

THE SIAM IRON AND STEEL (2001) COMPANY LIMITED

FINANCIAL STATEMENTS

31 MARCH 2018



Independent Auditor's Report

To the Shareholders of The Siam Iron and Steel (2001) Company Limited

My opinion

In my opinion, the financial statements of The Siam Iron and Steel (2001) Company Limited (the Company) present fairly, in all material respects, the financial position of the Company as at 31 March 2018, and its financial performance and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

What I have audited

The Company's financial statements comprise:

- the statement of financial position as at 31 March 2018;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

I conducted my audit in accordance with Thai Standards on Auditing (TSAs). My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the Company in accordance with the Federation of Accounting Professions under the Royal Patronage of His Majesty the King's Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of management for the financial statements

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

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



Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with TSAs, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

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

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

PricewaterhouseCoopers ABAS Ltd.

A handwritten signature in black ink, appearing to read 'Varaporn Vorathitikul', written in a cursive style.

Varaporn Vorathitikul
Certified Public Accountant (Thailand) No. 4474
Bangkok
24 April 2018

The Siam Iron and Steel (2001) Company Limited

Statement of Financial Position

As at 31 March 2018

	<u>Notes</u>	<u>2018</u> <u>Baht</u>	<u>2017</u> <u>Baht</u>
Assets			
Current assets			
Cash and cash equivalents	7 a)	7,688,102	24,140,910
Trade and other receivables, net	8	344,239,452	283,583,191
Short-term loans to a parent company	23 c)	157,171,851	398,963,230
Inventories, net	9	1,141,667,785	950,398,568
Other current assets		<u>15,204,267</u>	<u>9,597,087</u>
Total current assets		<u>1,665,971,457</u>	<u>1,666,682,986</u>
Non-current assets			
Property, plant and equipment, net	10	269,232,058	262,074,799
Intangible assets, net	11	732,626	673,739
Deferred tax assets, net	12	9,405,529	10,548,647
Other non-current assets		<u>10,354,050</u>	<u>16,835,439</u>
Total non-current assets		<u>289,724,263</u>	<u>290,132,624</u>
Total assets		<u>1,955,695,720</u>	<u>1,956,815,610</u>

The accompanying notes on pages 9 to 37 are an integral part of the financial statements.

The Siam Iron and Steel (2001) Company Limited
Statement of Financial Position
As at 31 March 2018

	<u>Notes</u>	<u>2018</u> <u>Baht</u>	<u>2017</u> <u>Baht</u>
Liabilities and equity			
Current liabilities			
Short-term borrowings from financial institutions	13	283,448,819	440,989,787
Trade and other payables	14	366,113,202	313,069,524
Current income tax payable		10,260,567	6,468,612
Other current liabilities		<u>4,830,096</u>	<u>4,337,953</u>
Total current liabilities		<u>664,652,684</u>	<u>764,865,876</u>
Non-current liabilities			
Employee benefit obligations	15	<u>36,994,054</u>	<u>36,049,464</u>
Total non-current liabilities		<u>36,994,054</u>	<u>36,049,464</u>
Total liabilities		<u>701,646,738</u>	<u>800,915,340</u>
Equity			
Share capital			
Authorised share capital			
Ordinary shares, 1,200,000 shares at par value 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 shares paid-up at par value of Baht 100 each		120,000,000	120,000,000
Retained earnings			
Appropriated - legal reserve	16	12,000,000	12,000,000
Unappropriated		<u>1,122,048,982</u>	<u>1,023,900,270</u>
Total equity		<u>1,254,048,982</u>	<u>1,155,900,270</u>
Total liabilities and equity		<u>1,955,695,720</u>	<u>1,956,815,610</u>

The accompanying notes on pages 9 to 37 are an integral part of the financial statements.

