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***THE SIAM IRON AND STEEL (2001)  
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 IRON AND STEEL (2001) COMPANY LIMITED

### Opinion

We have audited the financial statements of The Siam Iron and Steel (2001) 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 aforementioned financial statements present fairly, in all material respects, the financial position of The Siam Iron and Steel (2001) 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 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 IRON AND STEEL (2001) 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	24,140,910	13,398,429
Trade and other receivables	5	283,583,191	199,551,176
Short-term loan to the parent company	19	398,963,230	532,351,576
Inventories	6	950,398,568	694,696,496
Other current assets		9,597,087	5,515,930
<b>Total Current Assets</b>		<b>1,666,682,986</b>	<b>1,445,513,607</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	7	262,074,799	206,307,632
Intangible asset	8	673,739	985,871
Deferred tax assets	9	10,548,647	9,616,498
Other non-current assets		16,835,439	16,784,239
<b>Total Non-current Assets</b>		<b>290,132,624</b>	<b>233,694,240</b>
<b>TOTAL ASSETS</b>		<b>1,956,815,610</b>	<b>1,679,207,847</b>

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

**THE SIAM IRON AND STEEL (2001) 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>			
Bank overdraft and short-term borrowings			
from financial institutions	10	440,989,787	234,799,137
Trade and other payables	11	313,069,524	300,422,161
Current income tax payable		6,468,612	-
Other current liabilities		4,337,953	10,106,490
<b>Total Current Liabilities</b>		<u>764,865,876</u>	<u>545,327,788</u>
<b>NON-CURRENT LIABILITIES</b>			
Employee benefit obligations	13	36,049,464	35,323,240
<b>Total Non-current Liabilities</b>		<u>36,049,464</u>	<u>35,323,240</u>
<b>TOTAL LIABILITIES</b>		<u>800,915,340</u>	<u>580,651,028</u>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital			
Authorised share capital			
Ordinary shares			
1,200,000 ordinary shares of Baht 100 each		<u>120,000,000</u>	<u>120,000,000</u>
Issued and paid-up share capital			
Ordinary shares			
1,200,000 ordinary shares of Baht 100 each, fully paid		120,000,000	120,000,000
<b>RETAINED EARNINGS</b>			
Appropriated			
Legal reserve	14	12,000,000	12,000,000
Unappropriated		1,023,900,270	966,556,819
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<u>1,155,900,270</u>	<u>1,098,556,819</u>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<u>1,956,815,610</u>	<u>1,679,207,847</u>

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

**THE SIAM IRON AND STEEL (2001) 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	21	3,709,737,463	3,384,934,979
Cost of sales		(3,417,046,035)	(3,161,687,431)
Gross profit		292,691,428	223,247,548
Other income		11,543,025	19,984,410
Selling expenses		(356,786)	(414,739)
Administrative expenses		(123,352,745)	(94,144,780)
Finance costs		(13,225,115)	(7,044,038)
<b>PROFIT BEFORE INCOME TAX</b>		<b>167,299,807</b>	<b>141,628,401</b>
Income tax expense	9	(6,231,882)	(78,494)
<b>PROFIT FOR THE YEAR</b>		<b>161,067,925</b>	<b>141,549,907</b>
<b>OTHER COMPREHENSIVE LOSS</b>			
Item that will not be reclassified subsequently to profit or loss			
Actuarial loss on defined employee benefit plan	13	(2,155,592)	-
Income tax relating to components of other comprehensive loss		431,118	-
<b>TOTAL OTHER COMPREHENSIVE LOSS FOR THE YEAR - NET OF TAX</b>		<b>(1,724,474)</b>	<b>-</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>159,343,451</b>	<b>141,549,907</b>
<b>EARNINGS PER SHARE</b>			
BASIC EARNINGS PER SHARE	18	BAHT 134.22	117.96
<b>WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES</b>			
	SHARES	1,200,000	1,200,000

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

**THE SIAM IRON AND STEEL (2001) 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>Balances as at April 1, 2015</b>		120,000,000	12,000,000	927,006,912	1,059,006,912
Interim dividend	16	-	-	(102,000,000)	(102,000,000)
Total comprehensive income for the year		-	-	141,549,907	141,549,907
<b>Balances as at March 31, 2016</b>		<u>120,000,000</u>	<u>12,000,000</u>	<u>966,556,819</u>	<u>1,098,556,819</u>
<b>Balances as at April 1, 2016</b>		120,000,000	12,000,000	966,556,819	1,098,556,819
Interim dividend	16	-	-	(102,000,000)	(102,000,000)
Total comprehensive income for the year		-	-	159,343,451	159,343,451
<b>Balances as at March 31, 2017</b>		<u>120,000,000</u>	<u>12,000,000</u>	<u>1,023,900,270</u>	<u>1,155,900,270</u>

