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

Financial Statements

Year ended March 31, 2016



บริษัท ดีลอยท์ ทูเช่ โทมัทสึ ไชยยศ
สอบบัญชี จำกัด
อาคารจินนาการ ชั้น 25-26, 28
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REPORT OF THE INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

TO THE SHAREHOLDERS AND THE BOARD OF DIRECTORS

THE SIAM IRON AND STEEL (2001) COMPANY LIMITED

We have audited the financial statements of The Siam Iron and Steel (2001) Company Limited, which comprise the statement of financial position as at March 31, 2016, and the related statement 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 The Siam Iron and Steel (2001) 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.

THE SIAM IRON AND STEEL (2001) 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	13,398,429	3,884,015
Trade and other receivables	5	199,551,176	206,424,940
Short-term loan to the parent company	19	532,351,576	101,454,993
Inventories	6	694,696,496	1,000,148,105
Other current assets		5,515,930	15,997,060
Total Current Assets		<u>1,445,513,607</u>	<u>1,327,909,113</u>
NON-CURRENT ASSETS			
Plant and equipment	7	206,307,632	181,318,822
Intangible asset	8	985,871	1,311,913
Deferred tax assets	9	9,616,498	9,694,992
Other non-current assets		16,784,239	16,699,945
Total Non-current Assets		<u>233,694,240</u>	<u>209,025,672</u>
TOTAL ASSETS		<u><u>1,679,207,847</u></u>	<u><u>1,536,934,785</u></u>

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, 2016

UNIT : BAHT

	Notes	2016	2015
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
Bank overdraft and short-term borrowings from			
financial institutions	10	234,799,137	176,303,851
Trade and other payables	11	300,422,161	255,736,917
Other current liabilities		10,106,490	12,149,546
Total Current Liabilities		<u>545,327,788</u>	<u>444,190,314</u>
NON-CURRENT LIABILITIES			
Employee benefit obligations	13	35,323,240	33,737,559
Total Non-current Liabilities		<u>35,323,240</u>	<u>33,737,559</u>
TOTAL LIABILITIES		<u>580,651,028</u>	<u>477,927,873</u>
SHAREHOLDERS' EQUITY			
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,			
Baht 100 each, fully paid		120,000,000	120,000,000
RETAINED EARNINGS			
Appropriated			
Legal reserve	14	12,000,000	12,000,000
Unappropriated		966,556,819	927,006,912
TOTAL SHAREHOLDERS' EQUITY		<u>1,098,556,819</u>	<u>1,059,006,912</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u>1,679,207,847</u>	<u>1,536,934,785</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, 2016

UNIT : BAHT

	Notes	2016	2015
Revenue from sales	21	3,384,934,979	4,627,059,087
Cost of sales		<u>(3,161,687,431)</u>	<u>(4,663,266,951)</u>
Gross profit (loss)		223,247,548	(36,207,864)
Other income		19,984,410	6,684,616
Selling expenses		(414,739)	(600,840)
Administrative expenses		(94,144,780)	(36,765,784)
Finance costs		<u>(7,044,038)</u>	<u>(16,254,491)</u>
PROFIT (LOSS) BEFORE INCOME TAX		141,628,401	(83,144,363)
Income tax (expense) income	9	(78,494)	1,415,749
PROFIT (LOSS) FOR THE YEAR		<u>141,549,907</u>	<u>(81,728,614)</u>
OTHER COMPREHENSIVE LOSS			
Item that will not be reclassified subsequently to profit or loss			
Actuarial loss on defined employee benefit plan	13	-	(3,179,707)
Income tax relating to components of other comprehensive loss		-	635,942
TOTAL OTHER COMPREHENSIVE LOSS FOR THE YEAR - NET OF TAX		-	<u>(2,543,765)</u>
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR		<u>141,549,907</u>	<u>(84,272,379)</u>
EARNINGS (LOSS) PER SHARE			
BASIC EARNINGS (LOSS) PER SHARE	18	BAHT 117.96	(68.11)
WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES			
	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, 2016