The Siam Iron and Steel (2001) Company Limited
Statement of Comprehensive Income
For the year ended 31 March 2018

	Notes	2018 Baht	2017 Baht
Revenue from sales	26	4,635,034,709	3,709,737,463
Cost of sales		<u>(4,405,866,619)</u>	<u>(3,417,046,035)</u>
Gross profit		229,168,090	292,691,428
Other income	17	33,078,814	11,543,025
Selling expenses		(169,540)	(356,786)
Administrative expenses		(129,535,800)	(123,352,745)
Finance costs		<u>(9,969,146)</u>	<u>(13,225,115)</u>
Profit before income tax expense		122,572,418	167,299,807
Income tax expense	19	<u>(25,677,236)</u>	<u>(6,231,882)</u>
Profit for the year		<u>96,895,182</u>	<u>161,067,925</u>
Other comprehensive income (expense)			
Items that will not be reclassified to profit or loss			
Remeasurements of post-employment benefit obligations		1,566,912	(2,155,592)
Income tax on items that will not be reclassified		<u>(313,382)</u>	<u>431,118</u>
Total items that will not be reclassified to profit or loss		<u>1,253,530</u>	<u>(1,724,474)</u>
Other comprehensive income for the year, net of tax		<u>1,253,530</u>	<u>(1,724,474)</u>
Total comprehensive income for the year		<u><u>98,148,712</u></u>	<u><u>159,343,451</u></u>
Earnings per share			
Basic earnings per share (Baht)	20	80.75	134.22

The accompanying notes on pages 9 to 37 are an integral part of the financial statements.

The Siam Iron and Steel (2001) Company Limited
Statement of Changes in Equity
For the year ended 31 March 2018

	Note	Issued and paid-up share capital Baht	Retained earnings		Total equity Baht
			Appropriated - legal reserve Baht	Unappropriated Baht	
Opening balance as at 1 April 2016		120,000,000	12,000,000	966,556,819	1,098,556,819
Changes in equity for the year					
Dividend paid	21	-	-	(102,000,000)	(102,000,000)
Total comprehensive income for the year		-	-	159,343,451	159,343,451
Closing balance as at 31 March 2017		<u>120,000,000</u>	<u>12,000,000</u>	<u>1,023,900,270</u>	<u>1,155,900,270</u>
Opening balance as at 1 April 2017		120,000,000	12,000,000	1,023,900,270	1,155,900,270
Changes in equity for the year					
Total comprehensive income for the year		-	-	98,148,712	98,148,712
Closing balance as at 31 March 2018		<u>120,000,000</u>	<u>12,000,000</u>	<u>1,122,048,982</u>	<u>1,254,048,982</u>

The accompanying notes on pages 9 to 37 are an integral part of the financial statements.

The Siam Iron and Steel (2001) Company Limited
Statement of Cash Flows
For the year ended 31 March 2018

	Notes	2018 Baht	2017 Baht
Cash flows from operating activities			
Profit before income tax expense		122,572,418	167,299,807
Adjustments :			
Depreciation and amortisation charge		47,670,171	51,550,980
Employee benefit obligations		6,300,194	6,590,107
(Gain) loss on foreign exchange rate		3,607	(822,829)
Other adjustments from non-cash items	7 b)	(268,165)	8,242,728
Interest income	17	(4,732,560)	(8,096,548)
Interest expense		9,969,146	13,225,115
		<u>181,514,811</u>	<u>237,989,360</u>
Changes in working capital			
Trade and other receivables		(61,027,262)	(83,404,624)
Inventories		(206,259,006)	(277,147,242)
Trade and other payables		47,697,280	(22,467,419)
Other cash received (paid) from operating activities	7 c)	(2,422,340)	22,653,410
Cash flows from operating activities			
Cash used in operations		(40,496,517)	(122,376,515)
Adjustment of cash occurred from borrowings	7 d)	(9,978,603)	(12,870,326)
Income tax paid		(21,055,545)	(264,302)
Net cash used in operating activities		<u>(71,530,665)</u>	<u>(135,511,143)</u>
Cash flows from investing activities			
Purchases of intangible assets		(283,000)	-
Purchases of property, plant and equipment		(34,305,637)	(99,375,516)
Proceeds from disposals of property, plant and equipment		312,522	580,987
Proceeds from short-term borrowings			
to a parent company	23 c)	241,791,379	133,388,346
Interest received		5,103,561	7,469,157
Net cash generated from investing activities		<u>212,618,825</u>	<u>42,062,974</u>

The accompanying notes on pages 9 to 37 are an integral part of the financial statements.