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



**THE SIAM IRON AND STEEL (2001) COMPANY LIMITED**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED MARCH 31, 2017**

		<b>UNIT : BAHT</b>	
	<b>Notes</b>	<b>2017</b>	<b>2016</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before income tax		167,299,807	141,628,401
Adjustments :			
Gain on foreign exchange rate		(822,829)	(1,260,338)
Depreciation and amortisation		51,550,980	47,696,606
Employee benefit obligation expenses		6,590,107	4,931,703
Interest income		(8,096,548)	(5,065,986)
Interest expense		13,225,115	7,044,038
Other adjustments from non-cash items	4.2	8,242,728	1,728,521
		237,989,360	196,702,945
Cash from trade receivable (increase) decrease		(85,316,528)	6,564,571
Cash from other receivable decrease		1,911,904	1,080,880
Cash from inventories (increase) decrease		(277,147,242)	288,744,008
Cash from trade payable (decrease) increase		(35,478,589)	37,730,460
Cash from other payable increase		13,011,170	6,805,018
Other cash received from operating activities	4.3	22,653,410	11,622,267
Cash (paid) received from operating activities		(122,376,515)	549,250,149
Adjustments of cash occurred from borrowings	4.4	(12,870,326)	(7,282,788)
Income tax paid		(264,302)	(75,293)
Net cash (used in) provided by operating activities		(135,511,143)	541,892,068
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received		7,469,157	4,294,299
Proceeds from sales of plant and equipment		580,987	1,434,600
Payments for purchases of property, plant and equipment		(99,375,516)	(63,705,256)
Cash received from the parent company for short-term loan repayment		133,388,346	-
Cash paid for short-term loan granted to the parent company		-	(430,896,583)
Net cash provided by (used in) investing activities		42,062,974	(488,872,940)

**THE SIAM IRON AND STEEL (2001) COMPANY LIMITED**  
**STATEMENT OF CASH FLOWS (CONTINUED)**  
**FOR THE YEAR ENDED MARCH 31, 2017**

			UNIT : BAHT
	Notes	2017	2016
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Cash received from borrowings		206,190,650	58,495,286
Dividend paid		(102,000,000)	(102,000,000)
Net cash provided by (used in) financing activities		104,190,650	(43,504,714)
<b>Net increase in cash and cash equivalents</b>		10,742,481	9,514,414
Beginning balance of cash and cash equivalents		13,398,429	3,884,015
<b>ENDING BALANCE OF CASH AND CASH EQUIVALENTS</b>	4.1	24,140,910	13,398,429

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

**THE SIAM IRON AND STEEL (2001) COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2017**

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

The Siam Iron and Steel (2001) Company Limited (the “Company”) was incorporated in Thailand on September 3, 2001. The registered head office and factory of the Company are located at:

Head office: Rasa Tower 2, 20<sup>th</sup> Floor, 555 Phaholyothin Road, Chatuchak Subdistrict, Chatuchak District, Bangkok 10900

Factory: 49 Moo 11, Bangkamode Subdistrict, Banmoh District, Saraburi 18270

The Company engages in manufacturing and distribution of wire rods and small sections products.

The major shareholder and the parent company is Tata Steel (Thailand) Public Company Limited (“TSTH”), a Thai public company listed on the Stock Exchange of Thailand which holds 99.99% of the Company’s authorised shares. The ultimate parent company of the Company is Tata Steel Limited, a company incorporated under the law of India.

The Company has extensive transactions and relationships with the major shareholder 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 the Thai language in accordance 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 Statement 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 periods 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

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

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 Economics
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 Standard 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 TAS 29 (Revised 2015) Financial Reporting in Hyperinflationary Economics
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)	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction. TAS 19 (Revised 2015) - Employee Benefits
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 Venture
TAS 29 (Revised 2016)	Financial Reporting in Hyperinflationary Economics
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 Payments
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 Standard 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 Interpretations (“TFRIC”)**

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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, excluding deposit at financial institutions used as collateral (if any).

