	Exploration for and Evaluation of Mineral Assets
TFRS 8 (Revised 2015)	Operating Segments
TFRS 10 (Revised 2015)	Consolidated Financial Statements
TFRS 11 (Revised 2015)	Joint Arrangements
TFRS 12 (Revised 2015)	Disclosure of Interests in Other Entities
TFRS 13 (Revised 2015)	Fair Value Measurement

**Thai Accounting Standards Interpretations (“TSIC”)**

TSIC 10 (Revised 2015)	Government Assistance - No Specific Relation to Operating Activities
TSIC 15 (Revised 2015)	Operating Leases - Incentives
TSIC 25 (Revised 2015)	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders
TSIC 27 (Revised 2015)	Evaluating the Substance of Transactions Involving the Legal form of a Lease
TSIC 29 (Revised 2015)	Service Concession Arrangements : Disclosures
TSIC 31 (Revised 2015)	Revenue - Barter Transactions Involving Advertising Services
TSIC 32 (Revised 2015)	Intangible Assets - Web Site Costs

**Thai Financial Reporting Interpretations (“TFRIC”)**

TFRIC 1 (Revised 2015)	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4 (Revised 2015)	Determining whether an Arrangement Contains a Lease
TFRIC 5 (Revised 2015)	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7 (Revised 2015)	Applying the Restatement Approach under IAS 29 (Revised 2015) Financial Reporting in Hyperinflationary Economies
TFRIC 10 (Revised 2015)	Interim Financial Reporting and Impairment
TFRIC 12 (Revised 2015)	Service Concession Arrangements
TFRIC 13 (Revised 2015)	Customer Loyalty Programmes
TFRIC 14 (Revised 2015)	TAS 19 (Revised 2015) - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction.
TFRIC 15 (Revised 2015)	Agreements for the Construction of Real Estate
TFRIC 17 (Revised 2015)	Distributions of Non-cash Assets to Owners
TFRIC 18 (Revised 2015)	Transfers of Assets from Customers
TFRIC 20 (Revised 2015)	Stripping Costs in the Production Phase of a Surface Mine
TFRIC 21	Levies

**Guideline on Accounting**

Guideline on Accounting regarding Recognition and Measurement of Bearer Plants

Guideline on Accounting for Insurance Business regarding Designation of Financial Instruments at Fair Value through Profit or Loss

In addition, the Federation of Accounting Professions issued the Notification regarding the Conceptual Framework for Financial Reporting (Revised 2015), which was announced in the Royal Gazette and effective from November 6, 2015 onwards to replace the Conceptual Framework for Financial Reporting (Revised 2014). Such Conceptual Framework for Financial Reporting has no material impact on these financial statements.

The adoption of above TFRSs have no material impact on these financial statements.

2.4 Thai Financial Reporting Standards announced in the Royal Gazette but not yet effective.

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 financial periods beginning on or after January 1, 2017 onwards as follows:

**Thai Accounting Standards (“TAS”)**

TAS 1 (Revised 2016)	Presentation of Financial Statements
TAS 2 (Revised 2016)	Inventories
TAS 7 (Revised 2016)	Statement of Cash Flows
TAS 8 (Revised 2016)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (Revised 2016)	Events after the Reporting Period
TAS 11 (Revised 2016)	Construction Contracts
TAS 12 (Revised 2016)	Income Taxes
TAS 16 (Revised 2016)	Property, Plant and Equipment
TAS 17 (Revised 2016)	Leases
TAS 18 (Revised 2016)	Revenue
TAS 19 (Revised 2016)	Employee Benefits
TAS 20 (Revised 2016)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (Revised 2016)	The Effects of Changes in Foreign Exchange Rates
TAS 23 (Revised 2016)	Borrowing Costs
TAS 24 (Revised 2016)	Related Party Disclosures
TAS 26 (Revised 2016)	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (Revised 2016)	Separate Financial Statements
TAS 28 (Revised 2016)	Investments in Associates and Joint Ventures
TAS 29 (Revised 2016)	Financial Reporting in Hyperinflationary Economies
TAS 33 (Revised 2016)	Earnings per Share
TAS 34 (Revised 2016)	Interim Financial Reporting
TAS 36 (Revised 2016)	Impairment of Assets
TAS 37 (Revised 2016)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (Revised 2016)	Intangible assets
TAS 40 (Revised 2016)	Investment Property
TAS 41 (Revised 2016)	Agriculture
TAS 104 (Revised 2016)	Accounting for Troubled Debt Restructuring
TAS 105 (Revised 2016)	Accounting for Investments in Debt and Equity Securities
TAS 107 (Revised 2016)	Financial Instruments Disclosure and Presentation

**Thai Financial Reporting Standards (“TFRS”)**

TFRS 2 (Revised 2016)	Share-based Payment
TFRS 3 (Revised 2016)	Business Combinations
TFRS 4 (Revised 2016)	Insurance Contracts
TFRS 5 (Revised 2016)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6 (Revised 2016)	Exploration for and Evaluation of Mineral Resources
TFRS 8 (Revised 2016)	Operating Segments
TFRS 10 (Revised 2016)	Consolidated Financial Statements
TFRS 11 (Revised 2016)	Joint Arrangements
TFRS 12 (Revised 2016)	Disclosure of Interests in Other Entities
TFRS 13 (Revised 2016)	Fair Value Measurement

**Thai Accounting Standards Interpretations (“TSIC”)**

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TSIC 31 (Revised 2016)	Revenue - Barter Transactions Involving Advertising Services
TSIC 32 (Revised 2016)	Intangible Assets - Web site Costs

**Thai Financial Reporting Standard Interpretations (“TFRIC”)**

TFRIC 1 (Revised 2016)	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4 (Revised 2016)	Determining whether an Arrangement contains a Lease
TFRIC 5 (Revised 2016)	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7 (Revised 2016)	Applying the Restatement Approach under TAS 29 (Revised 2016) Financial Reporting in Hyperinflationary Economies
TFRIC 10 (Revised 2016)	Interim Financial Reporting and Impairment
TFRIC 12 (Revised 2016)	Service Concession Arrangements
TFRIC 13 (Revised 2016)	Customer Loyalty Programmes
TFRIC 14 (Revised 2016)	TAS 19 (Revised 2016) - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
TFRIC 15 (Revised 2016)	Agreements for the Construction of Real Estate
TFRIC 17 (Revised 2016)	Distributions of Non-cash Assets to Owners
TFRIC 18 (Revised 2016)	Transfers of Assets from Customers
TFRIC 20 (Revised 2016)	Stripping Costs in the Production Phase of a Surface Mine
TFRIC 21 (Revised 2016)	Levies

**Guideline on Accounting**

Guideline on Accounting regarding Derecognition of Financial Assets and Liabilities

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.