The Siam Iron and Steel (2001) Company Limited
Statement of Cash Flows
For the year ended 31 March 2018

	<u>Notes</u>	<u>2018 Baht</u>	<u>2017 Baht</u>
Cash flow from financing activities			
Proceeds (payments) from short-term borrowings			
from financial institutions	13	(157,540,968)	206,190,650
Dividend paid	21	-	(102,000,000)
Net cash generated from (used in) financing activities		<u>(157,540,968)</u>	<u>104,190,650</u>
Net increase (decrease) in cash and cash equivalents		(16,452,808)	10,742,481
Cash and cash equivalents at the beginning of the year		<u>24,140,910</u>	<u>13,398,429</u>
Cash and cash equivalents at the end of the year	7 a)	<u><u>7,688,102</u></u>	<u><u>24,140,910</u></u>

The accompanying notes on pages 9 to 37 are an integral part of the financial statements.

1 General information

The Siam Iron and Steel (2001) Company Limited ("the Company") is incorporated and domiciled in Thailand, on 3 September 2001. The address of the Company's registered office is as follows:

Head Office : Fasa Tower 2, 20th Floor, 555 Phaholyothin Road, Chatuchak Sub-district, Bangkok 10900
Factory : 49 Moo11, Bang Khamot Subdistrict, Ban Moh District, Saraburi 18270

The major shareholder and the parent company is Tata Steel (Thailand) Public Company Limited which is public company incorporated in Thailand and listed on the Stock Exchange of Thailand which holds 99.99% of the Company's shares. The ultimate parent company of the Company is under Tata Steel Limited Group, which is company incorporated under the law of India.

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

The financial statements were authorised for issue by the authorised directors on 24 April 2018.

2 Accounting policies

The principal accounting policies applied in the preparation of the financial statements are set out below:

2.1 Basis of preparation

The financial statements have been prepared in accordance with Thai generally accepted accounting principles under the Accounting Act B.E. 2543, being those Thai Financial Reporting Standards issued under the Accounting Profession Act B.E. 2547.

The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with Thai generally accepted accounting principles requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

Where necessary, comparative figures have been reclassified to conform with changes in presentation in the current period.

An English version of the company financial statements have been prepared from the statutory financial statements that are in the Thai language. In the event of a conflict or a difference in interpretation between the two languages, the Thai language statutory financial statements shall prevail.

2.2 Revised financial reporting standards, and related interpretations

2.2.1 Revised financial reporting standards and interpretations, which are effective on 1 January 2017, have no significant impacts on the Company's financial statements being presented.

2.2.2 Revised financial reporting standards are effective for annual periods beginning on or after 1 January 2018 which have significant changes and are relevant to the Company. The Company has not yet adopted these revised standards.

TAS 7 (revised 2017) Statement of cash flows

TAS 7 (revised 2017), the amendments require additional disclosure of changes in liabilities arising from financing activities. This includes changes arising from cash and non-cash.

The Company's management assessed and considered that the above revised standards will not have a material impact on the Company except for disclosure.

2 Accounting policies (Cont'd)

2.2 Revised financial reporting standards, and related interpretations (Cont'd)

2.2.3 The FAP has announced new standard, TFRS15 Revenue from contracts with customers. This standard will become effective for annual periods beginning on or after 1 January 2019. The Company has not yet adopted this revised standard.

TFRS 15 will replace the following standards and interpretations:

TAS 11 (revised 2017)	Construction contracts
TAS 18 (revised 2017)	Revenue
TSIC 31 (revised 2017)	Revenue - Barter Transactions Involving Advertising Services
TFRIC 13 (revised 2017)	Customer Loyalty Programmes
TFRIC 15 (revised 2017)	Agreements for the Construction of Real Estate
TFRIC 18 (revised 2017)	Transfers of Assets from Customers

The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer - so the notion of control replaces the existing notion of risks and rewards.