#### 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 the 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 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 methods:

Finished goods and work in process	- at the weighted average cost method
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 inventories and work in process, cost of inventories includes an appropriate allocation 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 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 amounts 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:

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

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

### 3.5 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.

### 3.6 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 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.



### 3.7 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 retained earnings in the period in which they arise.

### 3.8 Long-term lease

#### Operating lease

Lease in which substantially all 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 as expenses to the statement of profit or loss and other comprehensive income by the straight-line method over the lease term.

### 3.9 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 is recognised on an accrual basis by reference to the principle outstanding at the interest rate in contract.

Other income and expenses are recognised on an accrual basis.

### 3.10 Finance costs

Financial costs such as interest expenses and similar expenses are recognised in 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.

### 3.11 Income tax

Income tax 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 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, 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.

### 3.12 Earnings per share

Basic earnings per share was based on profit for the year divided by the weighted average number of ordinary shares held by shareholders outstanding during the year.

### 3.13 Foreign currency transactions

Transactions denominated in foreign currencies are converted into Baht at rates of exchange prevailing at the transaction dates. All balances of monetary assets and monetary liabilities denominated 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 denominated 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.

### 3.14 Financial instruments

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

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

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

### 3.15 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 consolidated 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.

### 3.16 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 accordance 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 property, 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 3.6.

##### 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 utilize 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.

#### 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:

	<b>Unit : Thousand Baht</b>	
	<b>2017</b>	<b>2016</b>
Cash on hand	1	1
Bank deposits in current accounts	10,504	8,398
Bank deposits in savings accounts	13,636	4,999
Total	<u>24,141</u>	<u>13,398</u>

As at March 31, 2017 and 2016, savings accounts of Baht 13.64 million and Baht 4.99 million, respectively, carry interest rate at 0.50% and 0.25 - 0.50% per annum, respectively.

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

	<b>Unit : Thousand Baht</b>	
	<b>2017</b>	<b>2016</b>
Loss from diminution in value of inventory and inventory obsolescence	6,755	3,163
Gain on sale of plant and equipment	(276)	(1,435)
Loss from writing off of plant and equipment	1,667	-
Loss from impairment of fixed assets	97	-
Total	<u>8,243</u>	<u>1,728</u>

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

	<b>Unit : Thousand Baht</b>	
	<b>2017</b>	<b>2016</b>
(Increase) decrease in other current asset and other non-current assets	(4,132)	10,472
Increase in other current liabilities and other non-current liabilities	34,864	4,036
Cash paid for employee benefit obligations	(8,079)	(2,886)
Total	<u>22,653</u>	<u>11,622</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>(12,870)</u>	<u>(7,283)</u>

- 4.5 Non-cash items from purchases and increase of property, plant and equipment and intangible asset 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 and intangible asset brought forward	5,891	10,781
<u>Add</u> Purchases during the years	94,385	58,815
<u>Less</u> Cash payments during the years	(99,376)	(63,705)
Payables for property, plant and equipment and intangible asset carried forward	<u>900</u>	<u>5,891</u>

**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 19)	281,265	195,948
Other receivables - related parties (see Note 19)	1,007	1,183
Other receivables - other companies	11	1,127
Prepaid expenses	1,300	1,293
Total	<u>283,583</u>	<u>199,551</u>

**6. INVENTORIES**

Inventories as at March 31, consist of:

	<b>Unit : Thousand Baht</b>	
	<b>2017</b>	<b>2016</b>
Finished goods	295,959	181,536
Work in process	193,875	93,019
Raw materials	153,524	86,393
Spare parts	198,156	227,082
Supplies and others	98,028	109,974
Goods in transit	22,032	5,414
	<u>961,574</u>	<u>703,418</u>
<u>Less</u> Allowance for diminution in value of inventories and inventories obsolescence	(11,175)	(8,722)
Total	<u>950,399</u>	<u>694,696</u>

For the year ended March 31, 2017, the allowance for diminution in value of inventories and inventories obsolescence recognised in previous year of Baht 4.30 million had been reversed and the allowance for diminution in value of inventories and inventories obsolescence was recorded as part of cost of sales amounted to Baht 6.75 million.

For the year ended March 31, 2016, the allowance for diminution in value of inventories and inventories obsolescence recognised in previous year of Baht 4.15 million had been reversed and the allowance for diminution in value of inventories and inventories obsolescence was recorded as part of cost of sales amounted to Baht 3.16 million.

For the years ended March 31, 2017 and 2016, the costs of inventories recognised as expenses in the financial statements are Baht 3,414.59 million and Baht 3,162.68 million, respectively.

