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

Financial Statements

Year ended March 31, 2016



บริษัท ดีลอยท์ ทูเช่ โทมัทสู ไชยยศ
สอบบัญชี จำกัด
อาคารวิจารณ์การ ชั้น 25-26, 28
3 ถนนสาทรใต้
แขวงยานนาวา เขตสาทร
กรุงเทพฯ 10120
โทร : 66 (0) 2676 5700
แฟกซ์ : 66 (0) 2676 5757

Deloitte Touche Tohmatsu Jaiyos
Audit Co., Ltd.
Rajanakarn Bldg. 25th-26th, 28th Fl.,
3 South Sathorn Road,
Yannawa, Sathorn,
Bangkok 10120, Thailand
Tel : 66 (0) 2676 5700
Fax: 66 (0) 2676 5757
www.deloitte.com

REPORT OF THE INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

TO THE SHAREHOLDERS AND BOARD OF DIRECTORS

N.T.S. STEEL GROUP PUBLIC COMPANY LIMITED

We have audited the financial statements of N.T.S. Steel Group Public Company Limited, which comprise the statement of financial position as at March 31, 2016, 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, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the aforementioned financial statements present fairly, in all material respects, the financial position of N.T.S. Steel Group Public Company Limited as at March 31, 2016, and its financial performance and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards.



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

BANGKOK
April 29, 2016

DELOITTE TOUCHE TOHMATSU JAIYOS AUDIT CO., LTD.

N.T.S. STEEL GROUP PUBLIC COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2016

UNIT : BAHT

	Notes	2016	2015
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4.1	48,311,417	198,055,055
Trade and other receivables	5	762,750,344	769,721,680
Inventories	6	1,061,216,415	1,507,170,306
Other current assets		16,400,124	6,009,694
Total Current Assets		<u>1,888,678,300</u>	<u>2,480,956,735</u>
NON-CURRENT ASSETS			
Available-for-sales investment		2,200,000	500,000
Property, plant and equipment	7	4,115,263,846	4,335,904,207
Intangible asset	8	90,010	144,291
Deferred tax assets	9	4,941,788	6,417,195
Other non-current assets	10	23,244,854	21,094,651
Total Non-current Assets		<u>4,145,740,498</u>	<u>4,364,060,344</u>
TOTAL ASSETS		<u><u>6,034,418,798</u></u>	<u><u>6,845,017,079</u></u>

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

N.T.S. STEEL GROUP PUBLIC COMPANY LIMITED
STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT MARCH 31, 2016

UNIT : BAHT

	Notes	2016	2015
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
Short-term borrowings			
from financial institutions	11	1,276,543,120	1,539,711,422
Trade and other payables	12	1,435,110,215	1,466,066,171
Current portion of long-term liabilities	13 and 14	206,326,827	871,326,827
Short-term borrowing	15	1,965,744,016	1,612,506,835
Other current liabilities		14,793,467	12,215,160
Total Current Liabilities		<u>4,898,517,645</u>	<u>5,501,826,415</u>
NON-CURRENT LIABILITIES			
Long-term borrowing			
from the parent company	16	-	200,000,000
Employee benefit obligations	18	49,016,939	43,377,636
Total Non-current Liabilities		<u>49,016,939</u>	<u>243,377,636</u>
TOTAL LIABILITIES		<u>4,947,534,584</u>	<u>5,745,204,051</u>

N.T.S. STEEL GROUP PUBLIC COMPANY LIMITED
STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT MARCH 31, 2016

UNIT : BAHT

	Notes	2016	2015
LIABILITIES AND SHAREHOLDERS' EQUITY			
(CONTINUED)			
SHAREHOLDERS' EQUITY			
SHARE CAPITAL			
Authorised share capital			
3,856,637,797 ordinary shares of Baht 1.20 each		<u>4,627,965,356</u>	<u>4,627,965,356</u>
Issued and paid-up share capital			
3,856,637,797 ordinary shares of Baht 1.20 each, fully paid		4,627,965,356	4,627,965,356
SHARE PREMIUM ACCOUNT			
Ordinary shares		-	3,773,395,295
Warrants		-	1,896
RETAINED EARNINGS (DEFICITS)			
Appropriated			
Legal reserve	19	-	42,699,155
Unappropriated		(3,542,941,142)	(7,344,748,674)
OTHER COMPONENTS OF SHAREHOLDERS' EQUITY			
		<u>1,860,000</u>	<u>500,000</u>
TOTAL SHAREHOLDERS' EQUITY		<u>1,086,884,214</u>	<u>1,099,813,028</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u><u>6,034,418,798</u></u>	<u><u>6,845,017,079</u></u>

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

N.T.S. STEEL GROUP PUBLIC COMPANY LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED MARCH 31, 2016