A new five-step process must be applied before revenue can be recognised:

- 1 identify contracts with customers
- 2 identify the performance obligations in the contract
- 3 determine the transaction price of the contract
- 4 allocate the transaction price to each of the separate performance obligations, and
- 5 recognise the revenue as each performance obligation is satisfied.

Key changes to current practice are:

- Any bundled goods or services that are distinct must be separately recognised, and any discounts or rebates on the contract price must generally be allocated to the separate elements
- Revenue may be recognised earlier than under current standards if the consideration varies for any reasons (such as for incentives, rebates, performance fees, royalties, success of an outcome etc) - minimum amounts must be recognised if they are not at significant risk of reversal
- The point at which revenue is able to be recognised may shift: some revenue which is currently recognised at a point in time at the end of a contract may have to be recognised over the contract term and vice versa
- There are new specific rules on licenses, warranties, non-refundable upfront fees and, consignment arrangements
- As with any new standard, there are also increased disclosures.

Entities will have a choice to apply this standard retrospectively in accordance with TAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, subject to the expedients or retrospectively with the cumulative effect recognised as an adjustment to the opening balance of retained earnings of the annual reporting period that includes the date of initial application with additional disclosures.

The Company's management is currently assessing the impact of initial adoption of this standard.

2 Accounting policies (Cont'd)

2.3 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Baht, which is the Company's functional and the Company's presentation currency.

(b) Balance and transaction

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. Conversely, when a gain or loss on a non-monetary item is recognised in profit and loss, any exchange component of that gain or loss is recognised in profit and loss.

2.4 Cash and cash equivalents

In the statements of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the statements of financial position, bank overdrafts are shown in current liabilities.

2.5 Trade accounts receivable

Trade accounts receivable are carried at the original invoice amount and subsequently measured at the remaining amount less any allowance for doubtful receivables based on a review of all outstanding amounts at the year-end. The amount of the allowance is the difference between the carrying amount of the receivable and the amount expected to be collectible. Bad debts are written-off during the year in which they are identified and recognised in profit or loss within administrative expenses.

2.6 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the weighted average method for finished goods and work in process and by the moving average method for raw materials, spare parts, supplies and others. The cost of purchase comprises both the purchase price and costs directly attributable to the acquisition of the inventory, such as import duties and transportation charges, less all attributable discounts, allowances or rebates. The cost of finished goods and work in progress comprises design costs, raw materials, direct labour, other direct costs and related production overheads based on normal operating capacity. It excludes borrowing costs. Net realisable value is the estimate of the selling price in the ordinary course of business, less applicable variable selling expenses. Allowance is made, where necessary, for obsolete, slow-moving and defective inventories.

2 Accounting policies (Cont'd)

2.7 Property, plant and equipment

All property, plant and equipment are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Buildings and structures	20 years
Machinery and equipment	5, 10 years
Office equipment, furniture and fixtures	5 years
Vehicles	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

The asset's carrying amount is written-down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.9).

Gains or losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other income/expense' in profit or loss.

2.8 Intangible assets

Computer software

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Company are recognised as intangible assets when the following criteria are met:

- It is technically feasible to complete the software product so that it will be available for use or sell;
- Management intends to complete the software product and use or sell it;
- There is an ability to use or sell the software product;
- It can be demonstrated how the software product will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- The expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs recognised as assets are amortised over their estimated useful lives, which does not exceed 3 years to 10 years.

2 Accounting policies (Cont'd)

2.9 Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the assets exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows. Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.10 Leases

Leases - where the Company is the lessee

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

Leases of property, plant or equipment where the lessee has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the liabilities balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to profit or loss over the lease period so as to achieve a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant or equipment acquired under finance leases is depreciated over the shorter period of the useful life of the asset and the lease term.