## 7. PROPERTY, PLANT AND EQUIPMENT

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

As at March 31, 2017

	Balances as at April 1, 2016	Additions	Disposals	Transfer in (out)	Unit : Thousand Baht Balances as at March 31, 2017
<b>Cost :</b>					
Land	-	84,084	-	-	84,084
Buildings and structures	107,492	-	-	1,538	109,030
Machinery and equipment	1,906,860	956	(38,005)	8,518	1,878,329
Vehicles	1,167	-	(61)	-	1,106
Furniture, fixtures and office equipment	21,949	1,375	(824)	120	22,620
Total cost	2,037,468	86,415	(38,890)	10,176	2,095,169
<b>Accumulated depreciation :</b>					
Buildings and structures	(68,114)	(5,439)	-	-	(73,553)
Machinery and equipment	(1,755,367)	(28,007)	36,050	-	(1,747,324)
Vehicles	(1,154)	(3)	61	-	(1,096)
Furniture, fixtures and office equipment	(12,139)	(3,100)	807	-	(14,432)
Total accumulated depreciation	(1,836,774)	(36,549)	36,918	-	(1,836,405)
Construction in progress, machinery and equipment under installation	5,614	7,970	-	(10,176)	3,408
Less Allowance for Impairment on property, plant and equipment	-	(97)	-	-	(97)
Property, plant and equipment	206,308				262,075

As at March 31, 2016

	Unit : Thousand Baht				
	Balances as at April 1, 2015	Additions	Disposals	Transfer in (out)	Balances as at March 31, 2016
<b>Cost :</b>					
Buildings and structures	104,241	-	-	3,251	107,492
Machinery and equipment	1,826,446	1,009	(13,193)	92,598	1,906,860
Vehicles	1,177	-	(23)	13	1,167
Furniture, fixtures and office equipment	17,682	1,137	(2,927)	6,057	21,949
Total cost	<u>1,949,546</u>	<u>2,146</u>	<u>(16,143)</u>	<u>101,919</u>	<u>2,037,468</u>
<b>Accumulated depreciation :</b>					
Buildings and structures	(62,849)	(5,265)	-	-	(68,114)
Machinery and equipment	(1,742,490)	(26,070)	13,193	-	(1,755,367)
Vehicles	(1,176)	(1)	23	-	(1,154)
Furniture, fixtures and office equipment	(12,576)	(2,490)	2,927	-	(12,139)
Total accumulated depreciation	<u>(1,819,091)</u>	<u>(33,826)</u>	<u>16,143</u>	<u>-</u>	<u>(1,836,774)</u>
Construction in progress, machinery and equipment under installation	<u>50,864</u>	<u>56,669</u>	<u>-</u>	<u>(101,919)</u>	<u>5,614</u>
Plant and equipment	<u>181,319</u>				<u>206,308</u>
<b>Depreciation for the years ended March 31,</b>					
2017				Thousand Baht	<u>36,549</u>
2016				Thousand Baht	<u>33,826</u>

Costs of fully depreciated buildings and structures and machinery and equipment that are still in use as at March 31, 2017 and 2016 are Baht 1,647.37 million and Baht 1,619.31 million, respectively.

On August 30, 2016, the Company terminated Land Lease agreement dated June 26, 2007 with the Property Value Plus Company Limited and purchased such land of Baht 84 million, which is currently used as manufacturing plant.

As at March 31, 2016, plant and equipment of the Company with net carrying value of Baht 31.85 million are used as a part of collateral for long-term borrowings from two financial institutions 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 the collateral from the financial institutions.

## 8. INTANGIBLE ASSET

Intangible asset as at March 31, consists of:

As at March 31, 2017

	Unit : Thousand Baht			
	Balances as at April 1, 2016	Additions	Disposals	Balances as at March 31, 2017
Computer software	3,810	-	-	3,810
Less Accumulated amortisation	(2,824)	(312)	-	(3,136)
Intangible asset	<u>986</u>			<u>674</u>



**As at March 31, 2016**

	<b>Balances as at April 1, 2015</b>	<b>Additions</b>	<b>Disposals</b>	<b>Unit : Thousand Baht Balances as at March 31, 2016</b>
Computer software	3,810	-	-	3,810
<u>Less</u> Accumulated amortisation	<u>(2,498)</u>	<u>(326)</u>	<u>-</u>	<u>(2,824)</u>
Intangible asset	<u>1,312</u>			<u>986</u>

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

2017	Thousand Baht	<u>312</u>
2016	Thousand Baht	<u>326</u>

Cost of fully amortised computer software that is still in use as at March 31, 2017 and 2016 are Baht 1.37 million and Baht 0.55 million, respectively.