		UNIT : BAHT	
	Notes	2016	2015
Revenue from sales	25	20,179,878,334	26,876,840,443
Cost of sales		<u>(19,874,514,449)</u>	<u>(26,582,512,368)</u>
Gross profit		305,363,885	294,328,075
Other income		61,005,446	8,939,213
Selling expenses		(156,544,496)	(195,443,946)
Administrative expenses		(126,097,067)	(271,203,335)
Finance costs		<u>(96,881,175)</u>	<u>(172,409,224)</u>
LOSS BEFORE INCOME TAX EXPENSE		(13,153,407)	(335,789,217)
INCOME TAX EXPENSE	9	<u>(1,135,407)</u>	<u>(199,735,542)</u>
LOSS FOR THE YEAR		<u>(14,288,814)</u>	<u>(535,524,759)</u>
OTHER COMPREHENSIVE INCOME (LOSS)			
Item that will be reclassified subsequently to profit or loss			
Unrealised gain (loss) on remeasuring available-for-sales investments			
		1,700,000	(100,000)
Item that will not be reclassified subsequently to profit or loss			
Actuarial loss on defined employee benefit plan			
	18	-	(2,212,534)
Income tax relating to components of other comprehensive income (loss)			
		<u>(340,000)</u>	<u>-</u>
TOTAL OTHER COMPREHENSIVE INCOME (LOSS) FOR THE YEAR - NET OF TAX		1,360,000	(2,312,534)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		<u>(12,928,814)</u>	<u>(537,837,293)</u>
BASIC LOSS PER SHARE	22 BAHT	(0.00)	(0.14)

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

N.T.S. STEEL GROUP PUBLIC COMPANY LIMITED
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED MARCH 31, 2016

UNIT : BAHT

Note	Issued and paid-up share capital		Share premium account		Retained earnings (deficits)		Other components of shareholders' equity		Total shareholders' equity
	Ordinary shares	Ordinary shares	Warrants	Legal reserve	Unappropriated (deficits)	Other comprehensive income (loss)	Unrealised gain (loss) on re-measuring available-for-sales investments		
Balances as at April 1, 2014	4,627,965,356	3,773,395,295	1,896	42,699,155	(6,807,011,381)	600,000		1,637,650,321	
Total comprehensive loss for the year	-	-	-	-	(537,737,293)	(100,000)		(537,837,293)	
Balances as at March 31, 2015	4,627,965,356	3,773,395,295	1,896	42,699,155	(7,344,748,674)	500,000		1,099,813,028	
Balances as at April 1, 2015	4,627,965,356	3,773,395,295	1,896	42,699,155	(7,344,748,674)	500,000		1,099,813,028	
Total comprehensive loss for the year	-	-	-	-	(14,288,814)	1,360,000		(12,928,814)	
Transferred to deficits	-	(3,773,395,295)	(1,896)	(42,699,155)	3,816,096,346	-		-	
Balances as at March 31, 2016	4,627,965,356	-	-	-	(3,542,941,142)	1,860,000		1,086,884,214	

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

N.T.S. STEEL GROUP PUBLIC COMPANY LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2016

UNIT : BAHT

	Notes	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before income tax expense		(13,153,407)	(335,789,217)
Adjustments:			
Adjustment from gain on foreign exchange rate		(6,008,513)	(1,444,504)
Depreciation and amortisation		337,194,596	335,105,093
Adjustment from employee benefit obligation expenses		7,533,353	10,332,015
Interest income		(79,745)	(263,305)
Interest expense		96,881,175	172,409,224
Other non-cash adjustment items	4.2	17,396,711	2,709,085
		<u>439,764,170</u>	<u>183,058,391</u>
Cash from trade accounts receivable decrease		1,929,110	55,510,748
Cash from other accounts receivable decrease (increase)		5,712,107	(4,882,446)
Cash from inventories decrease		425,841,710	371,609,712
Cash from trade accounts payable increase (decrease)		74,776,005	(289,057,619)
Cash from other accounts payable increase (decrease)		(101,238,286)	144,494,151
Other cash paid from operating activities	4.3	(11,611,925)	(7,470,904)
Cash received from operating activities		835,172,891	453,262,033
Adjustment of cash occurred from borrowings	4.4	(99,537,191)	(169,104,990)
Income tax paid		(244,452)	(9,896)
Net cash provided by operating activities		<u>735,391,248</u>	<u>284,147,147</u>

N.T.S. STEEL GROUP PUBLIC COMPANY LIMITED
STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED MARCH 31, 2016

UNIT : BAHT

	Notes	2016	2015
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		79,745	446,700
Cash paid for purchases of property, plant and equipment		(112,863,270)	(22,915,160)
Cash received from sales of property, plant and equipment		2,579,760	-
Net cash used in investing activities		<u>(110,203,765)</u>	<u>(22,468,460)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash repayments for borrowings		(1,128,168,302)	(1,611,590,449)
Cash received from borrowings		353,237,181	1,389,492,820
Net cash used in financing activities		<u>(774,931,121)</u>	<u>(222,097,629)</u>
Net increase (decrease) in cash and cash equivalents		(149,743,638)	39,581,058
Beginning balance of cash and cash equivalents		198,055,055	158,473,997
Ending balance of cash and cash equivalents	4.1	<u>48,311,417</u>	<u>198,055,055</u>

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

**N.T.S. STEEL GROUP PUBLIC COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2016**

1. GENERAL INFORMATION AND OPERATION OF THE COMPANY

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

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

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

The Company engages in manufacturing, rendering a manufacturing service, distributor and trading of rebars, wire rods and small section products. Sales of the Company are mainly local sales contributing 91% and 94% of the total sales for the years ended March 31, 2016 and 2015, respectively.

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

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

As at March 31, 2016 and 2015, the Company’s total current liabilities are in excess of total current assets by Baht 3,010 million and Baht 3,021 million, respectively. However, the amount of current liabilities included the borrowings from the parent company of Baht 2,166 million and Baht 2,478 million, respectively. The parent company confirms to continue its financial support to the Company to enable the Company to continue its operations satisfactorily at least for the next 12 months from the statement of financial position date and the Company’s management has prepared the business plan including initiatives to improve operation and financial results of the Company.

