

---

***THE SIAM CONSTRUCTION STEEL  
COMPANY LIMITED***

***Financial Statements***

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

## REPORT OF THE INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

### TO THE SHAREHOLDERS AND BOARD OF DIRECTORS THE SIAM CONSTRUCTION STEEL COMPANY LIMITED

#### Opinion

We have audited the financial statements of The Siam Construction Steel Company Limited (the “Company”), 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 accompanying financial statements present fairly, in all material respects, the financial position of The Siam Construction Steel Company Limited as at March 31, 2017, and its financial performance and its 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 the 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.

**THE SIAM CONSTRUCTION STEEL 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	3,835,956	3,014,004
Temporary investment	5	21,000,000	-
Trade and other receivables	6	703,236,312	626,758,441
Short-term loans to the parent company	23	1,589,835,012	1,519,414,189
Inventories	7	940,454,381	541,419,534
Refundable value-added tax		9,320,488	-
Other current assets		12,675,810	3,729,131
Total Current Assets		3,280,357,959	2,694,335,299
<b>NON-CURRENT ASSETS</b>			
Other long-term investment	2.2	1,241	1,241
Plant and equipment	8	338,539,684	353,984,875
Intangible asset	9	40,907	131,262
Deferred tax assets	10	8,709,714	6,826,928
Other non-current assets	11	22,353,481	148,058,049
Total Non-current Assets		369,645,027	509,002,355
<b>TOTAL ASSETS</b>		<b>3,650,002,986</b>	<b>3,203,337,654</b>

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

**THE SIAM CONSTRUCTION STEEL 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	995,861,942	532,805,552
Trade and other payables	13	500,530,728	497,838,239
Current income tax payable		89,354,256	48,651,366
Other current liabilities	14	6,165,404	20,665,613
Total Current Liabilities		1,591,912,330	1,099,960,770
<b>NON-CURRENT LIABILITIES</b>			
Employee benefit obligations	16	41,452,104	36,624,803
Total Non-current Liabilities		41,452,104	36,624,803
<b>TOTAL LIABILITIES</b>		<b>1,633,364,434</b>	<b>1,136,585,573</b>
<b>SHAREHOLDERS' EQUITY</b>			
<b>SHARE CAPITAL</b>			
Authorised share capital			
17,500,000 ordinary shares of Baht 100.00 each		1,750,000,000	1,750,000,000
Issued and paid-up share capital			
17,500,000 ordinary shares of Baht 100.00 each, fully paid		1,750,000,000	1,750,000,000
<b>RETAINED EARNINGS</b>			
Appropriated			
Legal reserve	17	175,000,000	157,905,652
Unappropriated		91,638,552	158,846,429
TOTAL SHAREHOLDERS' EQUITY		2,016,638,552	2,066,752,081
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>3,650,002,986</b>	<b>3,203,337,654</b>

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

**THE SIAM CONSTRUCTION STEEL 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		7,728,433,330	6,607,471,537
Cost of sales		6,869,916,165	6,166,765,520
Gross profit		858,517,165	440,706,017
Other income	19	46,670,426	79,256,848
Selling expenses		(28,929,383)	(2,784,979)
Administrative expenses		(251,333,254)	(163,161,498)
Finance costs		(30,654,625)	(16,403,956)
PROFIT BEFORE INCOME TAX EXPENSE		594,270,329	337,612,432
INCOME TAX EXPENSE	10	(206,431,387)	(68,216,676)
<b>PROFIT FOR THE YEAR</b>		<b>387,838,942</b>	<b>269,395,756</b>
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>			
Item that will not be reclassified subsequently to profit or loss			
Actuarial loss on defined employee benefit plan		(565,589)	-
Income tax relating to components of other comprehensive loss	10	113,118	-
TOTAL OTHER COMPREHENSIVE LOSS FOR THE YEAR - NET OF TAX		(452,471)	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>387,386,471</b>	<b>269,395,756</b>
<b>BASIC EARNINGS PER SHARE</b>	22 BAHT	22.16	15.39
<b>WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES</b>			
	SHARES	17,500,000	17,500,000

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

**THE SIAM CONSTRUCTION STEEL COMPANY LIMITED**  
**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE YEAR ENDED MARCH 31, 2017**

UNIT : BAHT

	Notes	Issued and paid-up share capital	Retained earnings Appropriated Legal reserve	Unappropriated	Total shareholders' equity
<b>Balance as at April 1, 2015</b>		1,750,000,000	146,295,157	76,061,168	1,972,356,325
Interim dividend	20	-	-	(175,000,000)	(175,000,000)
Appropriated for legal reserve	20	-	11,610,495	(11,610,495)	-
Total comprehensive income for the year		-	-	269,395,756	269,395,756
<b>Balance as at March 31, 2016</b>		<u>1,750,000,000</u>	<u>157,905,652</u>	<u>158,846,429</u>	<u>2,066,752,081</u>
<b>Balance as at April 1, 2016</b>		1,750,000,000	157,905,652	158,846,429	2,066,752,081
Interim dividend	20	-	-	(437,500,000)	(437,500,000)
Appropriated for legal reserve	20	-	17,094,348	(17,094,348)	-
Total comprehensive income for the year		-	-	387,386,471	387,386,471
<b>Balance as at March 31, 2017</b>		<u>1,750,000,000</u>	<u>175,000,000</u>	<u>91,638,552</u>	<u>2,016,638,552</u>