2.11 Borrowings

Borrowings are recognised initially at the fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective yield method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent that there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

2 Accounting policies (Cont'd)

2.11 Borrowings (Cont'd)

General and specific borrowing costs directly attributable to the acquisition construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised as expense in the period in which they are incurred.

2.12 Current and deferred income taxes

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of reporting period in the countries where the Company operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising from differences between the tax base of assets and liabilities and their carrying amounts in the financial statements.

However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2 Accounting policies (Cont'd)

2.13 Employee benefits

2.13.1 Post-employment

The Company operate various post-employment benefits schemes. The Company has both defined benefit and defined contribution plans.

2.13.1.1 Defined contribution

A defined contribution plan is a plan under which the Company pays fixed contributions into a separate entity. The Company has no legal or constructive obligations to pay further contributions once the contributions have been paid even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The Company pays contributions to a separate fund which is managed by an external fund manager in accordance with the Provident Fund Act, B.E. 2530. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

2.13.1.2 Retirement benefits

A defined benefit plan is a retirement plan that is not a defined contribution plan. Typically defined benefit plans define an amount of retirement benefit that an employee will receive on retirement, usually depends on one or more factors such as age, years of service and compensation.

The liability recognised in the statement of financial position in respect of defined benefit retirement plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using market yield of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related retirement liability.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Past-service costs are recognised immediately in profit or loss.

2.13.2 Other long-term employee benefits

The Company has schemes to award gold to employees who have provided services to the Company at every 5 years anniversary, for a maximum of 7 times.

The liability recognised in the statement of financial position in respect of defined benefit retirement plans is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using market yield of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related retirement liability.

2 Accounting policies (Cont'd)

2.13 Employee benefits (Cont'd)

2.13.2 Other long-term employee benefits (Cont'd)

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to profit or loss in the period in which they arise.

Past-service costs are recognised immediately in profit or loss.

2.13.3 Bonus plans

The Company recognises a liability and an expense for bonuses, based on a formula that takes into consideration the profit attributable to the company's shareholders after certain adjustments. The Company recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

2.14 Provisions

Provisions are recognised when: the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.15 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Company's activities. Revenue is shown net of value-added tax, returns, rebates and discounts. Revenue from sales of goods is recognised when significant risks and rewards of ownership of the goods are transferred to the buyer.

Other revenues are recognised on the following bases:

- Interest income is recognised using the effective interest method
- Scrap income is recognised when the scrap is actually sold.

2.16 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

2 Accounting policies (Cont'd)

2.17 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as management that makes strategic decisions.

3 Risk management

3.1 Financial risk management

Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. The Company uses derivative financial instruments to hedge certain exposures.

Risk management is carried out by a central treasury department (Company treasury) under policies approved by the board of directors. The Company treasury identifies, evaluates and hedges financial risks in close co-operation with the Company's operating units. The board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative and non-derivative financial instruments, and investment excess liquidity.

- **Interest rate risk**

The Company's income and operating cash flows are substantially in dependent of changes in market interest rates. The Company has no significant interest-bearing assets.

The Company's income and operating cash flows are substantially independent of changes in market interest rates. All interest rate derivative transactions are subject to approval by the finance director before execution. The Company has no significant interest-bearing assets.

- **Credit risk**

The Company has no significant concentrations of credit risk. The Company has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history.

- **Liquidity risk**

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities, and the ability to close out market positions. Due to the dynamic nature of the underlying business, the Company aims at maintaining flexibility in funding.

- **Foreign exchange risk**

The Company has exposure to foreign currency exchange fluctuations on purchasing of goods and services in the ordinary course of business. The Company use forward contracts to hedge their exposure to foreign correct risk in connection with measurement currency.

3 Risk management (Cont'd)

3.2 Accounting for derivative financial instruments and hedging activities

The Company is party to derivative financial instruments, foreign currency forward contracts. Such instruments are recognised in the financial statements on inception.

Foreign currency forward contracts protect the Company from movements in exchange rates by establishing the rate at which a foreign currency asset will be realised or a foreign currency liability settled. Subsequently the Company measures each derivative financial instrument at its fair value. The gains and losses on the derivative instruments and the underlying financial asset or liability are therefore offset for financial reporting purposes, and will be included in administrative expenses in profit or loss.