2. BASIS FOR PREPARATION AND PRESENTATION OF THE FINANCIAL STATEMENTS

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

- 2.2 The Company's financial statements have been prepared in accordance with the Thai Accounting Standard (TAS) No. 1 (Revised 2014) "Presentation of Financial Statements", and the Notification of the Department of Business Development dated September 28, 2011 regarding "The Brief Particulars in the Financial Statement B.E. 2554".
- 2.3 Since April 1, 2015, the Company adopted the new and revised Thai Financial Reporting Standards ("TFRSs") issued by the Federation of Accounting Professions, which are effective for the financial statements for the accounting periods beginning on or after January 1, 2015 onwards, in preparation and presentation of the financial statements as follows:

Thai Accounting Standards ("TAS")

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

Thai Financial Reporting Standards ("TFRS")

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

Thai Accounting Standard Interpretations (“TSIC”)

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

Thai Financial Reporting Interpretations (“TFRIC”)

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

Such TFRSs have no material impact on the Company’s financial statements.

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.

2.4 New Standard on Fair Value Measurement

Impact of the application of TFRS 13

The Company has applied TFRS 13 for the first time in the current year. TFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The scope of TFRS 13 is broad; the fair value measurement requirements apply to both financial instrument items and non-financial instrument items for which other TFRSs require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of TFRS 2 (Revised 2014) “Share-based Payment”, leasing transactions that are within the scope of TAS 17 (Revised 2014) “Leases”, and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

TFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under TFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, TFRS 13 includes extensive disclosure requirements.

TFRS 13 requires prospective application for the financial statements for the periods beginning on or after January 1, 2015 onwards. In addition, specific transitional provisions were given to entities such that they need not apply the disclosure requirements set out in the Standard in comparative information provided for periods before the initial application of this Standard. Therefore, in accordance with these transitional provisions, the Company has not made any new disclosures required by TFRS 13 for the 2015 comparative period. Other than the additional disclosures, the application of TFRS 13 has not had any material impact on the amounts recognised in the financial statements.

2.5 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 accounting 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
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 Venture
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

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

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 Resources

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 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 - 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

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

3. SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Cash and cash equivalents

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

3.2 Trade receivables and allowance for doubtful accounts

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

Allowance for doubtful accounts

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

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

3.3 Inventories

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

Cost of inventories is calculated using the following methods:

Finished goods and work in process - at the weighted-average cost method

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

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

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

3.4 Available-for-sales investment

Available-for-sales investment is investment in marketable equity security other than those investments which held for trading and is stated at fair value, with any resultant gain or loss being recognised in shareholders' equity.

The fair value of marketable equity security is determined as the last quoted bid price at the statements of financial position date.

Disposal of investment

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

3.5 Property, plant and equipment

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

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

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

Depreciation

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

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

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

3.6 Intangible asset

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

Amortisation

Amortisation is recognised as an expense in the statement of 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.

3.7 Impairment

The carrying amount of the Company's assets are reviewed at the statement of financial position date 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 which the recoverable amount is the higher of the asset's fair value less costs of disposal and its value in use, is lower than its carrying amount. 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 for impairment may no longer exist or may have decreased which the recoverable amount must be estimated.

3.8 Employee benefits

Provident funds

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 Labor Protection Act and other benefits according to the Company policy; are calculated by estimating the amount of future benefits that employees have earned in return for their service in the current and prior periods; that benefits are discounted to determine their present value. The calculation is performed by using the Projected Unit Credit Method.

The Company recognised expense for defined employee benefit plans as personnel expenses in the statement of profit or loss and other comprehensive income.

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

3.9 Operating lease agreement

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

3.10 Recognition of revenue and expense

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

Interest income

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

Other income and expense are recognised on an accrual basis.

3.11 Finance costs

Finance costs such as interest expenses and similar expenses are recognised in statement of 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 (expense) income is calculated based on the taxable profit multiplied by the tax rate that has been enacted at the statement of financial position date and adjusted by the effect of deferred income tax accounting.

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

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

Deferred tax assets and liabilities are offset when they relate to income tax, 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 shareholders' equity where the related deferred tax is charged or credited to such item in shareholders' equity.

3.13 Basic loss per share

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

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 and losses on foreign exchange are recognised as an income or expenses in the statement of profit or loss and other comprehensive income.

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

3.15 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 26 and 27.

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 assets or liabilities category in the statement of financial position.

The Company has no policy to speculate 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 2014), and measurements that have some similarities to fair value but are not fair value, such as net realizable value in TAS 2 (Revised 2014) or value in use in TAS 36 (Revised 2014).

In addition, fair value measurements are categorized 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.

3.17 Use of accounting estimates

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

Critical judgment in applying accounting estimates are as follows:

Impairment

An impairment loss is recognised if the carrying value of an asset exceeds the recoverable amount which is a higher of fair value less costs of disposal and value in use.