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



**THE SIAM CONSTRUCTION STEEL 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>			
Profit before income tax expense		594,270,329	337,612,432
Adjustments :			
Dividend received		-	(52,560,000)
Loss on foreign exchange rate		4,263,171	3,500,905
Depreciation and amortisation		87,551,614	90,991,603
Employee benefit obligation expenses		5,096,799	6,447,311
Interest income		(28,504,556)	(20,321,036)
Interest expense		30,654,625	16,403,956
Other adjustment from non-cash items	4.2	960,631	7,907
		<u>694,292,613</u>	<u>382,083,078</u>
Cash from trade receivables increase		(82,806,316)	(79,919,709)
Cash from other receivables decrease		1,812,936	2,504,596
Cash from inventories (increase) decrease		(414,296,305)	161,654,209
Cash from refundable value-added tax		(9,320,488)	-
Cash from trade payables increase (decrease)		(106,858,631)	32,264,567
Cash from other payables increase (decrease)		87,909,760	(17,968,240)
Other cash received (paid) from operating activities	4.3	101,765,565	(27,574,454)
Cash received from operating activities		<u>272,499,134</u>	<u>453,044,047</u>
Adjustment of cash occurred from borrowings	4.4	(28,738,112)	(17,084,794)
Income tax paid		<u>(167,498,165)</u>	<u>(24,096,381)</u>
Net cash provided by operating activities		<u>76,262,857</u>	<u>411,862,872</u>

**THE SIAM CONSTRUCTION STEEL 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>			
Cash paid for temporary investment		(21,000,000)	-
Dividend received		-	52,560,000
Interest received		28,161,583	19,625,896
Proceeds from sales of plant and equipment		30,811	20,099
Payments for purchases of plant and equipment	4.5	(37,768,867)	(14,563,145)
Cash paid for loans to the parent company		(70,420,822)	(389,508,743)
Net cash used in investing activities		<u>(100,997,295)</u>	<u>(331,865,893)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Cash received from borrowings		463,056,390	69,871,937
Dividends paid		(437,500,000)	(175,000,000)
Net cash provided by (used in) financing activities		<u>25,556,390</u>	<u>(105,128,063)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>		821,952	(25,131,084)
Cash and cash equivalents as at April 1,		<u>3,014,004</u>	<u>28,145,088</u>
<b>Cash and cash equivalents as at March 31,</b>	4.1	<u><u>3,835,956</u></u>	<u><u>3,014,004</u></u>

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

**THE SIAM CONSTRUCTION STEEL COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2017**

**1. GENERAL INFORMATION**

The Siam Construction Steel Company Limited (the “Company”) was incorporated in Thailand on October 4, 1989. The head office and factory of the Company are located:

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

Factory: 1, I-7 Road, Map Ta Phut Industrial Estate, Muang District, Rayong 21150

The Company engages in manufacture and distribute of construction steel.

The major shareholder and parent company is Tata Steel (Thailand) Public Company Limited (“TSTH”), a Thai public company listed on the Stock Exchange of Thailand holding 99.99% 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.

**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 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 onwards, and the Notification of the Department of Business Development dated September 28, 2011 regarding “The Brief Particulars in the Financial Statements B.E. 2554”.

For the financial statements for the years ended March 31, 2017 and 2016, the Company did not include investment in Siam Steel Mill Services Company Limited which is held by the Company at 24% of share capital on an equity method because the Company has no significant influence to govern the financial and operating policies of and does not have any authorised director to sign on behalf of Siam Steel Mill Services Company Limited. The Company, therefore, recorded such investment as other long-term investment at cost of Baht 1,241 (see Note 26).

- 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 has 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

**Thai Accounting Standards (“TAS”) (continue)**

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”)**

TSIC 10 (Revised 2016)	Government Assistance - No Specific Relation to Operating Activities
TSIC 15 (Revised 2016)	Operating Leases - Incentives
TSIC 25 (Revised 2016)	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders
TSIC 27 (Revised 2016)	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
TSIC 29 (Revised 2016)	Service Concession Arrangements : Disclosures
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 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 maturity of three months or less from the date of acquisition, and excluding deposit at financial institutions used as collateral.

**3.2 Trade and other receivables**

Trade receivables 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 judgments 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.

**3.3 Inventories**

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

Cost of inventories is calculated using the following method:

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 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.

### 3.4 Investments

#### Temporary investment

Temporary investment consists of time deposits at financial institutions with original maturities later than 3 months but not later than 12 months which is stated at cost and without obligation.

#### Other long-term investment

An investment in equity which is not marketable investment is stated at cost net of allowance for impairment, if any.

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.