**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 maturities of three months or less from the date of acquisition, by excluding deposit at financial institutions used as collateral, if any.

### 3.2 Trade receivables and allowance for doubtful accounts

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

#### 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 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 the weighted-average cost method
Merchandise, raw materials, spare parts, supplies and others	-	at the moving-average cost method

The cost of inventories comprises 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 finished goods 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.

### 3.4 Non-current assets held for sale

Non-current assets classified as held for sale represent machinery and equipment which are stated at the lower of its carrying amount or fair value less costs to sell necessary to make the sales. The loss from devaluation of asset is immediately recognised in the statement of profit or loss and other comprehensive income.

Gains or losses on disposal of non-current assets classified as held for sale are recognised as income or expenses when the disposal is made.



### 3.5 Available-for-sales investment

Available-for-sales investments are investments in marketable equity other than those investments which are 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 values of marketable securities are determined as the last quoted bid price at the statement of financial position date.

#### Disposal of investment

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 profit or loss and other comprehensive income.

### 3.6 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 profit or loss and other comprehensive income on the straight-line method 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.

### 3.7 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 profit or loss and other comprehensive income on the straight-line method over the estimated useful lives of computer software of 5 years and 10 years.

### 3.8 Impairment

The carrying amount of the Company's assets is 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 the recoverable amount is the higher of the asset's fair value less costs of disposal and its value in use. In determining fair value less costs to sell, the Company uses an appropriate and suitable valuation model, which reflects the amount that the Company could obtain from the disposal of the asset between knowledgeable, willing parties in an arm's length transaction, after deducting the costs of disposal. In estimating the value in use, the Company determines 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.

The Company recognises an impairment loss in the statement of profit or loss and other 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 Company must estimate the recoverable amount.

### 3.9 Employee benefits

#### Provident funds

Obligations for contributions to provident fund are recognised as an expense in the statement of profit or loss and other 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 profit or loss and other 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.

3.10 Operating lease agreement

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 profit or loss and other comprehensive income by the straight-line method over the lease term.

3.11 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 and 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. Revenue from the sales of goods is 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 and interest rate in the contract.

Other income and expense are recognised on an accrual basis.

3.12 Finance costs

Finance costs such as interest expenses and similar expenses are recognised in the statement of profit or loss and other 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.

3.13 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 and multiplied by the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the end of the reporting period.

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, which has legally enforcement right, levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Deferred tax income (expenses) are charged or credited in the statement of profit or loss and other 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.

#### 3.14 Basic loss per share

Basic loss per share are calculated based on the loss for the year divided by the weighted average number of ordinary shares held by shareholders outstanding during the year.

#### 3.15 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 statement of financial position date, 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 profit or loss and other comprehensive income.

The Company has adopted a policy to cover foreign exchange exposure by entering into forward foreign 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 foreign exchange contracts incurred from the difference between the forward contract rate and marked-to-market rate for the remaining period of forward foreign exchange contracts at the statement of financial position date as income or expense in the statement of profit or loss and other comprehensive income.

#### 3.16 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 27 and 28.

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 profit or loss and other comprehensive income.

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

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

### 3.17 Fair value measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for leasing transactions that are within the scope of TAS 17 (Revised 2015), and measurements that have some similarities to fair value but are not fair value, such as net realisable value in TAS 2 (Revised 2015) or value in use in TAS 36 (Revised 2015).

In addition, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 inputs are inputs, other than quoted prices included within Level 1, which are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

### 3.18 Use of management's judgements

The preparation of financial statements in conformity with Thai Financial Reporting Standards requires the Company's management to exercise judgments in applying accounting policies that significantly affect the recognition and disclosure in the financial statements. Significant judgements in applying accounting policies are as follows:

#### Impairment

An impairment loss is recognised when the recoverable amount of an asset is lower than its carrying amount. The recoverable amount is the higher of asset's fair value less costs of disposal or its value in use.

Value in use is computed from the present value of future cash flow projections expected from perpetual use of the asset, discounted using a pre-tax discount rate under current business conditions using reasonable market estimates. In determining fair value less cost to sell, an appropriate valuation model is used. Details of the impairment loss calculation are set out in Note 3.8.

#### 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 future taxable income sufficient to fully utilise the deferred tax assets. The Company's management uses judgments based upon the likely timing and level of estimate future taxable income to determine the amount of deferred tax assets that can be recognised at the end of each reporting period.

#### 4. SUPPLEMENTARY DISCLOSURES OF CASH FLOW INFORMATION

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

	<b>Unit : Thousand Baht</b>	
	<b>2017</b>	<b>2016</b>
Bank deposits in current accounts	27,691	20,723
Bank deposits in savings accounts	88,285	27,588
Total	<u>115,976</u>	<u>48,311</u>

As at March 31, 2017 and 2016, bank deposits in saving accounts carry interest rate from 0.25% to 0.50% per annum.