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

Recognition of deferred tax assets

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

4. SUPPLEMENTARY DISCLOSURES OF CASH FLOW INFORMATION

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

	Unit : Thousand Baht	
	2016	2015
Bank deposits in current accounts	20,723	124,710
Bank deposits in savings accounts	<u>27,588</u>	<u>73,345</u>
Total	<u>48,311</u>	<u>198,055</u>

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

	Unit : Thousand Baht	
	2016	2015
Allowance for inventory obsolescence	6,018	1,734
Loss on sales of property, plant and equipment	11,917	-
Loss from writing off of non-current assets	-	445
Loss from allowance for diminution in value of inventory	-	538
Reversal of allowance for diminution in value of inventory	<u>(538)</u>	<u>(8)</u>
Total	<u>17,397</u>	<u>2,709</u>

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

	Unit : Thousand Baht	
	2016	2015
Decrease (increase) in other current assets and other non-current assets	(12,296)	7,164
(Decrease) increase in other current liabilities	2,578	(11,998)
Cash paid for employee benefit obligations	<u>(1,894)</u>	<u>(2,637)</u>
Total	<u>(11,612)</u>	<u>(7,471)</u>

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

	Unit : Thousand Baht	
	2016	2015
Interest paid	<u>(99,537)</u>	<u>(169,104)</u>

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

- The recording of investments in available-for-sales investments at fair value in the financial statements for the years ended March 31, 2016 and 2015 and recognising unrealised gain (loss) on such investments of Baht 1.7 million and Baht (0.1) million, respectively.
- Non-cash items from purchases of and increase in property, plant and equipment for the years ended March 31, are as follows:

	Unit : Thousand Baht	
	2016	2015
Payables for property, plant and equipment brought forward	790	450
<u>Add</u> Purchase during the years	116,364	23,255
<u>Less</u> Cash payment during the years	<u>(112,863)</u>	<u>(22,915)</u>
Payables for property, plant and equipment carried forward	<u>4,291</u>	<u>790</u>

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

5. TRADE AND OTHER RECEIVABLES

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

	Unit : Thousand Baht	
	2016	2015
Trade receivables - related parties (see Note 23)	288,306	90,255
Trade receivables - other companies	460,774	660,085
Other receivables - related parties (see Note 23)	1,878	4,445
Other receivables - other companies	8,382	8,772
Prepaid expenses	3,410	6,165
Total	<u>762,750</u>	<u>769,722</u>

Trade receivable as at March 31, consist of:

	As at March 31, 2016			Unit : Thousand Baht As at March 31, 2015		
	Related parties	Other companies	Total	Related parties	Other Companies	Total
	Within credit terms	237,895	442,721	680,616	90,255	612,748
Overdue:						
Not over 3 months	50,411	13,393	63,804	-	28,532	28,532
Over 3 months to 6 months	-	307	307	-	9,634	9,634
Over 6 months to 12 months	-	3,585	3,585	-	7,960	7,960
Over 12 months	-	18,965	18,965	-	19,407	19,407
Total	288,306	478,971	767,277	90,255	678,281	768,536
<u>Less</u> Allowance for doubtful accounts	-	(18,197)	(18,197)	-	(18,197)	(18,197)
Total	288,306	460,774	749,080	90,255	660,084	750,339

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

For the years ended March 31, 2016 and 2015, the Company had sold trade receivables to the aforementioned financial institution amounting to Baht 6,700 million and Baht 9,137 million, respectively.

6. INVENTORIES

Inventories as at March 31, consist of:

	Unit : Thousand Baht	
	2016	2015
Finished goods	225,344	406,642
Work in process	43,963	251,519
Raw materials	251,422	221,049
Spare parts, stores, supplies and others	510,701	568,331
Raw materials in transit	59,666	86,202
Total	1,091,096	1,533,743
<u>Less</u> Allowance for diminution in value of inventories and allowance for inventories obsolescence	(29,880)	(26,573)
Total	1,061,216	1,507,170

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

For the year ended March 31, 2015, the allowance for diminution in value of inventories and allowance for inventories obsolescence recognised in previous year of Baht 18 million had been reversed and allowance for diminution in value of inventories and allowance for inventories obsolescence were recorded as part of cost of sales amounting to Baht 2.5 million.

The amounts of inventories recognised as expenses in the financial statements for the years ended March 31, 2016 and 2015, are Baht 19,871 million and Baht 26,599 million, respectively.

7. PROPERTY, PLANT AND EQUIPMENT

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

As at March 31, 2016

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

As at March 31, 2015

	Unit : Thousand Baht				
	Balances as at April 1, 2014	Additions	Disposals	Transfer	Balances as at March 31, 2015
Cost					
Land	714,611	-	-	-	714,611
Land improvements	246,818	-	-	-	246,818
Building and structures	2,106,893	-	-	7,460	2,114,353
Machinery and equipment	9,275,902	498	(39,139)	14,776	9,252,037
Vehicles	2,120	-	-	-	2,120
Furniture, fixtures and office equipment	59,326	1,433	(168)	110	60,701
Total cost	12,405,670	1,931	(39,307)	22,346	12,390,640
Accumulated depreciation					
Land improvements	(124,331)	(11,265)	-	-	(135,596)
Building and structures	(628,521)	(32,639)	-	-	(661,160)
Machinery and equipment	(4,080,841)	(273,671)	16,812	-	(4,337,700)
Vehicles	(2,078)	(42)	-	-	(2,120)
Furniture, fixtures and office equipment	(39,052)	(6,276)	168	-	(45,160)
Total accumulated depreciation	(4,874,823)	(323,893)	16,980	-	(5,181,736)
	7,530,847				7,208,904
Less Allowance for impairment on plant and equipment	(2,897,702)	-	22,327	-	(2,875,375)
	4,633,145				4,333,529
Construction in progress, machinery and equipment under installation	3,396	21,325	-	(22,346)	2,375
Property, plant and equipment	4,636,541				4,335,904
Depreciation for the years ended March 31,					
2016				Thousand Baht	322,508
2015				Thousand Baht	323,893

As at March 31, 2016 and 2015, costs of fully depreciated plant and equipment that are still in use are Baht 349 million and Baht 297 million, respectively.