### 3.5 Plant and equipment

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

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 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	10 years
Buildings and structures	10, 20 years
Machinery and equipment	5, 10 years
Vehicles	5, 10 years
Furniture, fixtures and office equipment	5, 10 years

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

### 3.6 Intangible asset

Intangible asset consisted of computer software 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 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 is reviewed at the date of financial statements 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 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. In determining fair value less costs of disposal, 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.

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 that impairment may no longer exist or may have decreased which the Company must estimate the recoverable amount.

### 3.8 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 services 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.

### 3.9 Long-term lease

#### Operating lease

Lease in which substantially all the risks and rewards of ownership of assets remain with the lessors are accounted for as operating leases. Rentals applicable to such operating leases are charged to the statement of profit or loss and other 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 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 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.

### 3.12 Income tax

Income tax expenses 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 multiplied by the tax rates that are expected to apply to the period when the asset is realized 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 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 (incomes) are charged or credited in the statement of profit or loss and other comprehensive income, except when the temporary differences relate to items credited or charged directly to equity, in which case the deferred tax is also recorded in shareholders' equity.

### 3.13 Basic earnings per share

The calculations of basic earnings per share for the year were based on the net profit for the year divided by the weighted average number of ordinary shares held by shareholder outstanding during the year.

### 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 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 or losses on foreign exchange are recognised as an income or expense 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 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.

### 3.15 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 24 and 25.

Gains and losses on foreign exchange contracts designated as hedges of existing assets and liabilities are recognised as income or expense in the statement 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 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 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 realizable value in TAS 2 (Revised 2015) or value in use in TAS 36 (Revised 2015).

In addition, fair value measurements are categorized into Level 1, 2 and 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.

### 3.17 Use of management's judgements and key sources of estimation uncertainty

#### 1) Management's judgements in applying accounting policies

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

The carrying amount of plant and equipment are reviewed at the end of each reporting period. The Company recognises impairment loss 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.

The Company determines the value in use by estimating 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 3.7.

#### Recognition of deferred tax asset

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.

#### 2) Key sources of estimation uncertainty

The Company has estimates with the assumptions concerning the future. Although these estimates are based on management's reasonable consideration of current events, actual results may differ from these estimates.

### 4. SUPPLEMENTARY DISCLOSURES OF CASH FLOW INFORMATION

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

	Unit : Thousand Baht	
	2017	2016
Cash	2	-
Bank deposits in current accounts	2,509	1,786
Bank deposits in savings accounts	1,325	1,228
Total	<u>3,836</u>	<u>3,014</u>

As at March 31, 2017 and 2016, savings accounts of Baht 1.33 million and Baht 1.23 million, respectively, carry interest rate at 0.50% per annum and 0.25% to 0.50% per annum, respectively.

- 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 writing off of plant and equipment and intangible asset	16	8
Loss from impairment of fixed assets	945	-
Total	<u>961</u>	<u>8</u>

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

	<b>Unit : Thousand Baht</b>	
	<b>2017</b>	<b>2016</b>
Decrease (increase) in other current assets and other non-current assets	117,101	(22,731)
Decrease in other current liabilities and other non-current liabilities	(14,500)	(2,104)
Cash paid for employee benefit obligations	(835)	(2,739)
Total	<u>101,766</u>	<u>(27,574)</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	(28,738)	(17,085)

- 4.5 Non-cash items from purchases of 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 plant and equipment brought forward	389	513
<u>Add</u> Purchase during the years	57,746	14,439
<u>Less</u> Cash payment during the years	<u>(37,769)</u>	<u>(14,563)</u>
Payables for plant and equipment carried forward	<u>20,366</u>	<u>389</u>
(see Note 13)		

## 5. TEMPORARY INVESTMENT

As at March 31, 2017, temporary investment is time deposit at a financial institution, carrying interest rate at 0.50% per annum and has maturity date on November 21, 2017. The Company used such deposit as collateral as at March 31, 2016 as disclosed in Note 27.2.

## 6. TRADE AND OTHER RECEIVABLES

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

	Unit : Thousand Baht	
	2017	2016
Trade receivables - related parties (see Note 23)	699,468	621,177
Other receivables - related parties (see Note 23)	3,164	2,968
Prepaid expenses	604	2,613
Total	703,236	626,758

## 7. INVENTORIES

Inventories as at March 31, consist of:

	Unit : Thousand Baht	
	2017	2016
Finished goods	423,942	89,491
Work in process	88,585	19,247
Raw materials	231,565	161,638
Spare parts	57,296	87,488
Supplies and others	97,341	124,950
Raw materials in transit	41,725	58,606
Total	940,454	541,420

The amounts of inventories recognised as an expense in the financial statements for the years ended March 31, 2017 and 2016 were Baht 6,870 million and Baht 6,167 million, respectively.