##### 4.2 Other non-cash adjustment items for the years ended March 31, consist of:

	<b>Unit : Thousand Baht</b>	
	<b>2017</b>	<b>2016</b>
Loss from inventory obsolescence	2,931	6,018
Loss from diminution in value of inventory	128,086	-
Loss from impairment of property, plant and equipment	473,139	-
Loss on disposal of property, plant and equipment	42	11,917
Loss from writing off of property, plant and equipment	18,418	-
Reversal of allowance for diminution in value of inventory	-	(538)
Total	<u>622,616</u>	<u>17,397</u>

- 4.3 Other cash received (paid) from operating activities for the years ended March 31, consists of:

	<b>Unit : Thousand Baht</b>	
	<b>2017</b>	<b>2016</b>
(Increase) decrease in other current assets and other non-current assets	8,482	(12,296)
Increase in other current liabilities	5,736	2,578
Cash paid for employee benefit obligations	<u>(1,597)</u>	<u>(1,894)</u>
Total	<u>12,621</u>	<u>(11,612)</u>

- 4.4 Adjustment of cash occurred from borrowings for the years ended March 31, consist of:

	<b>Unit : Thousand Baht</b>	
	<b>2017</b>	<b>2016</b>
Interest paid	<u>(86,097)</u>	<u>(99,537)</u>

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

- The recording of investments in available-for-sales investments at fair value in the financial statements for the years ended March 31, 2017 and 2016 and recorded unrealised gain on such investments of Baht 1.1 million and Baht 1.7 million, respectively.
- The reclassification of machinery and spare parts and store supplies of MBF amounting to Baht 521 million from property, plant and equipment category and inventory category, respectively, to non-current assets held for sale as at March 31, 2017. (see Note 7)
- Non-cash items from purchases and increase in property, plant and equipment for the years ended March 31, are as follows:

	<b>Unit : Thousand Baht</b>	
	<b>2017</b>	<b>2016</b>
Payables for property, plant and equipment brought forward	4,291	790
<u>Add</u> Purchase during the years	87,140	116,364
<u>Less</u> Cash payment during the years	<u>(86,745)</u>	<u>(112,863)</u>
Payables for property, plant and equipment carried forward	<u>4,686</u>	<u>4,291</u>

- Non-cash item from the transfer of legal reserve of Baht 43 million and share premium account - ordinary shares of Baht 3,773 million to compensate for the deficits on March 11, 2016. (see Note 19)

**5. TRADE AND OTHER RECEIVABLES**

Trade and other receivables as at March 31, consist of:

	<b>Unit : Thousand Baht</b>	
	<b>2017</b>	<b>2016</b>
Trade receivables - related parties (see Note 24)	66,966	288,306
Trade receivables - other companies	713,897	460,774
Other receivables - related parties (see Note 24)	3,789	1,878
Other receivables - other companies	479	8,382
Prepaid expenses	163	3,410
Total	785,294	762,750

Trade receivables as at March 31, consist of:

	<b>As at March 31, 2017</b>			<b>As at March 31, 2016</b>		
	<b>Related parties</b>	<b>Other companies</b>	<b>Total</b>	<b>Related parties</b>	<b>Other Companies</b>	<b>Total</b>
Within credit terms	48,770	691,225	739,995	237,895	442,721	680,616
Overdue:						
Not over 3 months	18,196	21,851	40,047	50,411	13,393	63,804
Over 3 months to 6 months	-	-	-	-	307	307
Over 6 months to 12 months	-	-	-	-	3,585	3,585
Over 12 months	-	14,777	14,777	-	18,965	18,965
Total	66,966	727,853	794,819	288,306	478,971	767,277
<u>Less</u> Allowance for doubtful accounts	-	(13,956)	(13,956)	-	(18,197)	(18,197)
Total	66,966	713,897	780,863	288,306	460,774	749,080

For the year ended March 31, 2017, the Company has written-off Baht 4.24 million of trade account receivable - other company. The allowance for doubtful accounts has been fully provided.

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

For the years ended March 31, 2017 and 2016, the Company had sold trade receivables to the aforementioned financial institution amounting to Baht 7,890 million and Baht 6,700 million, respectively.



## 6. INVENTORIES

Inventories as at March 31, consist of:

	<b>Unit : Thousand Baht</b>	
	<b>2017</b>	<b>2016</b>
Finished goods	500,026	225,344
Work in process	116,821	43,963
Raw materials	259,667	251,422
Spare parts, stores, supplies and others	406,270	510,701
Raw materials in transit	83,475	59,666
Total	<u>1,366,259</u>	<u>1,091,096</u>
<u>Less</u> Allowance for diminution in value of inventory and allowance for inventory obsolescence	<u>(144,779)</u>	<u>(29,880)</u>
Total	<u>1,221,480</u>	<u>1,061,216</u>

For the year ended March 31, 2017, the allowance for diminution in value of inventory and inventory obsolescence recognised in previous year of Baht 16 million had been reversed and the allowance for diminution in value of raw materials of Baht 65 million and inventory obsolescence of Baht 3 million were recorded as part of cost of sales. The allowance for diminution in value of spare parts of Mini Blast Furnace of Baht 63 million were recorded as part of other expenses (see Note 21) as the Company's management plans to dispose MBF machinery and its spare parts and store supplies that mentioned in Note 7 and classified aforementioned items to non-current assets held for sale.

For the year ended March 31, 2016, the allowance for diminution in value of inventory and inventory obsolescence recognised in previous year of Baht 2.5 million had been reversed and the allowance for diminution in value of inventory and allowance for inventory obsolescence were recognised as part of cost of sales amounting to Baht 6 million.

The amounts of inventories recognised as an expense in the financial statements for the years ended March 31, 2017 and 2016, were Baht 18,588 million and Baht 19,871 million, respectively.

## 7. NON-CURRENT ASSETS HELD FOR SALE

The Company's management plans to dispose Mini Blast Furnace ("MBF") machinery and its spare parts and store supplies. The Company had active programme to locate buyers, which expected to dispose such assets within 1 year. Accordingly, the Company classified MBF machinery and its spare part and store supplies from property, plant and equipment category and inventories category, respectively, as non-current assets held for sale category as at March 31, 2017. (see Notes 6 and 8)

Non-current assets held for sale as at March 31, are as follows:

	<b>Unit : Thousand Baht</b>	
	<b>2017</b>	<b>2016</b>
Machinery and spare parts and store supplies	<u>521,000</u>	<u>-</u>