UNIT : BAHT

	Note	Issued and paid-up share capital	Retained earnings Appropriated Legal reserve	Unappropriated	Total shareholders' equity
Balances as at April 1, 2014		120,000,000	12,000,000	1,011,279,291	1,143,279,291
Total comprehensive loss for the year		-	-	(84,272,379)	(84,272,379)
Balances as at March 31, 2015		<u>120,000,000</u>	<u>12,000,000</u>	<u>927,006,912</u>	<u>1,059,006,912</u>
Balances as at April 1, 2015		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
Balances as at March 31, 2016		<u>120,000,000</u>	<u>12,000,000</u>	<u>966,556,819</u>	<u>1,098,556,819</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, 2016

UNIT : BAHT

	Notes	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit (loss) before income tax expense		141,628,401	(83,144,363)
Adjustments :			
Adjustment from gain on foreign exchange rate		(1,260,338)	(664,411)
Depreciation and amortisation		47,696,606	47,275,100
Adjustment from employee benefit obligation expenses		4,931,703	7,190,173
Interest income		(5,065,986)	(58,568)
Interest expense		7,044,038	16,254,491
Other adjustment from non-cash items	4.2	1,728,521	1,288,728
		<u>196,702,945</u>	<u>(11,858,850)</u>
Cash from trade receivable decrease		6,564,571	111,803,336
Cash from other receivable decrease		1,080,880	4,787,009
Cash from inventories decrease		288,744,008	353,667,252
Cash from trade payable increase (decrease)		37,730,460	(51,824,314)
Cash from other payable increase (decrease)		6,805,018	(10,468,588)
Other cash (paid) received from operating activities	4.3	11,622,267	(36,828,111)
Cash received from operating activities		<u>549,250,149</u>	<u>359,277,734</u>
Adjustment of cash occurred from borrowings	4.4	(7,282,788)	(17,826,082)
Income tax paid		(75,293)	(24,508)
Net cash provided by operating activities		<u>541,892,068</u>	<u>341,427,144</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		4,294,299	8,802
Proceeds from sales of plant and equipment		1,434,600	2,838,765
Payments for purchases of plant and equipment		(63,705,256)	(58,182,012)
Cash paid for short-term loan to the parent company		(430,896,583)	(101,454,993)
Net cash used in investing activities		<u>(488,872,940)</u>	<u>(156,789,438)</u>

THE SIAM IRON AND STEEL (2001) COMPANY LIMITED
STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED MARCH 31, 2016

UNIT : BAHT

	Note	2016	2015
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash received from borrowings		58,495,286	-
Cash repayment of borrowings		-	(195,376,250)
Dividend paid		(102,000,000)	-
Net cash used in financing activities		<u>(43,504,714)</u>	<u>(195,376,250)</u>
Net increase (decrease) in cash and cash equivalents		9,514,414	(10,738,544)
Beginning balance of cash and cash equivalents		3,884,015	14,622,559
ENDING BALANCE OF CASH AND CASH EQUIVALENT	4.1	<u>13,398,429</u>	<u>3,884,015</u>

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, 2016

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, 20th Floor, 555 Phaholyothin Road, Chatuchak Subdistrict, Chatuchak District, Bangkok 10900

Factory: 49 Moo 11, Bangkamode Sub district, 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 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

Thai Accounting Standards (“TAS”) (Continued)

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	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction. TAS 19 (Revised 2014) - Employee Benefits
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 (Revised 2014)	Stripping Costs in the Production Phase of a Surface Mine

Above TFRSs have no material impact on these 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 of TFRS 13 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 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
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

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TSIC 10 (Revised 2015)	Government Assistance - No specific Relation to Operating Activities
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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 2014) Financial Reporting in Hyperinflationary Economies
TFRIC 10 (Revised 2015)	Interim Financial Reporting and Impairment
TFRIC 12 (Revised 2015)	Service Concession Arrangements
TFRIC 13 (Revised 2015)	Customer Loyalty Programmes
TFRIC 14 (Revised 2015)	TAS 19 (Revised 2015) - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
TFRIC 15 (Revised 2015)	Agreements for the Construction of Real Estate
TFRIC 17 (Revised 2015)	Distributions of Non-cash Assets to Owners
TFRIC 18 (Revised 2015)	Transfers of Assets from Customers
TFRIC 20 (Revised 2015)	Stripping Costs in the Production Phase of a Surface Mine
TFRIC 21	Levies

Guideline on Accounting

Guideline on Accounting regarding Recognition and Measurement of Bearer Plants

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 original 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 accounts receivable 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 weighted average cost method
Raw materials, spare parts, supplies and others	- at 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.