**9. INCOME TAX EXPENSE AND DEFERRED TAX**

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

	<b>Unit : Thousand Baht 2017</b>	<b>2016</b>
Current tax per tax return form	6,733	-
Deferred tax		
Movements in temporary differences	<u>(501)</u>	<u>78</u>
Income tax expense as presented in the statement of profit or loss and other comprehensive income	<u>6,232</u>	<u>78</u>

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

	<b>Unit : Thousand Baht 2017</b>	<b>2016</b>
Profit before income taxes		
- Promoted sector, exempted from income tax	137,288	43,578
- Non-promoted sector	<u>30,012</u>	<u>98,051</u>
Total profit before income tax	<u>167,300</u>	<u>141,629</u>
Income tax rate for non-promoted sector at 20%	6,002	19,610
Effect of non-deductible expenses for tax purpose:		
- Temporary differences not accounted for as deferred tax assets	-	93
- Permanent differences	878	304
- Utilisation of tax loss carried forward which was not recognised as deferred tax asset	<u>(648)</u>	<u>(19,929)</u>
Income tax expense	<u>6,232</u>	<u>78</u>
	<b>Effective tax rate</b>	<b>Effective tax rate</b>
	%	%
Effective tax rates	3.72	0.06

The Company utilized tax loss carried forward not recognised as deferred tax asset in the years ended March 31, 2016 and 2015 in income tax calculation. As a result, the Company's income tax expense for the years ended March 31, 2017 and 2016 decreased by Baht 0.65 million and Baht 19.93 million, respectively.

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 a liability in the statements of financial position are as follows:

	Unit : Thousand Baht			
	Balances as at April 1, 2016	Recognised in profit or loss	Recognised in other comprehensive income	Balances as at March 31, 2017
Deferred tax assets resulted from				
Allowance for doubtful accounts	736	-	-	736
Allowance for diminution in value of inventory and inventory obsolescence	1,744	491	-	2,235
Allowance for devaluation of fixed assets	-	19	-	19
Employee benefit obligations	7,427	(298)	431	7,560
Total Deferred tax assets	<u>9,907</u>	<u>212</u>	<u>431</u>	<u>10,550</u>
Deferred tax liabilities resulted from				
Derivatives assets	(291)	289	-	(2)
Total Deferred tax liabilities	<u>(291)</u>	<u>289</u>	<u>-</u>	<u>(2)</u>
Deferred tax assets	<u>9,616</u>	<u>501</u>	<u>431</u>	<u>10,548</u>

  

	Unit : Thousand Baht			
	Balances as at April 1, 2015	Recognised in profit or loss	Recognised in other comprehensive income	Balances as at March 31, 2016
Deferred tax assets resulted from				
Allowance for doubtful accounts	736	-	-	736
Allowance for diminution in value of inventory and inventory obsolescence	1,941	(197)	-	1,744
Employee benefit obligations	7,017	410	-	7,427
Total Deferred tax assets	<u>9,694</u>	<u>213</u>	<u>-</u>	<u>9,907</u>
Deferred tax liabilities resulted from				
Derivatives assets	-	(291)	-	(291)
Total Deferred tax liabilities	<u>-</u>	<u>(291)</u>	<u>-</u>	<u>(291)</u>
Deferred tax assets	<u>9,694</u>	<u>(78)</u>	<u>-</u>	<u>9,616</u>

As at March 31, 2016, the Company had unused tax losses of Baht 3.24 million, which were not recognised as deferred tax assets. However, such tax losses was fully utilized in the year ended March 31, 2017. (2017 : No tax losses outstanding)

The Company used tax rate of 20% for income tax for profit from non-promoted sector for the years ended March 31, 2017 and 2016 and for deferred tax 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 rates differ from the tax rate under the Revenue Code.