## 8. PROPERTY, PLANT AND EQUIPMENT

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

As at March 31, 2017

	Balances as at March 31, 2016	Additions	Disposals	Transfer	Reclassification	Balances as at March 31, 2017
<b>Unit : Thousand Baht</b>						
<b>Cost</b>						
Land	714,611	-	-	-	-	714,611
Land improvements	246,818	-	-	-	-	246,818
Building and structures	2,121,823	95	(3,403)	10,294	-	2,128,809
Machinery and equipment	9,302,025	718	(243,836)	96,721	(2,395,713)	6,759,915
Vehicles	2,158	76	(152)	-	-	2,082
Furniture, fixtures and office equipment	62,147	1,539	(8,154)	1,683	-	57,215
<b>Total cost</b>	<b>12,449,582</b>	<b>2,428</b>	<b>(255,545)</b>	<b>108,698</b>	<b>(2,395,713)</b>	<b>9,909,450</b>
<b>Accumulated depreciation</b>						
Land improvements	(146,861)	(11,266)	-	-	-	(158,127)
Building and structures	(692,393)	(33,829)	3,020	-	-	(723,202)
Machinery and equipment	(4,598,387)	(280,178)	153,692	-	538,164	(4,186,709)
Vehicles	(2,121)	(14)	152	-	-	(1,983)
Furniture, fixtures and office equipment	(48,606)	(3,699)	7,848	-	-	(44,457)
<b>Total accumulated depreciation</b>	<b>(5,488,368)</b>	<b>(328,986)</b>	<b>164,712</b>	<b>-</b>	<b>538,164</b>	<b>(5,114,478)</b>
	6,961,214					4,794,972
<b>Less</b> Allowance for impairment on plant and equipment	<b>(2,875,375)</b>	<b>(473,139)</b>	<b>71,983</b>	<b>-</b>	<b>1,336,549</b>	<b>(1,939,982)</b>
	4,085,839					2,854,990
Construction in progress, machinery and equipment under installation	29,425	84,712	-	(108,698)	-	5,439
<b>Property, plant and equipment</b>	<b>4,115,264</b>					<b>2,860,429</b>

As at March 31, 2016

	Balances as at April 1, 2015	Additions	Disposals	Transfer	Balances as at March 31, 2016
<b>Unit : Thousand Baht</b>					
<b>Cost</b>					
Land	714,611	-	-	-	714,611
Land improvements	246,818	-	-	-	246,818
Building and structures	2,114,353	-	(2,421)	9,891	2,121,823
Machinery and equipment	9,252,037	467	(27,951)	77,472	9,302,025
Vehicles	2,120	-	-	38	2,158
Furniture, fixtures and office equipment	60,701	1,293	-	153	62,147
<b>Total cost</b>	<b>12,390,640</b>	<b>1,760</b>	<b>(30,372)</b>	<b>87,554</b>	<b>12,449,582</b>
<b>Accumulated depreciation</b>					
Land improvements	(135,596)	(11,265)	-	-	(146,861)
Building and structures	(661,160)	(33,116)	1,883	-	(692,393)
Machinery and equipment	(4,337,700)	(274,680)	13,993	-	(4,598,387)
Vehicles	(2,120)	(1)	-	-	(2,121)
Furniture, fixtures and office equipment	(45,160)	(3,446)	-	-	(48,606)
<b>Total accumulated depreciation</b>	<b>(5,181,736)</b>	<b>(322,508)</b>	<b>15,876</b>	<b>-</b>	<b>(5,488,368)</b>
	7,208,904				6,961,214
<b>Less</b> Allowance for impairment on plant and equipment	<b>(2,875,375)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,875,375)</b>
	4,333,529				4,085,839
Construction in progress, machinery and equipment under installation	2,375	114,604	-	(87,554)	29,425
<b>Property, plant and equipment</b>	<b>4,335,904</b>				<b>4,115,264</b>

Depreciation for the years ended March 31,

2017

Thousand Baht 328,986

2016

Thousand Baht 322,508

As at March 31, 2017 and 2016, costs of fully depreciated plant and equipment that are still in use are Baht 323 million and Baht 349 million, respectively.

As at March 31, 2016, property, plant and equipment of the Company with carrying amount of Baht 3,507 million, respectively, are used as part of collateral for long-term borrowings from two local financial institutions of the parent company. During the year ended March 31, 2017, the parent company has fully repaid the long-term loans to financial institutions and the Company has already withdrawn mortgage which were used as collateral for loan.

Since August 2011, the Company's management had decided to temporarily cease operation of the Mini Blast Furnace ("MBF") in view of the high volatility of MBF raw material prices and the prices being relatively higher than scrap prices, thereby adversely impacting the viability of costs of steel produced through the MBF route. MBF remained mothballed until September 2017. For the years ended March 31, 2017 and 2016, depreciation and other expenses of MBF incurred during the mothball period were Baht 10 million and Baht 15 million respectively.

As at March 31, 2017, in consistent with Thai Accounting Standard No. 36 (Revised 2015) "Impairment of Assets", the Company has assessed the recoverable amount of MBF by using the asset's fair value which is the price proposed by the potential buyer less cost to sell which considered that the recoverable amount was lower than its carrying amount, so the Company recognised additional allowance for impairment on MBF machinery amounting to Baht 465 million. The total allowance for impairment of MBF machinery was Baht 1,336 million which was including allowance for impairment which was recognised in 2013 of Baht 871 million, so the net realisable value of MBF machinery was Baht 521 million.

In 2017, the Company's management plans to dispose MBF machinery and its spare parts and had active programme to locate buyers, which expected to dispose such assets within 1 year. Accordingly, the Company classified MBF machinery as non-current assets held for sale as at March 31, 2017 (see Notes 7).

For the year ended March 31, 2017, the Company recorded allowance for impairment on obsolete machinery and equipment of Baht 7 million and reversed the allowance for impairment which was recognised in 2013 of Baht 72 million due to writing-off and sale of machinery and equipment.

For the year ended March 31, 2016, the Company wrote off machinery and equipment damaged from fire with net carrying value of Baht 14.49 million as at April 17, 2015.

9. INTANGIBLE ASSET

Intangible asset as at March 31, consists of:

As at March 31, 2017

	Balance as at March 31, 2016	Addition	Disposal	Unit : Thousand Baht Balance as at March 31, 2017
Computer software	2,887	5	-	2,892
Less Accumulated amortisation	(2,797)	(32)	-	(2,829)
<b>Intangible asset</b>	<u>90</u>			<u>63</u>

As at March 31, 2016

	Balance as at April 1, 2015	Addition	Disposal	Unit : Thousand Baht Balance as at March 31, 2016
Computer software	2,887	-	-	2,887
Less Accumulated amortisation	(2,743)	(54)	-	(2,797)
<b>Intangible asset</b>	<u>144</u>			<u>90</u>

Amortisation for the years ended March 31

2017  
2016

Thousand Baht 32  
Thousand Baht 54

As at March 31, 2017 and 2016, costs of fully amortised intangible asset that is still in use are Baht 2.58 million and Baht 2.34 million, respectively.