## 8. PLANT AND EQUIPMENT

Plant and equipment as at March 31, consist of:

As at March 31, 2017

	Unit : Thousand Baht				
	Balance as at April 1, 2016	Additions	Disposals/ Write-off	Transfer	Balance as at March 31, 2017
<b>Cost</b>					
Land improvements	157,186	-	-	-	157,186
Buildings and structures	1,434,764	-	-	-	1,434,764
Machinery and equipment	2,776,088	25,286	(13,528)	665	2,788,511
Vehicles	31	-	-	-	31
Furniture, fixtures and office equipment	38,648	1,808	(1,710)	-	38,746
Total cost	4,406,717	27,094	(15,238)	665	4,419,238

	Unit : Thousand Baht				
	Balance as at April 1, 2016	Additions	Disposals/ Write-off	Transfer	Balance as at March 31, 2017
<b>Accumulated depreciation</b>					
Land improvements	(157,186)	-	-	-	(157,186)
Buildings and structures	(1,331,131)	(10,882)	-	-	(1,342,013)
Machinery and equipment	(2,534,284)	(58,758)	13,528	-	(2,579,514)
Vehicles	(31)	-	-	-	(31)
Furniture, fixtures and office equipment	(30,961)	(2,560)	1,663	-	(31,858)
Total accumulated depreciation	<u>(4,053,593)</u>	<u>(72,200)</u>	<u>15,191</u>	<u>-</u>	<u>(4,110,602)</u>
Construction in progress and machinery and equipment under installation	861	30,652	-	(665)	30,848
Loss from impairment of fixed assets	-	(944)	-	-	(944)
<b>Plant and equipment</b>	<u>353,985</u>				<u>338,540</u>

**As at March 31, 2016**

	Unit : Thousand Baht				
	Balance as at April 1, 2015	Additions	Disposals/ Write-off	Transfer	Balance as at March 31, 2016
<b>Cost</b>					
Land improvements	157,186	-	-	-	157,186
Buildings and structures	1,434,764	-	-	-	1,434,764
Machinery and equipment	2,770,699	9,792	(4,403)	-	2,776,088
Vehicles	31	-	-	-	31
Furniture, fixtures and office equipment	35,210	3,786	(348)	-	38,648
Total cost	<u>4,397,890</u>	<u>13,578</u>	<u>(4,751)</u>	<u>-</u>	<u>4,406,717</u>
<b>Accumulated depreciation</b>					
Land improvements	(157,186)	-	-	-	(157,186)
Buildings and structures	(1,319,440)	(11,691)	-	-	(1,331,131)
Machinery and equipment	(2,475,388)	(63,299)	4,403	-	(2,534,284)
Vehicles	(31)	-	-	-	(31)
Furniture, fixtures and office equipment	(28,829)	(2,466)	334	-	(30,961)
Total accumulated depreciation	<u>(3,980,874)</u>	<u>(77,456)</u>	<u>4,737</u>	<u>-</u>	<u>(4,053,593)</u>
Construction in progress and machinery and equipment under installation	-	861	-	-	861
<b>Plant and equipment</b>	<u>417,016</u>				<u>353,985</u>

**Depreciation for the years ended March 31,**

2017	Baht	<u>72,200</u>
2016	Baht	<u>77,456</u>

Costs of fully depreciated plant and equipment that are still in use as at March 31, 2017 and 2016, are Baht 3,684 million and Baht 3,551 million, respectively.



As at March 31, 2016, plant and equipment of the Company with net carrying value of Baht 7 million are used as a part of collateral for long-term borrowings from two financial institutions of Baht 3,500 million of the parent company. During the year ended March 31, 2017, the parent company has fully repaid the long-term borrowings to the financial institutions and has already withdrawn mortgage which were used as collateral for borrowings.

## 9. INTANGIBLE ASSET

Intangible asset as at March 31, consists of:

As at March 31, 2017

	Balance as at April 1, 2016	Addition	Disposal/ Write-off	Unit : Thousand Baht Balance as at March 31, 2017
Computer software	2,625	-	(1,321)	1,304
Less Accumulated amortisation	(2,494)	(90)	1,321	(1,263)
<b>Intangible Asset</b>	<u>131</u>			<u>41</u>

As at March 31, 2016

	Balance as at April 1, 2015	Addition	Disposal/ Write-off	Unit : Thousand Baht Balance as at March 31, 2016
Computer software	2,714	-	(89)	2,625
Less Accumulated amortisation	(2,462)	(106)	74	(2,494)
<b>Intangible Asset</b>	<u>252</u>			<u>131</u>

Amortisation for the years ended March 31,  
2017

Baht 90

2016

Baht 106

Costs of fully amortised computer software that is still in use as at March 31, 2017 and 2016, is Baht 1.09 million and Baht 1.62 million respectively.