3.4 Plant and equipment

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

Plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that their carrying 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 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 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 is the higher of the asset's fair value less costs of disposal and its value in use is lower than its carrying amount. The Company determines the value in use by estimating the present value of future cash flows generated by the asset, discounted to be present value using a pre-tax discount rate which reflects current market assessments of the time value of money and the risk specific to the asset. In determining fair value less costs of disposal. An appropriate valuation model is used. The calculation reflects the amount that the Company could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

The Company recognises an impairment loss in the statement of 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 recoverable amount.

3.7 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 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 agreement

Operating lease agreement

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 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 principal 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) 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 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 Basic earnings (loss) per share

Basic earnings (loss) per share for the year was based on profit (loss) 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 2014), and measurements that have some similarities to fair value but are not fair value, such as net realisable value in TAS 2 (Revised 2014) or value in use in TAS 36 (Revised 2014).

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 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 judgments 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 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 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:

	2016	Unit : Baht 2015
Cash on hand	1,100	1,100
Bank deposits in current accounts	8,398,179	3,024,198
Bank deposits in savings accounts	4,999,150	858,717
Total	<u>13,398,429</u>	<u>3,884,015</u>

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

	2016	Unit : Baht 2015
Allowance for diminution in value of inventory and inventory obsolescence	3,163,055	4,126,095
Gain on sale of plant and equipment	(1,434,534)	(2,838,747)
Loss from writing off of plant and equipment	-	1,380
Total	<u>1,728,521</u>	<u>1,288,728</u>

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

	2016	Unit : Baht 2015
(Increase) decrease in other current asset and other non-current assets	10,472,129	(7,716,884)
Increase (decrease) in other current liabilities and other non-current liabilities	4,036,198	(25,856,927)
Cash paid for employee benefit obligations	(2,886,060)	(3,254,300)
Total	<u>11,622,267</u>	<u>(36,828,111)</u>

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

	2016	Unit : Baht 2015
Interest paid	<u>(7,282,788)</u>	<u>(17,826,082)</u>

4.5 Non-cash items from purchases and increase of plant and equipment as at March 31, are as follows:

	2016	Unit : Baht 2015
Payables for plant and equipment and intangible asset brought forward	10,781,243	3,940,241
<u>Add</u> Purchases during the years	58,814,894	65,023,014
<u>Less</u> Cash payments during the years and Payables for plant and equipment and intangible asset carried forward	<u>(63,705,256)</u>	<u>(58,182,012)</u>
	<u>5,890,881</u>	<u>10,781,243</u>

5. TRADE AND OTHER RECEIVABLES

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

	2016	Unit : Baht 2015
Trade receivables - related parties (see Note 19)	195,948,296	202,512,867
Other receivables - related parties (see Note 19)	1,183,122	860,634
Other receivables - other companies	1,127,173	747,729
Prepaid expenses	1,292,585	2,303,710
Total	<u>199,551,176</u>	<u>206,424,940</u>

6. INVENTORIES

Inventories as at March 31, consist of:

	2016	Unit : Baht 2015
Finished goods	181,536,138	245,148,538
Work in process	93,019,158	146,316,150
Raw materials	86,393,131	177,708,201
Spare parts	227,081,666	248,351,835
Supplies and others	109,974,005	131,405,132
Goods in transit	5,414,178	60,924,671
	<u>703,418,276</u>	<u>1,009,854,527</u>
<u>Less</u> Allowance for diminution in value of inventories and inventories obsolescence	<u>(8,721,780)</u>	<u>(9,706,422)</u>
Total	<u>694,696,496</u>	<u>1,000,148,105</u>

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 year ended March 31, 2015, the allowance for diminution in value of inventories and inventories obsolescence recognised in previous year of Baht 0.68 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 4.13 million.

For the years ended March 31, 2016 and 2015, the costs of inventories recognised as expenses in the financial statements are Baht 3,162.68 million and Baht 4,659.83 million, respectively.