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

As at March 31, 2016 and 2015, property, plant and equipment of the Company with carrying amount of Baht 3,507 million and Baht 3,736 million, respectively, are used as part of collateral for long-term borrowings from two local financial institutions of the parent company.

As at March 31, 2016 and 2015, the Company has made an assessment of impairment loss on property, plant and equipment and no additional impairment was necessary.

The Company's management decided to temporarily cease operation of the Mini Blast Furnace ("MBF") from the end of August 2011 to September 2016 due to MBF raw material prices are relatively higher than scrap prices with high volatility, thereby adversely impacting the viability of costs of steel produced through MBF route. For the years ended March 31, 2016 and 2015, depreciation and other expenses of MBF which incurred during the mothball period were totally Baht 15 million and Baht 28 million, respectively.

8. INTANGIBLE ASSET

Intangible asset as at March 31, consists of:

As at March 31, 2016

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

As at March 31, 2015

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

Amortisation for the years ended March 31

2016	Thousand Baht	<u>54</u>
2015	Thousand Baht	<u>65</u>

As at March 31, 2016 and 2015, costs of fully amortised intangible asset that is still in use are Baht 2.34 million of each year.

9. INCOME TAX EXPENSE AND DEFERRED TAX ASSETS

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

	Unit : Thousand Baht	
	2016	2015
Current income tax per tax return form	-	-
Deferred tax		
Movement in temporary difference	1,135	-
Writing-off deferred tax assets	-	199,736
Income tax expense as presented in the statement of profit or loss and other comprehensive income	<u>1,135</u>	<u>199,736</u>

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

	Unit : Thousand Baht	
	2016	2015
Loss before income tax expense	<u>(13,153)</u>	<u>(335,789)</u>
Income tax expense calculated at 20%	(2,631)	(67,158)
Effect of non-deductible expenses or unrecognized gain for tax purpose:		
- Temporary differences and unused tax losses not accounted for as deferred tax assets	2,631	67,158
- Profit from derivative assets	1,135	-
- Writing-off deferred tax assets		
- Writing-off deferred tax assets	-	199,736
Income tax expense	<u>1,135</u>	<u>199,736</u>
	Effective income tax rate	Effective income tax rate
	2016	2015
	(%)	(%)
Effective tax rate	(8.64)	(59.48)

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

Unit : Thousand Baht

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

Unit : Thousand Baht

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

As at March 31, 2016 and 2015, the Company had unused tax losses of Baht 5,392 million and Baht 5,578 million, respectively, which was not recognised as deferred tax assets. Such tax losses will gradually expire from March 2016 to November 2022.

According to the Revenue Code Amendment Act (No. 42) B.E. 2559 which is effective from March 5, 2016 onwards, the corporate income tax is reduced from 30% to 20% of net profit for accounting periods beginning on or after January 1, 2016 onwards.

The Company used tax rate of 20% for income tax calculation for the years ended March 31, 2016 and 2015 and for deferred tax as at March 31, 2016 and 2015. Income tax expense is calculated from income before tax, added back transactions which are non-deductible expenses and deducted income or expense exemption under the Revenue Code. As a result, the effective tax rates different from the tax rate under the Revenue Code.

10. OTHER NON-CURRENT ASSETS

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

	Unit : Thousand Baht	
	2016	2015
Corporate income tax refundable	16,876	16,876
Others	6,369	4,219
Total	<u>23,245</u>	<u>21,095</u>

11. SHORT-TERM BORROWINGS FROM FINANCIAL INSTITUTIONS

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

	Interest rate per annum (%)	As at March 31, 2016 Thousand Baht	Interest rate per annum (%)	As at March 31, 2015 Thousand Baht
Short-term borrowings from financial institutions	3.62 - 3.71	1,276,543	3.88 - 4.28	1,539,711

As at March 31, 2016 and 2015, the Company has the unsecured short-term borrowings from two financial institutions of Baht 1,071 million and Baht 1,540 million, respectively, bearing the interest rate at Bangkok Interbank Offered Rate (“BIBOR”) plus 2% per annum. The Group which consisted of the parent company, the Company and the parent company’s two subsidiaries, entered into an agreement for short-term credit facilities limit totaling of Baht 3,216 million for purchase of scrap and other raw materials, and utilities. Such borrowings will mature in April 2016 to June 2016 and April 2015 to June 2015, respectively.

In addition, as at March 31, 2016, the Company has short-term borrowings from two financial institutions of Baht 205 million for trust receipt for importing billet, bearing the interest rate at LIBOR (London Interbank Offered Rate) per annum. (2015 : Nil)

As at March 31, 2016 and 2015, the Group entered into the agreements with 8 local financial institutions to obtain credit facilities limit of Baht 5,484 million and Baht 6,723 million, respectively, as to be the Company’s working capital. The interest rates of these credit facilities are as follows:

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

As at March 31, 2016, and 2015, the Group has withdrawn the credit facilities including letters of credit totaling Baht 1,534 million and Baht 824 million, respectively.