## 10. INCOME TAX EXPENSE AND DEFERRED TAX ASSETS

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

	Unit : Thousand Baht	
	2017	2016
Current income tax per tax return form	208,201	68,052
Deferred tax		
Movements in temporary differences	(1,770)	165
<b>Income tax expense as included in the statement of profit or loss and other comprehensive income</b>	<u>206,431</u>	<u>68,217</u>

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

	<b>Unit : Thousand Baht</b>	
	<b>2017</b>	<b>2016</b>
Profit before income taxes	594,270	337,612
Income tax at 20%	118,854	67,523
Adjustment of: writing-off of refundable corporate income tax of prior years (Note 11)	82,843	-
Effect of non-deductible expenses for tax purpose		
- Temporary differences not accounted for as deferred tax assets	15	229
- Permanent differences	4,719	465
Income tax expense as included in the statement of profit or loss and other comprehensive income	<u>206,431</u>	<u>68,217</u>
	<b>Tax rate</b>	<b>Tax rate</b>
	<b>%</b>	<b>%</b>
Effective tax rate	20.80	20.21

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

	<b>Unit : Thousand Baht</b>			
	<b>Balance as at April 1, 2016</b>	<b>Recognised in profit or loss</b>	<b>Recognised in other comprehensive income</b>	<b>Balance as at March 31, 2017</b>
Deferred tax assets resulted from				
Employee benefit obligations	7,702	952	113	8,767
Impairment of fixed assets	-	189	-	189
Deferred tax liabilities resulted from forward exchange contracts	(875)	629	-	(246)
Total	<u>6,827</u>	<u>1,770</u>	<u>113</u>	<u>8,710</u>

	Unit : Thousand Baht			
	Balance as at April 1, 2015	Recognised in profit or loss	Recognised in other comprehensive income	Balance as at March 31, 2016
Deferred tax assets resulted from Employee benefit obligations	6,992	710	-	7,702
Deferred tax liabilities resulted from forward exchange contracts	-	(875)	-	(875)
Total	<u>6,992</u>	<u>(165)</u>	<u>-</u>	<u>6,827</u>

The Company used tax rate of 20% for income tax and deferred tax calculation for the years ended 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 rates is different from the tax rate under the Revenue Code.

#### 11. OTHER NON-CURRENT ASSETS

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

	Unit : Thousand Baht	
	2017	2016
Income tax refundable	22,298	123,847
Fixed deposits used as collateral	-	24,156
Others	55	55
Total	<u>22,353</u>	<u>148,058</u>

In December 2009, the Company had a dispute regarding the interpretation of tax computation and the propriety of tax loss carried forward for promoted sector and its utilisation, amounting to a tax element inclusive of surcharge of Baht 103 million and the Company filed an appeal to the Board of Tax Appeal on September 13, 2010. Subsequently in June 2016, the Company's management had decided to write-off the refundable income tax (amounting to Baht 82.84 million (see Note 10)) inclusive of surcharge totally of Baht 103 million based on legal advice as expenses in the statements of profit or loss and other comprehensive income for the year ended March 31, 2017.

## 12. SHORT-TERM BORROWINGS FROM FINANCIAL INSTITUTIONS

### 12.1 Short-term borrowings from local financial institutions

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

Purpose of Borrowing	Interest rate	Credit Limit Million Baht	Unit : Thousand Baht	
			As at March 31, 2017	As at March 31, 2016
Scrap Purchasing	BIBOR+2%per annum	1,800	486,805	-
Other raw materials and utilities	BIBOR+2%per annum	1,416	509,057	259,358
Trust receipt for billet purchasing	LIBOR per annum	See 12.2	-	273,448
Total			<u>995,862</u>	<u>532,806</u>

### 12.2 Credit Limit

As at March 31, 2017 and 2016, the Group has agreements with financial institutions to obtain unsecured credit facilities 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 Line	Interest rate
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 borrowing 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 the following:

	Unit : Thousand Baht	
	2017	2016
Trade payables - related parties (see Note 23)	33,887	287,085
Trade payables - other companies	230,699	84,612
Other payables - related parties (see Note 23)	46,040	16,811
Other payables - other companies (see Note 4.5)	20,366	389
Accrued expenses	169,539	108,941
Total	<u>500,531</u>	<u>497,838</u>

#### 14. OTHER CURRENT LIABILITIES

Other current liabilities as at March 31, consist of the following:

	<b>Unit : Thousand Baht</b>	
	<b>2017</b>	<b>2016</b>
Value-added tax payable	-	7,717
Withholding tax payable	1,567	1,301
Others	4,598	11,648
Total	<u>6,165</u>	<u>20,666</u>

#### 15. PROVIDENT FUNDS

The defined contribution plan comprises provident fund for its 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. The provident fund is registered with the Ministry of Finance as a 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 amounting to Baht 8.7 million and Baht 8.4 million, respectively.

#### 16. EMPLOYEE BENEFIT OBLIGATIONS

As at March 31, 2017 and 2016, the Company recorded a provision for employee benefit obligations totaling Baht 41.45 million and Baht 36.62 million, respectively. The estimated liability 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 (%)	2.54	3.33
Average expected rate of salary increase (%)	4.95	5.05
Voluntarily resignation rate (%)	0 - 18.00	0 - 18.00
Retirement age (year)	55 - 60	55 - 60
Mortality rate	TMO 2008*	TMO 2008*

\* Reference from TMO 2008 : Thai Mortality Ordinary Tables of 2008

The benefit cost recognised in the statement 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	4,158	5,358
Interest cost	939	1,089
Net actuarial loss recognised during the years	565	-
Total	5,662	6,447