7. PLANT AND EQUIPMENT

Plant and equipment as at March 31, consist of:

As at March 31, 2016

	Balances as at April 1, 2015	Additions	Disposals	Transfer in (out)	Unit : Baht Balances as at March 31, 2016
Cost :					
Buildings and structures	104,241,445	-	-	3,250,875	107,492,320
Machinery and equipment	1,826,446,109	1,008,624	(13,193,335)	92,598,458	1,906,859,856
Vehicles	1,176,613	-	(22,950)	12,800	1,166,463
Furniture, fixtures and office equipment	17,681,869	1,137,672	(2,927,055)	6,056,573	21,949,059
Total cost	<u>1,949,546,036</u>	<u>2,146,296</u>	<u>(16,143,340)</u>	<u>101,918,706</u>	<u>2,037,467,698</u>
Accumulated depreciation :					
Buildings and structures	(62,849,150)	(5,264,837)	-	-	(68,113,987)
Machinery and equipment	(1,742,489,981)	(26,070,276)	13,193,275	-	(1,755,366,982)
Vehicles	(1,176,569)	(650)	22,945	-	(1,154,274)
Furniture, fixtures and office equipment	(12,575,544)	(2,490,255)	2,927,054	-	(12,138,745)
Total accumulated depreciation	<u>(1,819,091,244)</u>	<u>(33,826,018)</u>	<u>16,143,274</u>	<u>-</u>	<u>(1,836,773,988)</u>
Construction in progress, machinery and equipment under installation	50,864,030	56,668,598	-	(101,918,706)	5,613,922
Plant and equipment	<u>181,318,822</u>				<u>206,307,632</u>

As at March 31, 2015

	Unit : Baht				
	Balances as at April 1, 2014	Additions	Disposals	Transfer in (out)	Balances as at March 31, 2015
Cost :					
Buildings and structures	99,953,822	-	-	4,287,623	104,241,445
Machinery and equipment	1,817,710,871	1,066,059	(2,120,893)	9,790,072	1,826,446,109
Vehicles	1,176,613	-	-	-	1,176,613
Furniture, fixtures and office equipment	15,947,606	1,492,927	(165,421)	406,757	17,681,869
Total cost	<u>1,934,788,912</u>	<u>2,558,986</u>	<u>(2,286,314)</u>	<u>14,484,452</u>	<u>1,949,546,036</u>
Accumulated depreciation :					
Buildings and structures	(57,754,365)	(5,094,785)	-	-	(62,849,150)
Machinery and equipment	(1,718,403,589)	(26,207,267)	2,120,875	-	(1,742,489,981)
Vehicles	(1,176,569)	-	-	-	(1,176,569)
Furniture, fixtures and office equipment	(11,011,680)	(1,727,905)	164,041	-	(12,575,544)
Total accumulated depreciation	<u>(1,788,346,203)</u>	<u>(33,029,957)</u>	<u>2,284,916</u>	<u>-</u>	<u>(1,819,091,244)</u>
Construction in progress, machinery and equipment under installation	<u>2,884,454</u>	<u>62,464,028</u>	<u>-</u>	<u>(14,484,452)</u>	<u>50,864,030</u>
Plant and equipment	<u>149,327,163</u>				<u>181,318,822</u>
Depreciation for the years ended March 31,					
2016				Baht	<u>33,826,018</u>
2015				Baht	<u>33,029,957</u>

Costs of fully depreciated plant and equipment that are still in use as at March 31, 2016 and 2015 are Baht 1,619.31 million and Baht 1,582.51 million, respectively.

As at March 31, 2016 and 2015, plant and equipment of the Company with net carrying value of Baht 31.85 million and Baht 45.26 million, respectively, are used as part of collateral for long-term borrowings from two financial institutions of Baht 5,000 million and Baht 3,500 million, respectively, of the parent company.

8. INTANGIBLE ASSET

Intangible asset as at March 31, consists of:

As at March 31, 2016

	Balances as at April 1, 2015	Additions	Disposals	Unit : Baht Balances as at March 31, 2016
Computer software	3,809,902	-	-	3,809,902
<u>Less</u> Accumulated amortisation	<u>(2,497,989)</u>	<u>(326,042)</u>	<u>-</u>	<u>(2,824,031)</u>
Intangible asset	<u>1,311,913</u>			<u>985,871</u>

As at March 31, 2015

	Balances as at April 1, 2014	Additions	Disposals	Unit : Baht Balances as at March 31, 2015
Computer software	3,809,902	-	-	3,809,902
Less Accumulated amortisation	(2,171,948)	(326,041)	-	(2,497,989)
Intangible asset	<u>1,637,954</u>			<u>1,311,913</u>
Amortisation for the years ended March 31,				
2016			Baht	<u>326,042</u>
2015			Baht	<u>326,041</u>

Cost of fully amortised computer software that is still in use as at March 31, 2016 and 2015 are Baht 0.55 million of each year.