12. TRADE AND OTHER PAYABLES

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

	Unit : Thousand Baht	
	2016	2015
Trade payables - related parties (see Note 23)	987,641	861,335
Trade payables - other companies	204,126	260,995
Other payables - related parties (see Note 23)	10,651	18,052
Other payables - other companies	4,291	790
Advances received from customers	102,464	134,484
Accrued expenses	125,937	190,410
Total	<u>1,435,110</u>	<u>1,466,066</u>

13. CURRENT PORTION OF LONG-TERM LIABILITIES

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

	Unit : Thousand Baht	
	2016	2015
Trade payables arising from debt restructuring (see Note 14)	6,327	6,327
Current portion of long-term borrowing from the parent company (see Notes 16 and 23)	<u>200,000</u>	<u>865,000</u>
Total	<u>206,327</u>	<u>871,327</u>

14. TRADE PAYABLES ARISING FROM DEBT RESTRUCTURING

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

As at March 31, 2016 and 2015, such payable of Baht 6.33 million, is due within one year. Therefore, it is classified as current liabilities.

15. SHORT-TERM BORROWING

As at March 31, 2016 and 2015, the Company has short-term borrowing from the parent company which is non-collateralised and is not specified maturity date in the amount of Baht 1,966 million and Baht 1,613 million, respectively, bearing the interest rate of 1.00% per annum (see Note 23).

16. LONG-TERM BORROWING FROM THE PARENT COMPANY

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

	Unit : Thousand Baht	
	2016	2015
Within one year	200,000	865,000
Over one year but not over five years	-	200,000
Total	<u>200,000</u>	<u>1,065,000</u>

As at March 31, 2016 and 2015, the Company had entered into a long-term credit facilities agreement with the parent company of Baht 3,500 million which had been totally withdrawn, at the interest rate of MLR (Minimum Loan Rate) minus 2.00% per annum, to invest in Mini Blast Furnace (MBF) (see Note 7). The Company had issued promissory notes as each principal borrowing to the parent company for collateral as stipulated in the agreement. The Company agreed to repay the principal to the parent company on a quarterly basis. The first installment commences on the last working date of twenty-fourth month commencing on November 30, 2007 which is the first date of withdrawal until November 30, 2014. In April 2010, the parent company made the supplement of long-term borrowing to the Company in order to extend the first repayment to November 30, 2011. Subsequently, on November 30, 2011, the parent company made the supplement of long-term borrowing to the Company in order to extend the first repayment to November 30, 2012 and final maturity date is on August 31, 2016.

17. PROVIDENT FUND

The defined contribution plan comprises the provident fund for the Company's employees. Membership to the fund is on a voluntary basis. Contributions are made monthly by the employees at rates ranging from 2% to 15% of their basic salaries and by the Company at rates ranging from 3% to 10% of the employees' basic salaries each month. The provident fund is registered with the Ministry of Finance as juristic entity and is managed by a licensed fund manager.

For the years ended March 31, 2016 and 2015, the contribution of the Company recognised as expenses in the statements of profit or loss and other comprehensive income amounting to Baht 11 million of each year.

18. EMPLOYEE BENEFIT OBLIGATIONS

As at March 31, 2016 and 2015, the Company recorded a provision for employee benefit obligations totaling Baht 49.02 million and Baht 43.38 million, respectively. Such provision was calculated based on the Projected Unit Credit Method.

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

	2016	2015
Discount rate (%)	3.21	3.21
Average expected rate of salary increase (%)	5.05	5.05
Voluntarily resignation rate (%)	0 - 17.00	0 - 17.00
Retirement age (years)	55 - 60	55 - 60

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

	Unit : Thousand Baht	
	2016	2015
Past service cost	-	3,806
Current service cost	6,144	3,901
Interest cost	1,389	1,400
Total	<u>7,533</u>	<u>9,107</u>

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

	Unit : Thousand Baht	
	2016	2015
Present value of unfunded obligations	<u>49,017</u>	<u>43,378</u>
Beginning of provision for employee benefit obligations	43,378	33,769
Other long-term employee benefit	-	996
Revised the beginning of provision for employee benefit obligations ⁽¹⁾	<u>43,378</u>	<u>34,765</u>
Past service cost	-	3,806
Current service cost	6,144	3,901
Interest cost	1,389	1,400
Net actuarial loss recognised during the years	-	2,213
Severance paid during the years	<u>(1,894)</u>	<u>(2,707)</u>
Ending of provision for employee benefit obligations	<u>49,017</u>	<u>43,378</u>

⁽¹⁾ Provisions for employee benefit obligations at the beginning of 2015 are not equal to the ending of 2014 because the Company has changed the method of benefit calculation under the Group Policy.

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, 2016 are as follows:

	Unit : Thousand Baht
<u>Discount rate</u>	
Discount rate - percent decrease 1.0	5,882
Discount rate - percent increase 1.0	(5,059)
<u>Salary Increase Rate</u>	
Salary increase rate - percent decrease 1.0	(4,842)
Salary increase rate - percent increase 1.0	5,530

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

19. LEGAL RESERVE

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

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

20. CAPITAL MANAGEMENT

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

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

21. EXPENSES BY NATURE

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

	Unit : Thousand Baht	
	2016	2015
Change in finished goods and work in process	388,317	149,916
Cost of finished goods purchased	9,920,233	13,048,085
Cost of scrap purchased	3,214,071	5,436,963
Raw materials and consumables used	4,270,180	5,580,868
Store and supplies used	210,595	289,854
Fuel	259,370	312,828
Depreciation, amortisation and amortisation of rolling mill expenses	337,195	335,105
Employee benefits expense	241,393	234,581
Utilities expenses	704,460	864,355
Repair and maintenance expenses	207,959	214,077
Contractor	69,867	67,360
Delivery and selling expenses	156,544	195,444
Management fees	12,009	162,440
Bank charges	44,698	64,967
Premium on forward exchange contract	6,669	5,203
Rental expenses	4,909	4,192
Reversal of allowance for inventory obsolescence	(4,885)	(16,546)
Reversal of allowance for impairment on plant and equipment	-	(22,327)