The provision for employee benefit obligations as at March 31, and movements in the present value of the defined benefit obligation 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	41,452	36,625
Beginning of provision for employee benefit obligations	36,625	32,916
Current service cost	4,158	5,358
Interest cost	939	1,089
Net actuarial loss recognised during the years		
arising from experience adjustments	(3,174)	-
arising from demographic assumptions	579	-
arising from financial assumptions	3,160	-
Severance paid during the years	(835)	(2,738)
Ending of provision for employee benefit obligations	41,452	36,625

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 are as follows:

	<b>Unit : Thousand Baht</b>	
	<b>2017</b>	<b>2016</b>
Discount rate		
Discount rates, decrease of 1 percent	5,188	4,693
Discount rates, increase of 1 percent	(4,444)	(4,028)
Salary increased rates		
Salary increased rates, decrease of 1 percent	(4,379)	(3,888)
Salary increased rates, increase of 1 percent	5,007	4,449

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.

## 17. LEGAL RESERVE

According to the Civil and Commercial Code, the Company is required to reserve fund at each distribution of dividend at least one-twentieth of the profit arising from the business of the Company until the reserve fund reaches one-tenth part of the capital of the Company. Such reserve fund is not allowable for distribution as dividend.

As at March 31, 2017, the Company already appropriated a legal reserve to reach one-tenth part of the registered capital of the Company.

## 18. 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.

## 19. OTHER INCOME

Other income for the years ended March 31, are as follows:

	<b>Unit : Thousand Baht</b>	
	<b>2017</b>	<b>2016</b>
Gain on exchange rate - net	1,118	2,432
Dividend received from other long-term investment	-	52,560
Interest income	28,505	20,321
Others	17,047	3,944
Total	<u>46,670</u>	<u>79,257</u>

## 20. DIVIDENDS PAID

On December 1, 2015, the Board of Directors' meeting of the Company passed a resolution to distribute an interim dividend from net profit for the eight-month period ended November 30, 2015 at Baht 5 per share totaling of Baht 87.5 million and passed a resolution for appropriation of profit for legal reserve of Baht 8.47 million. The dividend was paid on December 28, 2015.

On March 23, 2016, the Board of Directors' meeting of the Company passed a resolution to distribute an interim dividend from net profit for the eleven-month period ended February 29, 2016 at Baht 5 per share totaling of Baht 87.5 million and passed a resolution for appropriation of profit for legal reserve of Baht 3.14 million. The dividend was paid on March 28, 2016.

On March 7, 2017, the Board of Directors' meeting of the Company passed a resolution to distribute an interim dividend from net profit for the eleven-month period ended February 28, 2017 at Baht 25 per share totaling of Baht 437.5 million and passed a resolution for appropriation of profit for legal reserve of Baht 17.1 million. The dividend was paid on March 28, 2017.

## 21. EXPENSES BY NATURE

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

	<b>Unit : Thousand Baht</b>	
	<b>2017</b>	<b>2016</b>
Change in finished goods and work in process	(403,791)	164,866
Raw materials and consumables used	5,483,598	4,290,491
Employee benefits expenses	210,087	186,364
Depreciation, amortisation and amortisation of rolling mill expenses	87,552	90,992
Loss from impairment of fixed assets	944	-
Utilities expenses	771,709	696,383
Repair and maintenance expenses	197,662	192,802
Management fees	184,320	131,918
Premium on forward foreign exchange contract	3,396	3,857
Fuel	199,756	208,735
Store and supplies used	206,940	207,254
Contractor	66,928	64,080
Rent	7,315	7,356

## 22. BASIC EARNINGS PER SHARE

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

		<b>2017</b>	<b>2016</b>
Net profit for the years	<b>Thousand Baht</b>	387,839	269,396
Weighted average number of ordinary shares	<b>Shares</b>	17,500,000	17,500,000
Basic earnings per share	<b>Baht</b>	22.16	15.39



## 23. 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 summarised as follows:

	<b>Pricing Policies</b>
Sales	Market price
Purchases	Market price
Management fee	Contract rate
Interest income	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	Ultimate parent company
Parent company	Tata Steel (Thailand) Public Company Limited	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	N.T.S. Steel Group Plc.	Manufacture, distributions and trading of steel bars, wire rods and small section products	Common shareholders and directors
Related party	The Siam Industrial Wire Co., Ltd.	Manufacture steel wire	Common shareholders
Related party	NatSteel Trade International Pte. Ltd.	Trading	Common shareholders
Related party	Tata Steel International (UK) Ltd.	Shipping	Common shareholders
Related party	NatSteel Recycling Pte. Ltd.	Trading	Common shareholders
Related party	Tata Steel Asia (Hong Kong) Limited	Trading	Common shareholders
Related party	Tata Steel International Metals (Asia) Limited	Trading	Common shareholders
Related party	Tata Steel International (Singapore) Pte. Ltd.	Trading	Common shareholders
Related party	Siam Steel Mill Services Co., Ltd.	Recycling and reprocessing steel scrap	Common shareholders
Related party	Mjunction Services Limited	Trading and procurement	Common shareholders