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

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

	2016	Unit : Baht 2015
Current tax per tax return form	-	-
Deferred tax		
Movements in temporary differences	<u>78,494</u>	<u>(1,415,749)</u>
Income tax expense (income) as presented in the statement of profit or loss and other comprehensive income	<u>78,494</u>	<u>(1,415,749)</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:

	2016	Unit : Baht 2015
Profit (loss) before income taxes		
- Promoted sector, exempted from income tax	43,577,891	-
- Non-promoted sector	<u>98,050,510</u>	<u>(83,144,363)</u>
Total profit (loss) before income tax	<u>141,628,401</u>	<u>(83,144,363)</u>
Income tax for non-promoted sector at 20%	19,610,102	(16,628,873)
Effect of non-deductible expenses for tax purpose:		
- Temporary differences not accounted for as deferred tax assets	93,380	15,366,781
- Permanent differences	304,132	(153,657)
- Utilisation of tax loss carried forward which was not recognised as deferred tax asset	<u>(19,929,120)</u>	<u>-</u>
Income tax expense (income)	<u>78,494</u>	<u>(1,415,749)</u>
	Effective tax rate	Effective tax rate
	%	%
Effective tax rates	0.06	-

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

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:

	Balances as at April 1, 2015	Recognised in profit or loss	Recognised in other comprehensive income	Unit : Baht Balances as at March 31, 2016
Deferred tax assets resulted from				
Allowance for doubtful accounts	735,800	-	-	735,800
Allowance for diminution in value of inventory and inventory obsolescence	1,941,284	(196,928)	-	1,744,356
Employee benefit obligations	7,017,908	409,128	-	7,427,036
Deferred tax assets	<u>9,694,992</u>	<u>212,200</u>	<u>-</u>	<u>9,907,192</u>
Deferred tax liabilities resulted from				
Derivatives assets	-	(290,694)	-	(290,694)
Deferred tax liabilities	-	(290,694)	-	(290,694)
Deferred tax assets	<u>9,694,992</u>	<u>(78,494)</u>	<u>-</u>	<u>9,616,498</u>

	Balances as at April 1, 2014	Recognised in profit or loss	Recognised in other comprehensive income	Unit : Baht Balances as at March 31, 2015
Deferred tax assets resulted from				
Allowance for doubtful accounts	796,664	(60,864)	-	735,800
Allowance for diminution in value of inventory and inventory obsolescence	1,251,845	689,439	-	1,941,284
Employee benefit obligations	5,594,792	787,174	635,942	7,017,908
Deferred tax assets	<u>7,643,301</u>	<u>1,415,749</u>	<u>635,942</u>	<u>9,694,992</u>

As at March 31, 2016 and 2015, the Company had unused tax losses of Baht 2.24 million and Baht 101.89 million, respectively, which were not recognised as deferred tax assets. Such tax losses will gradually expire in March 2020.

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 for profit from non-promoted sector 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 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

Bank overdraft and short-term borrowings from financial institutions as at March 31, consist of:

	Interest rate % p.a.	As at March 31, 2016	Interest rate % p.a.	Unit : Baht As at March 31, 2015
Bank overdraft and short-term borrowings from financial institutions	2.78 - 3.88	234,799,137	3.88 - 4.14	176,303,851

Bank overdraft and short-term borrowings from financial institutions

As at March 31, 2016 and 2015, the Company has borrowings from a financial institution in the amount of Baht 167.50 million and Baht 176.30 million, respectively, bearing the interest rate at Bangkok Interbank Offered Rate (“BIBOR”) plus 2% per annum with no collateral, which is based on the loan agreement entered into by the parent company, the Company and the parent company’s two subsidiaries (called “the Group”) which was an agreement for short-term credit facilities totaling of Baht 3,216 million for scrap purchasing, other raw materials and utilities.