10. INCOME TAX (INCOME) EXPENSE AND DEFERRED TAX ASSETS

Income tax (income) expense for the years ended March 31, consists of:

	Unit : Thousand Baht	
	2017	2016
Current income tax per tax return form	-	-
Deferred tax		
Movement in temporary difference	<u>(1,081)</u>	<u>1,135</u>
Income tax (income) expense as presented in the statement of profit or loss and other comprehensive income	<u>(1,081)</u>	<u>1,135</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:

	<b>Unit : Thousand Baht</b>	
	<b>2017</b>	<b>2016</b>
Profit (loss) before income tax expense		
- Promoted sector, exempted from income tax	(593,301)	-
- Non-promoted sector	<u>288,207</u>	<u>(13,153)</u>
Total profit (loss) before income tax expense	<u>(305,094)</u>	<u>(13,153)</u>
Income tax for non-promoted sector at 20%	57,641	(2,631)
Effect of non-deductible expenses or unrecognised gain for tax purpose:		
- Temporary differences and unused tax losses not accounted for as deferred tax assets	(16,883)	2,631
- Profit (loss) from derivative assets recognised as deferred tax liabilities	(1,081)	1,135
- Permanent differences	2,009	-
- Utilisation of unrecognised tax loss carried forward as deferred tax asset	<u>(42,767)</u>	<u>-</u>
Income tax (income) expense	<u>(1,081)</u>	<u>1,135</u>
	<b>Effective income tax rate</b>	<b>Effective income tax rate</b>
	<b>2017</b>	<b>2016</b>
	<b>(%)</b>	<b>(%)</b>
Effective tax rate	0.35	(8.64)

Temporary differences not accounted for as deferred tax assets resulted from the loss from the Company's operations in previous years and depreciation arising from impaired assets which was deductible expenses for tax purpose because it is uncertain about the probability that the Company can utilise the deferred tax assets arising from such loss and depreciation.

For the year ended March 31, 2017, the Company utilised tax loss carried forward which was not recognised as deferred tax asset amounting to Baht 42.77 million. (2016: Nil)

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

	Unit : Thousand Baht			
	Balances as at April 1, 2016	Recognised in the statement of comprehensive income	Recognised in other comprehensive income	Balances as at March 31, 2017
Deferred tax assets resulted from				
Employee benefit obligations	6,417	-	-	6,417
Deferred tax liabilities resulted from				
Available-for-sales investments	(340)	-	(220)	(560)
Derivative assets	(1,135)	1,081	-	(54)
Total deferred tax assets	<u>4,942</u>	<u>1,081</u>	<u>(220)</u>	<u>5,803</u>

	Unit : Thousand Baht			
	Balances as at April 1, 2015	Recognised in the statement of comprehensive income	Recognised in other comprehensive income	Balances as at March 31, 2016
Deferred tax assets resulted from				
Employee benefit obligations	6,417	-	-	6,417
Deferred tax liabilities resulted from				
Available-for-sales investments	-	-	(340)	(340)
Derivative assets	-	(1,135)	-	(1,135)
Total deferred tax assets	<u>6,417</u>	<u>(1,135)</u>	<u>(340)</u>	<u>4,942</u>

As at March 31, 2017 and 2016, the Company had unused tax losses of Baht 5,339 million and Baht 5,392 million, respectively, which was not recognised as deferred tax assets. Such tax losses will gradually expire from March 2017 to November 2022.

The Company used tax rate of 20% for income tax calculation for the years ended March 31, 2017 and 2016 and deferred tax calculation as at March 31, 2017 and 2016. Income tax expense is calculated from income before tax, added back transactions which are non-deductible expenses and deducted income or expense exempted under the Revenue Code. As a result, the effective tax rate different from the tax rate under Revenue Code.

## 11. OTHER NON-CURRENT ASSETS

Other non-current assets as at March 31, consist of:

	Unit : Thousand Baht	
	2017	2016
Corporate income tax refundable	16,876	16,876
Others	4,673	6,369
Total	<u>21,549</u>	<u>23,245</u>

## 12. SHORT-TERM BORROWINGS FROM FINANCIAL INSTITUTIONS

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

Purpose of Borrowings	Interest Rate	Credit Limit	Unit : Million Baht	
			Utilisation 2017	2016
Scrap purchasing	BIBOR+2% per annum	1,800	362	794
Other raw materials and utilities	BIBOR+2% per annum	1,416	246	278
Trust receipt for billet purchasing	LIBOR per annum	See 12.1	-	205
Total			<u>608</u>	<u>1,277</u>

12.1 As at March 31, 2017 and 2016, the Group entered into the agreements with financial institutions to obtain unsecured credit facilities limit of Baht 4,244 million and Baht 5,484 million, respectively, for 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)	London Interbank Offered Rate (LIBOR)
3) Promissory note	Money Market Rate (MMR) or interest rate as specified in agreement

As at March 31, 2017, and 2016, the Group has withdrawn the credit facilities including letters of credit totaling Baht 486 million and Baht 1,534 million, respectively.

## 13. TRADE AND OTHER PAYABLES

Trade and other payables as at March 31, consist of:

	Unit : Thousand Baht	
	2017	2016
Trade payables - related parties (see Note 24)	793,370	987,641
Trade payables - other companies	266,910	204,126
Other payables - related parties (see Note 24)	52,316	10,651
Other payables - other companies	4,686	4,291
Advances received from customers	48,645	102,464
Accrued expenses	185,546	125,937
Total	<u>1,351,473</u>	<u>1,435,110</u>

#### 14. CURRENT PORTION OF LONG-TERM LIABILITIES

Current portion of long-term liabilities as at March 31, consist of:

	<b>Unit : Thousand Baht</b>	
	<b>2017</b>	<b>2016</b>
Trade payables arising from debt restructuring	6,327	6,327
Current portion of long-term borrowing from the parent company (see Notes 16 and 24)	-	200,000
Total	<u>6,327</u>	<u>206,327</u>

As at March 31, 2012, the aforementioned trade payables is debt 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. Such creditors 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, 2017 and 2016, the Company is in the process of contacting creditors for such payables. Therefore, it is classified as current liabilities.