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

	<b>Unit : Thousand Baht</b>	
	<b>2017</b>	<b>2016</b>
<b>Trade receivables - related parties</b>		
The Siam Iron and Steel (2001) Co., Ltd.	-	38,169
N.T.S. Steel Group Plc.	503,244	583,008
Tata Steel Limited	196,224	-
Total	<u>699,468</u>	<u>621,177</u>

As at March 31, trade receivables from related parties aged are as follows:

	<b>Unit : Thousand Baht</b>	
	<b>2017</b>	<b>2016</b>
Within credit terms	597,790	611,951
Overdue : not over 3 months	<u>101,678</u>	<u>9,226</u>
Total	<u><u>699,468</u></u>	<u><u>621,177</u></u>
 <b>Other receivables - related parties</b>		
Tata Steel (Thailand) Public Company Limited	2,552	2,206
The Siam Iron and Steel (2001) Co., Ltd.	-	8
N.T.S. Steel Group Plc.	28	-
Siam Steel Mill Services Co., Ltd.	<u>584</u>	<u>754</u>
Total	<u><u>3,164</u></u>	<u><u>2,968</u></u>
 <b>Short-term loans to parent company</b>		
Tata Steel (Thailand) Public Company Limited (Unsecured loan and no maturity date carrying interest rate at 1.50% p.a.)	<u>1,589,835</u>	<u>1,519,414</u>
 <b>Trade payables - related parties</b>		
The Siam Iron and Steel (2001) Co., Ltd.	610	569
N.T.S. Steel Group Plc.	26,345	102,589
NatSteel Recycling Pte. Ltd.	-	(466)
Tata Steel International Metals (Asia) Limited	-	175,885
Tata Steel International (Singapore) Pte. Ltd.	-	451
Siam Steel Mill Services Co., Ltd.	<u>6,932</u>	<u>8,057</u>
Total	<u><u>33,887</u></u>	<u><u>287,085</u></u>
 <b>Other payables - related parties</b>		
Tata Steel (Thailand) Public Company Limited	43,493	15,906
The Siam Iron and Steel (2001) Co., Ltd.	22	307
N.T.S. Steel Group Plc.	1,576	292
Siam Steel Mill Services Co., Ltd.	<u>949</u>	<u>306</u>
Total	<u><u>46,040</u></u>	<u><u>16,811</u></u>

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

	<b>Unit : Thousand Baht</b>	
	<b>2017</b>	<b>2016</b>
<b>Revenues</b>		
Sales		
The Siam Iron and Steel (2001) Co., Ltd.	43,939	122
N.T.S. Steel Group Plc.	7,285,539	6,581,485
Tata Steel Limited	370,549	-
Total	<u>7,700,027</u>	<u>6,581,607</u>
Interest income		
Tata Steel (Thailand) Public Company Limited	<u>28,391</u>	<u>20,076</u>
Dividend income		
Siam Steel Mill Services Co., Ltd.	<u>-</u>	<u>52,560</u>
<b>Expenses</b>		
Purchases		
The Siam Iron and Steel (2001) Co., Ltd.	11,548	20,606
N.T.S. Steel Group Plc.	175,946	2,576,290
NatSteel Recycling Pte. Ltd.	150,562	396
Tata Steel International Metals (Asia) Limited	180,128	819,886
Tata Steel International (Singapore) Pte. Ltd.	3,485	6,347
Siam Steel Mill Services Co., Ltd.	82,382	82,956
Total	<u>604,051</u>	<u>3,506,481</u>
Management fee*		
Tata Steel (Thailand) Public Company Limited	<u>184,320</u>	<u>131,918</u>
Dividend paid		
Tata Steel (Thailand) Public Company Limited	<u>437,500</u>	<u>175,000</u>
Other expenses		
Siam Steel Mill Services Co., Ltd.	<u>8,129</u>	<u>7,405</u>

\* 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 subsidiaries have the annual loss excluding management fee, the parent company shall charge such management fee not exceeding Baht 1 million per month. This agreement is effective on April 1, 2010. Subsequently, in 2016, the parent company has renewed the agreement for management fee which charges at cost plus. Such agreement is effective on April 1, 2016, onwards.

## 24. 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. Credit risk of the Company is low because all sales are made with related parties which are subsidiaries of the parent company. The credit risk is the fair value of trade receivables 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 Risk

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 exchange currency, the Company has entered into forward exchange contracts to hedge its debts as disclosed in Note 25.

### Liquidity Risk

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

## 25. FORWARD FOREIGN EXCHANGE CONTRACTS

The Company entered into forward exchange contracts - bought/sold to cover foreign exchange exposure on assets and liabilities associated with its trade receivables and trade payables denominated in foreign currency. The Company does not enter into financial instruments for speculation or trading.