In addition, as at March 31, 2016, the Company has borrowings from another financial institution in the amount of Baht 67.30 million for the trust receipt for billet purchasing, bearing the interest rate at London Interbank Offered Rate (“LIBOR”) per annum (2015 : Nil).

Credit facilities

As at March 31, 2016 and 2015, the Company has agreements with 8 local financial institutions to obtain credit facilities of Baht 5,484 million and Baht 6,723 million, respectively, with no collateral 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)	Money Market Rate (“MMR”)
3) Promissory notes	Money Market Rate (“MMR”)

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

11. TRADE AND OTHER PAYABLES

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

	2016	Unit : Baht 2015
Trade payables - related companies (see Note 19)	114,648,802	80,264,443
Trade payables - other companies	98,582,766	96,497,003
Other payables - related companies (see Note 19)	10,515,378	3,768,191
Other payables - other companies (see Note 4.5)	5,890,881	10,781,243
Accrued expenses	70,784,334	64,426,037
Total	<u>300,422,161</u>	<u>255,736,917</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, 2016 and 2015, the contribution of the Company is recognised as expense in the statements of profit or loss and other comprehensive income amounting to Baht 8.08 million and Baht 7.93 million, respectively.

13. EMPLOYEE BENEFIT OBLIGATIONS

As at March 31, 2016 and 2015, the Company recorded a provision for employee benefit obligations totaling Baht 35.32 million and Baht 33.74 million, respectively. The provision was calculated based on the projected unit credit method by a qualified independent actuary.

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

	2016	2015
Discount rate (%)	3.03	3.03
Average expected rate of salary increase (%)	5.05	5.05
Voluntarily resignation rate (%)	0 - 14	0 - 14
Employee retirement age (year)	55 - 60	55 - 60

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

	2016	Unit : Baht 2015
Past service cost	-	3,428,612
Current service cost	3,457,160	2,763,042
Interest cost	1,014,581	1,015,344
Total	<u>4,471,741</u>	<u>7,206,998</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:

	2016	Unit : Baht 2015
Present value of unfunded obligations	<u>35,323,240</u>	<u>33,737,559</u>
Beginning of provision for employee benefit obligations	33,737,559	26,356,154
Other long-term employee benefit	-	249,000
Revised the beginning of provision for employee benefit obligations ⁽¹⁾	33,737,559	26,605,154
Past service cost	-	3,428,612
Current service cost	3,457,160	2,763,042
Interest cost	1,014,581	1,015,344
Net actuarial losses recognised during the years	-	3,179,707
Severance paid during the years	<u>(2,886,060)</u>	<u>(3,254,300)</u>
Ending of provision for employee benefit obligations	<u>35,323,240</u>	<u>33,737,559</u>

⁽¹⁾ Provisions for employee benefit obligations at the beginning of year 2015 are not equal to the ending of year 2014 because the Company has changed the method of other long-term employee benefit calculation according to 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 : Baht
Discount rate	
Discount rates, decrease of 1 percent	3,857,161
Discount rates, increase of 1 percent	(3,247,926)
Salary increased rates	
Salary increased rates, decrease of 1 percent	(3,081,867)
Salary increased rates, increase of 1 percent	3,593,894

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 Company does not apply any financial ratio to monitor its capital whilst manages its capital to be sufficient for its working capital.

16. INTERIM DIVIDEND

On March 17, 2016, the Board of Directors' meeting 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. The dividend was paid on March 28, 2016.

17. EXPENSES BY NATURE

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

	2016	Unit : Baht 2015
Changes in finished goods and work in process	113,823,027	217,984,282
Raw materials and consumables used	1,939,148,310	3,134,350,923
Store and supplies	140,452,389	182,544,738
Fuel	123,766,389	205,465,909
Depreciation, amortisation and amortisation of rolling mill expenses	47,696,606	47,275,100
Employee benefit expenses	164,092,248	166,728,201
Utility expenses	387,749,410	555,943,421
Repair and maintenance expenses	146,489,083	137,682,949
Contractor fees	52,542,918	50,864,217
Management fees expense	67,698,700	12,000,000
Rental expenses	9,743,936	9,664,888