#### 15. SHORT-TERM BORROWING

As at March 31, 2017 and 2016, the Company has short-term borrowing from the parent company which is non-collateralised and is not specified maturity date in the amount of Baht 2,720 million and Baht 1,966 million, respectively, bearing the interest rate of 2.00% per annum and 1.00% per annum, respectively (see Note 24).

#### 16. LONG-TERM BORROWING FROM THE PARENT COMPANY

The period for repayments of long-term borrowing from the parent company, denominated in Thai Baht, as at March 31, are as follows:

	<b>Unit : Thousand Baht</b>	
	<b>2017</b>	<b>2016</b>
Within one year	-	200,000
Over one year but not over five years	-	-
Total	<u>-</u>	<u>200,000</u>

As at March 31, 2017 and 2016, 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 (Minimum Loan Rate) minus 2.00% per annum, to invest in Mini Blast Furnace (MBF) (see Note 8). For the year ended March 31, 2017, the Company had repaid the remaining long-term borrowing of Baht 200 million to the parent company in full.



## 17. PROVIDENT FUND

The defined contribution plan comprises the 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 15% 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, 2017 and 2016, the contribution of the Company recognised as expenses in the statements of profit or loss and other comprehensive income amounting to Baht 12 million and Baht 11 million, respectively.

## 18. EMPLOYEE BENEFIT OBLIGATIONS

As at March 31, 2017 and 2016, the Company recorded a provision for employee benefit obligations totaling Baht 57.52 million and Baht 49.02 million, respectively. Such provision was calculated based on the Projected Unit Credit Method.

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

	<b>2017</b>	<b>2016</b>
Discount rate (%)	2.49	3.21
Average expected rate of salary increase (%)	4.95	5.05
Voluntarily resignation rate (%)	0 - 11.00	0 - 17.00
Retirement age (years)	55 - 60	55 - 60
Mortality rate	TM0 2008*	TM0 2008*

\*reference from TM02008: Thai Mortality Ordinary Table 2008.

The benefit costs recognised in the statements of profit or loss and other comprehensive income for the years ended March 31, are as follows:

	<b>Unit : Thousand Baht</b>	
	<b>2017</b>	<b>2016</b>
Current service cost	6,212	6,144
Interest cost	1,278	1,389
Net actuarial loss recognised during the years	2,606	-
Total	<u>10,096</u>	<u>7,533</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:

	<b>Unit : Thousand Baht</b>	
	<b>2017</b>	<b>2016</b>
Present value of unfunded obligations	<u>57,516</u>	<u>49,017</u>
Beginning of provision for employee benefit obligations	49,017	43,378
Current service cost	6,212	6,144
Interest cost	1,278	1,389
Net actuarial loss recognised during the years		
arising from experience adjustment	(3,765)	-
arising from demographic assumption changes	2,528	-
arising from financial assumption changes	3,843	-
Severance paid during the years	<u>(1,597)</u>	<u>(1,894)</u>
Ending of provision for employee benefit obligations	<u>57,516</u>	<u>49,017</u>

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate and expected salary increase rate. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumption occurring at the end of the reporting period, while holding all other assumptions constant. The sensitivity analysis of the above actuarial assumptions impacted on increase (decrease) in present value of the employee benefit obligations as at March 31, 2017 and 2016 are as follows:

	<b>Unit : Thousand Baht</b>	
	<b>2017</b>	<b>2016</b>
<u>Discount rate</u>		
Discount rate - percent decrease 1.0	7,164	5,882
Discount rate - percent increase 1.0	(6,102)	(5,059)
<u>Salary Increase Rate</u>		
Salary increase rate - percent decrease 1.0	(5,759)	(4,842)
Salary increase rate - percent increase 1.0	6,637	5,530

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

## 19. 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.

On March 11, 2016, the Extraordinary Shareholders’ Meeting No.1/2016 passed a resolution to approve the transfer of legal reserve of Baht 43 million and share premium account - ordinary shares of Baht 3,773 million to compensate for the deficits which was according to the Public Companies Act No. 2 B.E. 2544. Therefore, as at March 31, 2016, the Company had remaining deficits of Baht 3,543 million.

## 20. 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.

## 21. OTHER EXPENSES

Other expenses for the years ended March 31, consist of:

	Unit : Thousand Baht	
	2017	2016
Loss on diminution in value of inventory (see Note 6)	62,886	-
Loss on impairment of plant and equipment (see Note 8)	473,139	-
	<u>536,025</u>	<u>-</u>

## 22. EXPENSES BY NATURE

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

	Unit : Thousand Baht	
	2017	2016
Change in finished goods and work in process	(347,541)	388,317
Cost of finished goods purchased	10,717,735	9,920,233
Cost of scrap purchased	-	3,214,071
Raw materials and consumables used	6,037,996	4,270,180
Store and supplies used	209,300	210,595
Fuel	280,683	259,370
Depreciation, amortisation and amortisation of rolling mill expenses	347,111	337,195
Employee benefits expense	262,874	241,393
Utilities expenses	725,512	704,460
Repair and maintenance expenses	241,812	207,959
Contractor	73,284	69,867
Delivery and selling expenses	201,656	156,544
Management fees	192,160	12,009
Bank charges	45,940	44,698
Premium on forward exchange contract	3,048	6,669
Rental expenses	4,452	4,909
Loss (reversal) of allowance for inventory obsolescence	114,899	(4,885)
Loss on allowance for impairment on obsolescence machinery and equipment	473,139	-

## 23. BASIC LOSS PER SHARE

Basic loss per share for the years ended March 31, is as follows:

		2017	2016
<b>Basic loss per share</b>			
Net loss	<b>Thousand Baht</b>	(304,013)	(14,289)
Weighted average number of ordinary shares	<b>Shares</b>	3,856,637,797	3,856,637,797
<b>Basic loss per share</b>	<b>Baht</b>	<u>(0.08)</u>	<u>(0.00)</u>

## 24. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties are those parties related 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:

	<b>Pricing Policies</b>
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, 2017 are as follows:

Type	Name	Type of Business	Relationship
Ultimate parent company	Tata Steel Limited	Manufacture steel	Shareholder of the 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
Other party	The Siam Industrial Wire Co., Ltd.	Manufacture steel wire	Same group of shareholders
Other party	Siam Steel Mill Services Co., Ltd.	Recycling and reprocessing steel scrap	Parent company indirect shareholding by subsidiary
Other party	TSN Wires Co., Ltd.	Manufacture galvanized steel wire	Same group of shareholders
Other party	NatSteel Trade International Pte. Ltd.	Trading	Same group of shareholders
Other party	NatSteel Recycling Pte. Ltd.	Trading	Same group of shareholders
Other party	Tata International Metals Trading Asia Ltd.	Trading	Same group of shareholders
Other party	Tata Steel UK Ltd.	Manufacture steel	Same group of shareholders
Other party	Tata Steel Resources Australia Pte. Ltd.	Procurement	Same group of shareholders
Other party	Tata NYK Shipping Pte. Ltd.	Shipping	Same group of shareholders
Other party	Tata Steel Global Procurement Co. Pte. Ltd.	Trading	Same group of shareholders
Other party	Tata Steel International Singapore Pte. Ltd.	Trading	Same group of shareholders
Other party	Tata Steel Asia (Hong Kong) Ltd.	Trading	Same group of shareholders
Other party	Tata Steel International (UK) Ltd.	Shipping	Same group of shareholders
Other party	Tata Steel IJmuiden BV	Manufacture steel	Same group of shareholders
Other party	Mjunction Services Limited	Trading and procurement	Same group of shareholders
Other party	Tata South East Asia Limited	Manufacture steel	Same group of shareholders
Other party	NatSteel Holdings Pte. Ltd.	Manufacture steel	Same group of shareholders
Other party	NatSteel (Xiamen) Ltd.	Manufacture steel	Same group of shareholders

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

	<b>Unit : Thousand Baht</b>	
	<b>2017</b>	<b>2016</b>
<b>Trade receivables - related companies</b>		
The Siam Iron and Steel (2001) Co., Ltd.	-	10,349
The Siam Construction Steel Co., Ltd.	26,345	102,589
The Siam Industrial Wire Co., Ltd.	33,585	-
TSN Wires Co., Ltd.	7,036	4,616
Tata Steel Limited	-	170,752
Total	<u>66,966</u>	<u>288,306</u>
<b>Other receivables - related companies</b>		
Tata Steel (Thailand) Public Company Limited	14	117
The Siam Iron and Steel (2001) Co., Ltd.	2,199	1,469
The Siam Construction Steel Co., Ltd.	1,576	292
Total	<u>3,789</u>	<u>1,878</u>
<b>Trade payables - related companies</b>		
The Siam Iron and Steel (2001) Co., Ltd.	280,655	195,379
The Siam Construction Steel Co., Ltd.	503,245	583,008
Siam Steel Mill Services Co., Ltd.	6,978	7,387
NatSteel Recycling Pte. Ltd.	-	(31)
Tata International Metals Trading Asia Ltd.	-	198,270
Tata Steel International Singapore Pte. Ltd.	-	3,628
Tata Steel Limited	2,492	-
Total	<u>793,370</u>	<u>987,641</u>
<b>Other payables - related companies</b>		
Tata Steel (Thailand) Public Company Limited	51,949	10,651
The Siam Iron and Steel (2001) Co., Ltd.	340	-
The Siam Construction Steel Co., Ltd.	27	-
Total	<u>52,316</u>	<u>10,651</u>
<b>Short-term borrowing from the parent company*</b>		
Tata Steel (Thailand) Public Company Limited	<u>2,719,634</u>	<u>1,965,744</u>

\* Short-term borrowing from the parent company is non-collateralised and is not specified maturity date, carrying interest rate as at March 31, 2017 and 2016 at 2.00% per annum and 1.00% per annum, respectively.

	<b>Unit : Thousand Baht</b>	
	<b>2017</b>	<b>2016</b>
<b>Long-term borrowing from the parent company</b>		
Tata Steel (Thailand) Public Company Limited	-	200,000
	<u>-</u>	<u>200,000</u>

The long-term borrowing from the parent company as at March 31, is matured as follows:  
(see Note 16)

	<b>Unit : Thousand Baht</b>	
	<b>2017</b>	<b>2016</b>
Within one year	-	200,000
Over one year but not over five years	-	-
Total	<u>-</u>	<u>200,000</u>

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

	<b>Unit : Thousand Baht</b>	
	<b>2017</b>	<b>2016</b>
<b>Revenues</b>		
<b>Sales</b>		
Tata Steel Limited	79,597	666,183
The Siam Iron and Steel (2001) Co., Ltd.	-	900,481
The Siam Construction Steel Co., Ltd.	175,946	2,576,155
The Siam Industrial Wire Co., Ltd.	472,032	464,640
TSN Wires Co., Ltd	104,967	36,154
Total	<u>832,542</u>	<u>4,643,613</u>
<b>Expenses</b>		
<b>Purchases</b>		
The Siam Iron and Steel (2001) Co., Ltd.	3,678,757	3,360,637
The Siam Construction Steel Co., Ltd.	7,285,539	6,581,485
Siam Steel Mill Services Co., Ltd.	75,600	77,916
NatSteel Recycling Pte. Ltd.	84,822	(156)
Tata International Metals Trading Asia Ltd.	628,072	831,421
Tata Steel International Singapore Pte. Ltd.	11,139	13,641
Total	<u>11,763,929</u>	<u>10,864,944</u>
<b>Management fees</b>		
Tata Steel (Thailand) Public Company Limited	<u>192,160</u>	<u>12,009</u>
<b>Interest expenses</b>		
Tata Steel (Thailand) Public Company Limited	<u>54,547</u>	<u>45,636</u>
<b>Service fee expenses</b>		
Siam Steel Mill Services Co., Ltd.	<u>8</u>	<u>2</u>

	Unit : Thousand Baht	
	2017	2016
<b>Other expenses</b>		
Mjunction Services Limited	<u>58</u>	<u>488</u>
<b>Purchase of fixed assets</b>		
NatSteel (Xiamen) Ltd.	<u>2,317</u>	<u>-</u>

In 2014, 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, 2014. Subsequently in 2016, the parent company has renew agreement for management fee which charges at cost plus method. Such agreement is effective on April 1, 2016, onward.