## 10. BANK OVERDRAFT AND SHORT-TERM BORROWINGS FROM FINANCIAL INSTITUTIONS

### 10.1 Bank overdraft and short-term borrowings

Bank overdraft and short-term borrowings from 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	295,882	-
Other raw materials and utilities	BIBOR+2% per annum	1,416	145,108	167,500
Trust receipt for billet purchasing	LIBOR per annum	See 10.2	-	67,299
Total			<u>440,990</u>	<u>234,799</u>

### 10.2 Credit Limit

As at March 31, 2017 and 2016, the Group has 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 Line	Interest rate
1) Bank Overdraft	Minimum Overdraft Rate ("MOR")
2) Trust receipts (Baht)	London Interbank Offered Rate (LIBOR)
3) Promissory notes	Money Market Rate ("MMR") or interest rate as specified in agreement

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

## 11. TRADE AND OTHER PAYABLES

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

	Unit : Thousand Baht	
	2017	2016
Trade payables - related companies (see Note 19)	3,287	114,649
Trade payables - other companies	173,643	98,583
Other payables - related companies (see Note 19)	23,527	10,515
Other payables - other companies (see Note 4.5)	900	5,891
Advance received from customers	264	-
Accrued expenses	111,449	70,784
Total	<u>313,070</u>	<u>300,422</u>

## 12. PROVIDENT FUNDS

The defined contribution plan is a 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 juristic entities and is managed by a licensed Fund Manager.

For the years ended March 31, 2017 and 2016, the contribution of the Company is recognised as expense in the statements of profit or loss and other comprehensive income amounting to Baht 8.29 million and Baht 8.08 million, respectively.

## 13. EMPLOYEE BENEFIT OBLIGATIONS

As at March 31, 2017 and 2016, the Company recorded a provision for employee benefit obligations totaling Baht 36.05 million and Baht 35.32 million, respectively. The provision was calculated based on the Projected Unit Credit method.

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

	2017	2016
Discount rate (%)	2.30	3.03
Average expected rate of salary increase (%)	4.95	5.05
Voluntarily resignation rate (%)	0 - 14	0 - 14
Employee 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 statements of profit or loss and other comprehensive income for the years ended March 31, are as follows:

	Unit : Thousand Baht	
	2017	2016
Current service cost	5,827	3,457
Interest cost	822	1,014
Net actuarial losses recognised during the years	2,156	-
Total	<u>8,805</u>	<u>4,471</u>

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:

	Unit : Thousand Baht	
	2017	2016
Present value of unfunded obligations	36,049	35,323
Beginning of provision for employee benefit obligations	35,323	33,738
Current service cost	5,827	3,457
Interest cost	822	1,014
Net actuarial losses recognised during the years		
arising from experience adjustments	(1,737)	-
arising from demographic assumptions	1,369	-
arising from financial assumptions	2,524	-
Severance paid during the years	(8,079)	(2,886)
Ending of provision for employee benefit obligations	36,049	35,323

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, are as follows:

	Unit : Thousand Baht	
	2017	2016
Discount rate		
Discount rates, decrease of 1 percent	4,471	3,857
Discount rates, increase of 1 percent	(3,918)	(3,248)
Salary increased rates		
Salary increased rates, decrease of 1 percent	(3,677)	(3,082)
Salary increased rates, increase of 1 percent	4,302	3,594

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.

#### 14. 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 available for distribution as dividend.

## 15. 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.

## 16. INTERIM DIVIDEND

On July 29, 2016, the Annual General Meeting of Shareholders of the Company passed a resolution to distribute an interim dividend from the retained earnings as at February 29, 2016 at Baht 85 per share, totaling of Baht 102 million. Such 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 the retained earnings as at February 28, 2017 at Baht 85 per share, totaling of Baht 102 million. Such dividend was paid on March 28, 2017.

## 17. EXPENSES BY NATURE

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

	Unit : Thousand Baht	
	2017	2016
Changes in finished goods and work in process	(215,278)	113,823
Raw materials and consumables used	2,357,777	1,939,148
Store and supplies	155,282	140,452
Fuel	138,815	123,766
Depreciation, amortisation and amortisation of rolling mill expenses	51,551	47,697
Employee benefit expenses	187,390	164,092
Utility expenses	465,097	387,749
Repair and maintenance expenses	169,780	146,489
Contractor fees	57,664	52,543
Management fees expense	94,640	67,699
Rental expenses	5,366	9,744

## 18. BASIC EARNINGS PER SHARE

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

		2017	2016
Net profit for the years	Thousand Baht	161,068	141,550
Weighted average number of ordinary shares	Shares	1,200,000	1,200,000
Basic earnings per share	Baht	<u>134.22</u>	<u>117.96</u>

## 19. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties are those parties related to the Company by ultimate parent company, parent company, common shareholders and management, common shareholders. Transactions with related parties are conducted at prices based on market prices or, where no market prices exists, at contractually agreed prices.