18. BASIC EARNINGS (LOSS) PER SHARE

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

		2016	Unit : Baht 2015
Net profit (loss) for the years	Baht	141,549,907	(81,728,614)
Weighted average number of ordinary shares	Shares	<u>1,200,000</u>	<u>1,200,000</u>
Basic earnings (loss) per share	Baht	<u>117.96</u>	<u>(68.11)</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:

Pricing Policies	
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, 2016 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 International Limited	Trading	Common shareholders
	Tata International Singapore Pte. Ltd.	Trading	Common shareholders

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

	2016	Unit : Baht 2015
Trade receivables - related parties		
The Siam Construction Steel Co., Ltd.	569,318	3,489,974
N.T.S. Steel Group Public Company Limited	195,378,978	199,022,893
Total	<u>195,948,296</u>	<u>202,512,867</u>

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

	2016	Unit : Baht 2015
Within credit terms	168,271,801	202,512,867
Due not over 3 months	27,676,495	-
Total	<u>195,948,296</u>	<u>202,512,867</u>
Other receivables - related parties		
Tata Steel (Thailand) Public Company Limited	824,627	95,377
The Siam Construction Steel Co., Ltd.	307,454	257,377
N.T.S. Steel Group Public Company Limited	-	463,538
Siam Steel Mill Services Co., Ltd.	51,041	44,342
Total	<u>1,183,122</u>	<u>860,634</u>
Short-term loan to the parent company		
Tata Steel (Thailand) Public Company Limited	<u>532,351,576</u>	<u>101,454,993</u>

Short-term loan to the parent company is non-collateralised loan which is not specified maturity date, carrying interest rate as at March 31, 2016 and 2015 at 1.50 % per annum.

	2016	Unit : Baht 2015
Trade payables - related parties		
The Siam Construction Steel Co., Ltd.	38,169,372	-
N.T.S. Steel Group Public Company Limited	10,348,758	17,088,370
Tata International Metals Asia Ltd.	62,784,371	59,533,706
Siam Steel Mill Services Co., Ltd.	2,085,231	3,642,367
Tata International Singapore Pte. Ltd.	1,261,070	-
Total	<u>114,648,802</u>	<u>80,264,443</u>
Other payables - related parties		
Tata Steel (Thailand) Public Company Limited	9,037,893	1,481,689
The Siam Construction Steel Co., Ltd.	8,494	2,282,810
N.T.S. Steel Group Public Company Limited	1,468,991	3,692
Total	<u>10,515,378</u>	<u>3,768,191</u>

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

	2016	Unit : Baht 2015
Revenues		
Sales		
N.T.S. Steel Group Public Company Limited	3,360,636,597	4,604,303,394
The Siam Construction Steel Co., Ltd.	20,605,803	21,231,396
Total	<u>3,381,242,400</u>	<u>4,625,534,790</u>

	2016	Unit : Baht 2015
Interest income		
Tata Steel (Thailand) Public Company Limited	<u>5,061,776</u>	<u>49,885</u>
Expenses		
Purchases		
N.T.S. Steel Group Public Company Limited	900,481,205	1,787,126,821
The Siam Construction Steel Co., Ltd.	121,918	38,668
Siam Steel Mill Services Co., Ltd.	22,098,483	37,338,225
Tata Steel Asia (Hong Kong) Ltd.	-	1,451,716
Tata International Metals Asia Ltd.	265,846,070	60,173,957
Tata International Limited	22,789,882	18,538,656
Tata International Singapore Pte. Ltd.	4,255,460	4,801,706
Total	<u>1,215,593,018</u>	<u>1,909,469,749</u>
Management fee		
Tata Steel (Thailand) Public Company Limited	<u>67,698,700</u>	<u>12,000,000</u>
Interest expense		
Tata Steel (Thailand) Public Company Limited	<u>-</u>	<u>7,262,098</u>
Dividend paid		
Tata Steel (Thailand) Public Company Limited	<u>101,999,490</u>	<u>-</u>

In 2010, the parent company made the agreement for management fee by determining based on 2% of the annual net sales amount. In case that the Company has the annual loss before management fee, such management fee shall not exceed Baht 1 million per month. This agreement is effective from April 1, 2010, 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.

Promoted Business	Exemption from corporate income tax
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 certificates.