## 25. 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”), exemption from corporate income tax for a period of eight (8) years from the dates the income is first derived from the promoted activity and exemption of corporate income tax from dividends derived from promoted activities in computation of taxable income throughout the period of the exemption of corporate income tax 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.



**26. 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:

<b>Unit : Thousand Baht</b>			
<b>For the year ended March 31, 2017</b>			
	<b>Promoted sector</b>	<b>Non-Promoted sector</b>	<b>Total</b>
Revenues			
Revenue from domestic sales	-	18,515,579	18,515,579
Revenue from export sales	-	943,453	943,453
Total revenue from sales	-	19,459,032	19,459,032

<b>Unit : Thousand Baht</b>			
<b>For the year ended March 31, 2016</b>			
	<b>Promoted sector</b>	<b>Non-Promoted Sector</b>	<b>Total</b>
Revenues			
Revenue from domestic sales	-	18,455,077	18,455,077
Revenue from export sales	-	1,724,801	1,724,801
Total revenue from sales	-	20,179,878	20,179,878

**27. 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 providing and reviewing collections. The credit risk is the fair value of trade receivable and other receivables presented in the statement of financial position which are the balances net of an allowance for doubtful accounts estimated by management.

**Interest Rate Risk and Foreign Exchange Rate**

Interest rate risk occurs from the Company maintaining its borrowings at floating interest 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 28.

## 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.

### 28. FORWARD FOREIGN EXCHANGE CONTRACTS

The Company entered into forward foreign exchange contracts - bought/sold to cover foreign exchange exposure on assets and liabilities associated with its trade receivable and trade 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 foreign exchange contracts are as the follows:

Currency	Contract Amount	Forward exchange rate per contract (Baht per currency)	As at March 31, 2017		Fair value gain (loss) (Thousand Baht)
			Maturity date	Value per forward rate (Thousand Baht)	
<b>Forward foreign exchange contracts - bought</b>					
USD	1,010,000	34.46	May 30, 2017 - September 15, 2017	34,803	9
USD	493,713	35.09 - 36.08	April 28, 2017 - August 15, 2017	17,613	(599)
Currency	Contract Amount	Forward exchange rate per contract (Baht per currency)	As at March 31, 2016		Fair value gain (loss) (Thousand Baht)
			Maturity date	Value per forward rate (Thousand Baht)	
<b>Forward foreign exchange contracts - bought</b>					
USD	8,131,000	34.97 - 35.30	July 29, 2016 - November 15, 2016	285,901	1,443
USD	11,152,000	35.60 - 36.37	June 30, 2016 - October 28, 2016	402,053	(7,931)
EUR	118,190	39.44 - 40.02	July 29, 2016	4,676	77
<b>Forward foreign exchange contracts - sold</b>					
USD	4,000,000	35.00	June 30, 2016	140,000	(1,227)

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

	Unit : Thousand Baht	
	2017	2016
Derivative assets	9	1,520
Derivative liabilities	(599)	(9,158)
Net loss	<u>(590)</u>	<u>(7,638)</u>

## 29. DETERMINATION OF FAIR VALUES

The Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. The fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes related to that asset or liability.

### Financial assets and financial liabilities measured at fair value

Fair value of financial assets and financial liabilities which are measured at fair value and their fair value hierarchy level classification as at March 31, 2017 and 2016 were summarised as follows.

Financial assets and financial liabilities	Fair value as at March 31,		Fair value hierarchy	Valuation techniques and key inputs for fair value Measurement
	2017	2016		
<u>Financial assets</u>				
1. Foreign currency forward contracts	9	1,520	Level 2	Discounted cash flow The estimated future cash flows is from foreign currency exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.
2. Available-for-sale investments	3,300	2,200	Level 1	Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
<u>Financial liabilities</u>				
1. Foreign currency forward contracts	599	9,158	Level 2	Discounted cash flow The estimated future cash flows is from foreign currency exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

These financial assets and financial liabilities related to foreign currency forward contracts are presented as part of other current assets and other current liabilities, receptively, in the statement of financial position.

### Financial assets and financial liabilities not measured at fair value

Valuation technique for financial assets and financial liabilities not measured at fair value of the Company as at March 31, 2017 and 2016, are as follows:

The carrying amounts of cash and cash equivalents, trade and other receivables, and other current assets are approximate to their fair values because of the relatively short-term maturity of these financial instruments.

The carrying amounts of short-term borrowings from financial institutions, trade and other payables, current portion of long-term borrowing from the parent company, short-term borrowing, and other current liabilities are approximately to their fair values because of the relatively short-term maturity of these financial instruments.

The carrying amounts of long-term borrowing from the parent company with floating interest rate is approximate to its fair value.

#### **Non-financial assets measured at fair value**

Non-current assets held for sale have fair value of Baht 521 million which is measured the fair value by fair value hierarchy level 3, using fair value proposed by a potential buyer less estimated costs to sell to make the sales.

### **30. COMMITMENTS**

As at March 31, 2017 and 2016, the Company had the commitments as follows:

- a) Letters of credit opened but not qualified to be liabilities as at March 31, are as follows:

<b>Currencies</b>	<b>Unit : Thousand</b>	
	<b>2017</b>	<b>2016</b>
USD	590	11,007
EUR	90	27

- b) Letters of guarantee issued by the financial institutions which are unsecured to the Provincial Electricity Authority and others as at March 31, 2017 and 2016 amounting to Baht 73 million and Baht 125 million, respectively, which are 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:

	<b>Unit : Thousand Baht</b>	
	<b>2017</b>	<b>2016</b>
Within one year	1,426	1,283
Over one year but not over five years	2,389	1,133
Total	<u>3,815</u>	<u>2,416</u>

For the years ended March 31, 2017 and 2016, rentals applicable to long-term lease and service have been recorded as expenses in the statements of profit or loss and other comprehensive income are Baht 1.80 million and Baht 1.50 million, respectively.

**31. 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 are mostly in Thailand. Sales of the Company are mainly local sales whereas an export sales 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.

**32. APPROVAL OF THE FINANCIAL STATEMENTS**

These financial statements have been approved by the authorised directors of the Company for issuing on May 9, 2017.