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

	<b>Pricing Policies</b>
Sales	Market price
Purchases	Market price
Interest income	Contract rate
Management fee expense	Contract rate
Interest expense	Contract rate

The major related companies 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
Other parties	The Siam Construction Steel Co., Ltd.	Manufacture steel bars	Common shareholders and management
	N.T.S. Steel Group Public Company Limited	Manufacture, distributions and trading of steel bars, wire rods and small section	Common shareholders and management
	The Siam Industrial Wire Co., Ltd.	Manufacture steel wire	Common shareholders
	Tata International Metals Asia Ltd.	Trading	Common shareholders
	Siam Steel Mill Services Co., Ltd.	Recycling and reprocessing steel scrap	Parent company's indirect investments by subsidiary
	Tata Steel Asia (Hong Kong) Ltd.	Trading	Common shareholders
	Tata Steel Limited	Trading	Common shareholders
	Tata International Limited	Trading	Common shareholders
	Tata International Singapore Pte. Ltd.	Trading	Common 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 parties</b>		
The Siam Construction Steel Co., Ltd.	610	569
N.T.S. Steel Group Public Company Limited	280,655	195,379
Total	<u>281,265</u>	<u>195,948</u>

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

	Unit : Thousand Baht	
	2017	2016
Within credit terms	243,886	168,272
Due not over 3 months	37,379	27,676
Total	281,265	195,948
<b>Other receivables - related parties</b>		
Tata Steel (Thailand) Public Company Limited	627	825
The Siam Construction Steel Co., Ltd.	23	307
N.T.S. Steel Group Public Company Limited	340	-
Siam Steel Mill Services Co., Ltd.	17	51
Total	1,007	1,183
<b>Short-term loan to the parent company</b>		
Tata Steel (Thailand) Public Company Limited	398,963	532,352

Short-term loan to the parent company is non-collateralised loan which is not specified maturity date, carrying interest rate as at March 31, 2017 and 2016 at 1.50 % per annum.

	Unit : Thousand Baht	
	2017	2016
<b>Trade payables - related parties</b>		
The Siam Construction Steel Co., Ltd.	-	38,169
N.T.S. Steel Group Public Company Limited	-	10,349
Tata International Metals Asia Ltd.	-	62,784
Siam Steel Mill Services Co., Ltd.	3,287	2,085
Tata International Singapore Pte. Ltd.	-	1,261
Total	3,287	114,648
<b>Other payables - related parties</b>		
Tata Steel (Thailand) Public Company Limited	21,328	9,038
The Siam Construction Steel Co., Ltd.	-	8
N.T.S. Steel Group Public Company Limited	2,199	1,469
Total	23,527	10,515



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

	Unit : Thousand Baht	
	2017	2016
<b>Revenues</b>		
Sales		
N.T.S. Steel Group Public Company Limited	3,678,757	3,360,636
The Siam Construction Steel Co., Ltd.	11,549	20,606
Total	<u>3,690,306</u>	<u>3,381,242</u>
Interest income		
Tata Steel (Thailand) Public Company Limited	<u>8,079</u>	<u>5,062</u>
<b>Expenses</b>		
Purchases		
N.T.S. Steel Group Public Company Limited	-	900,481
The Siam Construction Steel Co., Ltd.	43,939	122
Siam Steel Mill Services Co., Ltd.	29,398	22,099
Tata International Metals Asia Ltd.	142,331	265,846
Tata International Limited	4,677	22,790
Tata International Singapore Pte. Ltd.	1,755	4,255
Tata Steel Limited	6,530	-
Total	<u>228,630</u>	<u>1,215,593</u>
Management fee*		
Tata Steel (Thailand) Public Company Limited	<u>94,640</u>	<u>67,699</u>
Dividend paid		
Tata Steel (Thailand) Public Company Limited	<u>101,999</u>	<u>101,999</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 method. Such agreement is effective on April 1, 2016, onwards.

## 20. INVESTMENT PROMOTIONAL PRIVILEGES

By virtue of the provisions of the Industrial Investment Promotion Act of B.E. 2520, the Company has been granted privileges according to the promotion certificates No. 9018(2)/2557 dated September 29, 2014 including exemption from customs duties for machinery as approved by the Board of Investment (“BOI”) and exemption from corporate income tax from the operation to be encouraged not exceed 70 percent of the value of investments to improve production efficiency excluding land and working capital for a period of three (3) years, from the dates the income is first derived from the promoted activity.