21. REVENUES REPORTING OF A PROMOTED INDUSTRY

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

	Unit : Baht		
	For the year ended March 31, 2016		
	Promoted sector	Non-Promoted sector	Total
Revenues			
Revenue from domestic sales	1,041,372,063	2,343,562,916	3,384,934,979
Revenue from export sales	-	-	-
Total revenue from sales	<u>1,041,372,063</u>	<u>2,343,562,916</u>	<u>3,384,934,979</u>

	Unit : Baht		
	For the year ended March 31, 2015		
	Promoted sector	Non-Promoted Sector	Total
Revenues			
Revenue from domestic sales	-	4,627,059,087	4,627,059,087
Revenue from export sales	-	-	-
Total revenue from sales	<u>-</u>	<u>4,627,059,087</u>	<u>4,627,059,087</u>

22. FINANCIAL INSTRUMENTS

Credit risk

Credit risk arises from the possibility that customers may not be able to settle obligations to the Company as per contracts which may cause financial loss. The Company has a policy to protect against this risk by assessing the credit worthiness of customers, defining credit limits, asking for bank guarantees and/or personnel guarantees, credit terms, controlling credit utilisation and reviewing collections.

The Company has a concentration of credit risk since the Company has sold its products to two related parties. However, the Company is not exposed to credit risk primarily with respect to such concentration since such related parties are under common control.

The credit loss 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 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 accounts payable denominated in foreign currency of the Company. The Company does not enter into financial instruments for trading or speculative purposes.

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

As at March 31, 2016					
Currency	Contract Amount	Forward exchange rate per contract (Baht per currency)	Maturity date	Value per forward contract (Baht)	Fair Value gain (loss) (Baht)
Forward foreign exchange contracts - bought					
USD	4,520,000	35.83 - 36.11	April 29 - September 30, 2016	162,806,118	(3,199,865)
USD	1,400,000	35.20	June 30, 2016	49,282,800	147,674
EUR	76,000	39.72	May 31, 2016	3,018,720	22,885
Unit : Baht					
As at March 31, 2015					
Currency	Contract Amount	Forward exchange rate per contract (Baht per currency)	Maturity date	Value per forward contract (Baht)	Fair Value gain (loss) (Baht)
Forward foreign exchange contracts - bought					
USD	1,846,000	32.65 - 32.83	May 29 - August 31, 2015	60,584,262	(6,781)
EUR	130,000	41.19	July 31, 2015	5,354,700	(741,904)

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

	2016	Unit : Baht 2015
Derivative assets	170,559	-
Derivative liabilities	<u>(3,199,866)</u>	<u>(748,685)</u>
Net loss	<u>(3,029,307)</u>	<u>(748,685)</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 instruments which are measured at fair value and their fair value hierarchy level classification as at March 31, 2016 and 2015 were summarised as follows

Financial assets and financial liabilities	Fair value as at March 31, 2016 2015 (Baht)		Fair value hierarchy	Valuation techniques and key inputs for fair value Measurement
<u>Financial assets</u>				
1. Foreign currency forward contracts	170,559	-	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.
<u>Financial liabilities</u>				
1. Foreign currency forward contracts	(3,199,866)	(748,685)	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, 2016 and 2015, are as follows:

Cash and cash equivalents, trade and other receivables, short-term loans, inventories, 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:

	2016	2015
Currencies		
USD	2,979,375	395,499
EUR	-	188,510

- 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, 2016 and 2015 are Baht 168.07 million of each year, which are in the normal courses of business.

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

	2016	2015
Currencies		
THB	670,000	11,931,431
EUR	-	35,950

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

Due for payments	2016	Unit : Baht 2015
Not later than 1 year	8,315,192	8,351,692
Later than one year but not later than 5 years	3,345,684	9,895,876
Total	<u>11,660,876</u>	<u>18,247,568</u>

For the years ended March 31, 2016 and 2015, the Company has a lease agreement for land and buildings with a company with the rental fee of Baht 7.06 million per year. Such agreement has the term of 10 years commencing on June 26, 2007 and expire on June 25, 2017, which is renewable.

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 of Baht 8.34 million and Baht 8.33 million, respectively.

- e) As at March 31, 2016 and 2015, the Company and The Siam Construction Steel Co., Ltd. have been guarantors for payment of trade accounts payable 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 wire rods and small sections 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 April 29, 2016.