Forward exchange contracts - bought is as follows:

As at March 31, 2017					
Currency	Contract amount	Forward exchange rate per contract (Baht per Currency)	Maturity date	Value per forward rate (Thousand Baht)	Fair Value gain (loss) (Thousand Baht)
USD	3,754,396	34.55 – 35.41	May 30, 2017 – August 15, 2017	130,490	(1,131)
As at March 31, 2016					
Currency	Contract amount	Forward exchange rate per contract (Baht per Currency)	Maturity date	Value per forward rate (Thousand Baht)	Fair Value gain (loss) (Thousand Baht)
USD	16,131,000	34.97 - 36.27	April 29, 2016 – October 28, 2016	579,161	(9,059)

Forward exchange contracts - sold is as follows:

As at March 31, 2017					
Currency	Contract amount	Forward exchange rate per contract (Baht per Currency)	Maturity date	Value per forward rate (Thousand Baht)	Fair Value gain (loss) (Thousand Baht)
USD	4,000,000	34.42 - 35.14	May 15, 2017 – July 17, 2017	139,118	1,251

(2016 : no forward exchange contracts-sold)

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

	Unit : Thousand Baht	
	2017	2016
Derivative assets	1,353	332
Derivative liabilities	(1,233)	(9,391)
Net gain (loss)	<u>120</u>	<u>(9,059)</u>

## 26. DETERMINATION OF FAIR VALUES

A number of 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 specific to that asset or liability.

### Financial asset and financial liability measured at fair value

Fair value of financial assets and financial liabilities are measured at fair value and fair value hierarchy level classification as at March 31, are summarised as follows:

Financial asset and financial liability	Fair value as at March 31, 2017 2016 (Thousand Baht)		Fair value hierarchy	Valuation techniques and key inputs for fair value Measurement
	2017	2016		
<u>Financial asset</u> Foreign currency forward contracts	68,927	96,203	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.

Financial asset and financial liability	Fair value as at March 31, 2017 2016		Fair value hierarchy	Valuation techniques and key inputs for fair value Measurement
	(Thousand Baht)			
<u>Financial liability</u>				
Foreign currency forward contracts	198,299	473,898	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.

### Financial asset and financial liability not measured at fair value

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

The carrying amount of cash and cash equivalents, trade and other receivables, short-term loans to the parent company, and other current assets are approximately to their fair values because of the short-term period to maturity of these financial instruments.

The carrying amount of short-term borrowings from financial institutions, trade and other payables and other current liabilities are approximately to their fair values because of the short-term period to maturity of these financial instruments.

Financial assets	As at March 31, 2017		As at March 31, 2016		Fair value hierarchy	Valuation techniques and key inputs for fair value Measurement
	Carrying amount	Fair value	Carrying amount	Fair value		
	(Thousand Baht)		(Thousand Baht)			
Other long-term investment	1	109,440	1	104,160	Level 3	Discounted cash flows The estimated future cash flow calculated by income approach, discounted at weighted average cost of capital which was appraised by the independent appraiser.

## 27. COMMITMENTS

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

27.1 Letters of credit opened but are not qualified as liabilities as at March 31, are as follows:

Currencies	Unit : Thousand	
	2017	2016
USD	3,911	5,920

- 27.2 Letters of guarantee issued by the financial institutions to the Revenue Department, Provincial Electricity Authority and Industrial Estate Authority of Thailand and others totally of Baht 88.18 million and Baht 138.67 million, respectively, in the normal course of business. As at March 31, 2016, the Company had the deposit at financial institutions used as collateral of Baht 21 million. Subsequently in 2017, the Company has withdrawn such collateral from the financial institutions.
- 27.3 As at March 31, the Company has operating lease commitment for land, vehicles and office equipment (including service charges) as follows:

	<b>Unit : Thousand Baht</b>	
	<b>2017</b>	<b>2016</b>
Within one year	6,632	5,618
After one year but not over five years	13,570	15,675
Total	20,202	21,293

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 of Baht 5.87 million and Baht 5.93 million, respectively.

- 27.4 For the years ended March 31, 2017 and 2016, the Company has a lease agreement for land with the Industrial Estate Authority of Thailand with the rental fee amounting to Baht 4.80 million per year. Such agreement shall have the term for 30 years commencing on April 3, 1990 to April 2, 2020.
- 27.5 As at March 31, 2017 and 2016, the Company and the Siam Iron and Steel (2001) Co., Ltd. have been acted as guarantors for repayment of trade payables arising from debt restructuring for N.T.S. Steel Group Plc. amounting to Baht 6.33 million.

## **28. CONTINGENT LIABILITIES**

For fiscal year ended March 31, 2014, the Company received the notifications from the Revenue Department informing the assessments of additional surcharge of Baht 16.29 million in respect of the half-year corporate income tax filing for the year ended March 31, 2008 which the Company under-estimated the net profit for that year by an amount exceeding 25 percent of the actual net profit. However, the Company considered that there was a reasonable event occurred in the second half of the year that caused the net-profit under-estimated. As of March 31, 2017, the Company has made the appeal to the Revenue Department and the result of this assessment was not finalised. However, the Company expect that there would not be additional surcharge to be paid and has not recorded the provisions in the financial statement.

**29. 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.

**30. APPROVAL OF THE FINANCIAL STATEMENTS**

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