<b>Promoted Business</b>	<b>Exemption from corporate income tax</b>
Manufacturing of steel sections and wire rods	December 2015 - November 2018

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

## 21. REVENUES REPORTING OF A PROMOTED INDUSTRY

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

<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	3,676,132	33,605	3,709,737
Revenue from export sales	-	-	-
Total revenue from sales	<u>3,676,132</u>	<u>33,605</u>	<u>3,709,737</u>

<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	1,041,372	2,343,563	3,384,935
Revenue from export sales	-	-	-
Total revenue from sales	<u>1,041,372</u>	<u>2,343,563</u>	<u>3,384,935</u>

## 22. FINANCIAL INSTRUMENTS

### Credit risk

Credit risk arises from the possibility that customers may not be able to settle obligations to the Company as per contracts which may cause financial loss. The 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 and other receivables presented in the statement of financial position which are the balance net of an allowance for doubtful accounts estimated by management.

### Interest rate risk and foreign exchange rate

Interest rate risk occurs from the Company maintains its loans and borrowings at floating 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 exchange currency, the Company has entered into forward foreign exchange contracts to hedge its debts as disclosed in Note 23.

### Liquidity risks

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

## 23. FORWARD FOREIGN EXCHANGE CONTRACTS

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

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

Currency	Contract Amount	Forward exchange rate per contract (Baht per currency)	As at March 31, 2017		
			Maturity date	Value per forward contract (Thousand Baht)	Fair Value gain (loss) (Thousand Baht)
Forward foreign exchange contracts - bought					
USD	50,000	35.09	March 3 - June 15, 2017	1,755	(31)

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 contract (Thousand Baht)	
<b>Forward foreign exchange contracts - bought</b>					
USD	4,520,000	35.83 - 36.11	April 29 - September 30, 2016	162,806	(3,200)
USD	1,400,000	35.20	June 30, 2016	49,283	148
EUR	76,000	39.72	May 31, 2016	3,019	23

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

	Unit : Thousand Baht	
	2017	2016
Derivative assets	-	171
Derivative liabilities	(31)	(3,200)
Net loss	<u>(31)</u>	<u>(3,029)</u>

## 24. 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 specific to that asset or liability.

### Financial assets and financial liabilities 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 assets and financial liabilities	Fair value as at March 31,		Fair value hierarchy	Valuation techniques and key inputs for fair value Measurement
	2017	2016		
<b>Financial assets</b>				
1. Foreign currency forward contracts	-	171	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.
<b>Financial liabilities</b>				
1. Foreign currency forward contracts	(31)	(3,200)	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 are presented as part of other current assets and other current liabilities 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:

Cash and cash equivalents, trade and other receivables, short-term loans to parent Company, other current assets and other non-current assets, the carrying amounts at the statement of financial position date are approximately to their fair values due to the relatively short-term maturity of these financial instruments.

Bank overdraft and short-term borrowings from financial institutions, trade and other payables and other current liabilities, the carrying amounts at the statement of financial position date are approximately to their fair values due to the relatively short-term maturity of these financial instruments.

**25. COMMITMENTS**

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

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

Currencies	Unit : Thousand (USD/EUR)	
	2017	2016
USD	26	2,979
EUR	7	-

- b) Letters of guarantee issued by the financial institutions for the Company to the Electricity Generating Authority of Thailand and the Provincial Electricity Authority which are unsecured as at March 31, 2017 and 2016 are Baht 143.60 million and Baht 168.07 million, respectively which are in the normal courses of business.

- c) Commitments on purchases and installations of machinery as at March 31, are as follows:

Currencies	Unit : Thousand Baht	
	2017	2016
Baht	2,240	670

- d) As at March 31, the Company had operating lease agreements (including services charges) for vehicles and office equipment as follows:

Due for payments	Unit : Thousand Baht	
	2017	2016
Not later than 1 year	1,050	8,315
Later than one year but not later than 5 years	969	3,346
Total	<u>2,019</u>	<u>11,661</u>

For the years ended March 31, 2016, the Company has a lease agreement for land with a company with the rental fee of Baht 7.06 million. On August 30, 2016, the Company terminated Land Lease agreement dated June 26, 2007 and purchased such land of Baht 84 million, which is currently used as manufacturing plant.

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 3.81 million and Baht 8.34 million, respectively.

- e) As at March 31, 2017 and 2016, the Company and The Siam Construction Steel Co., Ltd. have been guarantors for payment of trade payables arising from restructuring to N.T.S. Steel Group Public Company Limited amounting to Baht 6.33 million.

## **26. 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. All sales of the Company are local sales. 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.

## **27. APPROVAL OF THE FINANCIAL STATEMENTS**

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