22. BASIC LOSS PER SHARE

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

		Unit : Thousand Baht	
		2016	2015
Basic loss per share			
Net loss attributable to ordinary shareholders		(14,289)	(535,525)
Weighted average number of ordinary shares	Shares	<u>3,856,637,797</u>	<u>3,856,637,797</u>
Basic loss per share	Baht	<u>(0.00)</u>	<u>(0.14)</u>

23. RELATED PARTY TRANSACTIONS AND BALANCES

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

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

Pricing Policies

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

The major related parties as at March 31, 2016 are as follows:

Type	Name	Type of Business	Relationship
Ultimate parent company	Tata Steel Limited	Manufacture steel	Shareholder of the parent company
Parent company	Tata Steel (Thailand) Plc.	Holding company	Parent company
Related party	The Siam Iron and Steel (2001) Co., Ltd.	Manufacture wire rods and small section products	Common shareholders and directors
Related party	The Siam Construction Steel Co., Ltd.	Manufacture steel bars	Common shareholders and directors
Other party	The Siam Industrial Wire Co., Ltd.	Manufacture steel wire	Same group of shareholders
Other party	Siam Steel Mill Services Co., Ltd.	Recycling and reprocessing steel scrap	Parent company indirect shareholding by subsidiary
Other party	TSN Wires Co., Ltd.	Manufacture galvanized steel wire	Same group of shareholders
Other party	NatSteel Trade International Pte. Ltd.	Trading	Same group of shareholders
Other party	NatSteel Recycling Pte. Ltd.	Trading	Same group of shareholders
Other party	Tata International Metals Trading Asia Ltd.	Trading	Same group of shareholders
Other party	Tata Steel UK Ltd.	Manufacture steel	Same group of shareholders
Other party	Tata Steel Resources Australia Pte. Ltd.	Procurement	Same group of shareholders
Other party	Tata NYK Shipping Pte. Ltd.	Shipping	Same group of shareholders
Other party	Tata Steel Global Procurement Co. Pte. Ltd.	Trading	Same group of shareholders
Other party	Tata Steel International Singapore Pte. Ltd.	Trading	Same group of shareholders
Other party	Tata Steel Asia (Hong Kong) Ltd.	Trading	Same group of shareholders
Other party	Tata Steel International (UK) Ltd.	Shipping	Same group of shareholders
Other party	Tata Steel IJmuiden BV	Manufacture steel	Same group of shareholders
Other party	Mjunction Services Limited	Trading and procurement	Same group of shareholders
Other party	Tata South East Asia Limited	Manufacture steel	Same group of shareholders
Other party	NatSteel Holdings Pte. Ltd.	Manufacture steel	Same group of shareholders

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

	Unit : Thousand Baht	
	2016	2015
Trade receivables - related companies		
The Siam Iron and Steel (2001) Co., Ltd.	10,349	17,088
The Siam Construction Steel Co., Ltd.	102,589	73,167
TSN Wires Co., Ltd.	4,616	-
Tata Steel Limited	170,752	-
Total	288,306	90,255
Other receivables - related companies		
Tata Steel Limited	-	14
Tata Steel (Thailand) Public Company Limited	117	114
The Siam Iron and Steel (2001) Co., Ltd.	1,469	2,283
The Siam Construction Steel Co., Ltd.	292	2,034
Total	1,878	4,445
Trade payables - related companies		
The Siam Iron and Steel (2001) Co., Ltd.	195,379	199,023
The Siam Construction Steel Co., Ltd.	583,008	541,257
Siam Steel Mill Services Co., Ltd.	7,387	10,745
NatSteel Recycling Pte. Ltd.	(31)	45,801
Tata International Metals Trading Asia Ltd.	198,270	60,525
Tata Steel International Singapore Pte. Ltd.	3,628	3,984
Total	987,641	861,335
Other payables - related companies		
Tata Steel (Thailand) Public Company Limited	10,651	16,290
The Siam Iron and Steel (2001) Co., Ltd.	-	464
The Siam Construction Steel Co., Ltd.	-	857
The Siam Industrial Wire Co., Ltd.	-	441
Total	10,651	18,052
Short-term borrowing from the parent company*		
Tata Steel (Thailand) Public Company Limited	1,965,744	1,612,507

* Short-term borrowing from the parent company is non-collateralised and is not specified maturity date, carrying interest rate as at March 31, 2016 and 2015 at 1.00% per annum.

	Unit : Thousand Baht	
	2016	2015
Long-term borrowing from the parent company		
Tata Steel (Thailand) Public Company Limited	200,000	1,065,000

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

	Unit : Thousand Baht	
	2016	2015
Within one year	200,000	865,000
Over one year but not over five years	-	200,000
Total	<u>200,000</u>	<u>1,065,000</u>

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

	Unit : Thousand Baht	
	2016	2015
Revenues		
Sales		
Tata Steel Limited	666,183	212,103
The Siam Iron and Steel (2001) Co., Ltd.	900,481	1,787,127
The Siam Construction Steel Co., Ltd.	2,576,155	3,778,570
The Siam Industrial Wire Co., Ltd.	464,640	666,717
TSN Wires Co., Ltd	36,154	31,450
Total	<u>4,643,613</u>	<u>6,475,967</u>
Interest income		
Tata Steel (Thailand) Public Company Limited	<u>-</u>	<u>182</u>
Expenses		
Purchases		
The Siam Iron and Steel (2001) Co., Ltd.	3,360,637	4,604,303
The Siam Construction Steel Co., Ltd.	6,581,485	8,482,227
Siam Steel Mill Services Co., Ltd.	77,916	89,025
NatSteel Trade International Pte. Ltd.	-	273,247
NatSteel Recycling Pte. Ltd.	(156)	266,210
Tata International Metals Trading Asia Ltd.	831,421	61,176
Tata Steel International Singapore Pte. Ltd.	13,641	16,110
Total	<u>10,864,944</u>	<u>13,792,298</u>
Management fees		
Tata Steel (Thailand) Public Company Limited	<u>12,009</u>	<u>162,440</u>
Interest expenses		
Tata Steel (Thailand) Public Company Limited	<u>45,469</u>	<u>99,405</u>
Service fee expenses		
Siam Steel Mill Services Co., Ltd.	<u>2</u>	<u>1,616</u>
Other expenses		
Mjunction Services Limited	<u>488</u>	<u>-</u>

In 2014, the parent company made the agreement for management fee by determining based on 2.0% of the annual net sales. In case that the Company has the annual loss excluding management fee, such management fee shall not exceed Baht 1 million per month. This agreement is effective on April 1, 2014, onward.

24. INVESTMENT PROMOTIONAL PRIVILEGES

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

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

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

25. 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 follow:

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

Unit : Thousand Baht

	For the year ended March 31, 2015		
	Promoted sector	Non-Promoted Sector	Total
Revenues			
Revenue from domestic sales	39,457	25,242,841	25,282,298
Revenue from export sales	2,606	1,591,936	1,594,542
Total revenue from sales	<u>42,063</u>	<u>26,834,777</u>	<u>26,876,840</u>

26. FINANCIAL INSTRUMENTS

Credit risk

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

Interest Rate Risk and Foreign Exchange Rate

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

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

In addition, in order to manage risk from fluctuation in foreign currency, the Company has entered into forward foreign exchange contracts to hedge its debts as disclosed in Note 27.

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.

27. FORWARD FOREIGN EXCHANGE CONTRACTS

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

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

Currency	Contract Amount	Forward exchange rate per contract (Baht per currency)	As at March 31, 2016	Value per forward rate (Thousand Baht)	Fair value gain (loss) (Thousand Baht)
			Maturity date		
Forward foreign exchange contracts - bought					
USD	8,131,000	34.97 - 35.30	July 29, 2016 - November 15, 2016	285,901	1,443
USD	11,152,000	35.60 - 36.37	June 30, 2016 - October 28, 2016	402,053	(7,931)
EUR	118,190	39.44 - 40.02	July 29, 2016	4,676	77
Forward foreign exchange contracts - sold					
USD	4,000,000	35.00	June 30, 2016	140,000	(1,227)

Currency	Contract Amount	Forward foreign exchange rate per contract (Baht per currency)	As at March 31, 2015	Value per forward rate (Thousand Baht)	Fair value gain (loss) (Thousand Baht)
			Maturity date		
Forward foreign exchange contracts - bought					
USD	213,578	32.59	May 22, 2015	6,961	6
USD	3,154,000	32.67 - 33.10	April 30 - October 30, 2015	103,685	(393)

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

	Unit : Thousand Baht	
	2016	2015
Derivative assets	1,520	6
Derivative liabilities	(9,158)	(393)
Net loss	<u>(7,638)</u>	<u>(387)</u>

28. DETERMINATION OF FAIR VALUES

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

Financial assets and financial liabilities measured at fair value

Fair value of financial assets and financial liabilities which are measured at fair value and their fair value hierarchy level classification as at March 31, 2016 and 2015 were summarized as follows.

Financial assets and financial liabilities	Fair value as at March 31, 2016 2015 (Thousand Baht)		Fair value hierarchy	Valuation techniques and key inputs for fair value Measurement
<u>Financial assets</u>				
1. Foreign currency forward contracts	1,520	6	Level 2	Discounted cash flow The estimated future cash flows is from foreign currency exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.
2. Available-for-sale investments	2,200	500	Level 1	Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
<u>Financial liabilities</u>				
1. Foreign currency forward contracts	9,158	393	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, respectively, 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, 2016 and 2015, are as follows:

Cash and cash equivalents, trade and other receivables, inventories, and other current assets stated in the statements of financial position approximate their fair values due to the relatively short-term maturity of these financial instruments.

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

Long-term borrowing from the parent company with floating interest rate - the carrying amount is approximate to its fair value.

29. COMMITMENTS

As at March 31, 2016 and 2015, the Company had the commitments as follows:

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

Currencies	Unit : Thousand	
	2016	2015
USD	11,007	239,558
EUR	27	-

- b) Letters of guarantee issued by the financial institutions which are unsecured to the Provincial Electricity Authority and others as at March 31, 2016 and 2015 amounting to Baht 125 million of each year which are in the normal courses of business.

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

	Unit : Thousand Baht	
	2016	2015
Within one year	1,283	1,451
Over one year but not over five years	1,133	1,825
Total	2,416	3,276

For the years ended March 31, 2016 and 2015, rentals applicable to long-term lease and service have been recorded as expenses in the statements of profit or loss and other comprehensive income are Baht 1.50 million of each year.

30. SEGMENT INFORMATION

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

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

31. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements have been approved by the authorised directors of the Company for issuing on April 29, 2016.