Disclosures about derivative financial instruments to which the Company is a party are provided in Note 22.

3.3 Fair value estimation

The following table presents the Company's financial assets and liabilities that are measured at fair value.

- Level 1 : Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 : Inputs other than quoted prices included with level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 : Inputs for the asset or liability that are not based on observable market data (that is unobservable inputs).

Financial assets carried on the statement of financial position include cash and cash equivalents, trade and other receivables, and short-term loans to the parent company. Financial liabilities carried on the statement of financial included short-term loans from financial institutions, and trade and other payables.

Financial assets include cash and cash equivalents, trade and other receivables and financial liabilities include short-term loans from financial institutions, trade and other payables. Such financial assets and liabilities are approximately to the carrying amounts due to their short maturities.

There was no transfer between level 1 and 2 during the year.

There were no change in valuation techniques during the year.

4 Critical accounting estimates, assumption and judgements

Estimates, assumption and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.1 Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

1) Allowance for doubtful accounts.

The Company has established the allowance for doubtful to reflect the impairment of trade receivables, related to the provision in loss from unbillable customer. The allowance for doubtful is the effect from the Company's estimation of inflow future cash flow, based up on the experience in pressed the claim, reputation, and default, and market trend.

2) Allowance for diminution in value of inventories

The Company has established the allowance for diminution in value of inventories to reflect the net realise value from inventories. The allowance for diminution in value of inventories is the effect from the Company's analysis of obsolete and slow-moving inventories and sale forecast in the future. The balance of inventories will be written-off once they are obsoleted and unable to sell out.

3) Buildings and equipment and intangible assets

The management is the one who estimates useful life for buildings and equipment and intangible assets of the Company. The management revises depreciation expense whenever the useful life is different from the estimation in the prior period or there is a disposal or retirement.

5 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt

6 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 (Managements) for the purpose of the allocation of resources to the segment and assess its performance.

The Company's operations involve the single business segment of the manufacture and distribution of long steel products, which is located in Thailand. Sales are mainly local sales. As a result, all the revenues from sales of goods, cost of sales, gross margin, profit for the year and assets of segment are in accordance with the presentation of the financial statements.

During the year ended 31 March 2018, the Company has revenue from main customer which contributed equal to/or over 10.0% of the Company's total revenue. The majority of revenue from sales to customers are from Tata Group amounting to Baht 4.63 million (2017 : Baht 3.69 million).

For the years ended 31 March	2018 Thousand Baht	2017 Thousand Baht
Segment revenue- Local	4,635,035	3,709,737
	<u>4,635,035</u>	<u>3,709,737</u>

7 Cash and cash equivalents

a) Cash and cash equivalents consist of:

	2018 Thousand Baht	2017 Thousand Baht
Cash on hand	1	1
Deposits at banks- current accounts	4,875	10,504
- savings accounts	2,812	13,636
	<u>7,688</u>	<u>24,141</u>

	2018 %	2017 %
<u>Interest rate</u>		
Deposits at banks - savings accounts	0.05 - 0.50	0.50

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

	2018 Thousand Baht	2017 Thousand Baht
Loss from diminution in value of inventories and obsolete inventories	-	6,755
Gain on disposal of plant and equipment and intangible asset	(308)	(276)
Loss from write-off of plant and equipment	40	1,667
Loss from decrease in value of assets	-	97
	<u>(268)</u>	<u>8,243</u>

7 Cash and cash equivalents (Cont'd)

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

	2018	2017
	Thousand	Thousand
	Baht	Baht
(Increase) decrease in other current assets and other non-current assets	874	(4,132)
Increase in other current liabilities and other non-current liabilities	352	34,864
Employee benefit obligations paid	(3,648)	(8,079)
	<u>(2,422)</u>	<u>22,653</u>

- d) Adjustment of cash occurred from borrowings for the years ended 31 March, consists of:

	2018	2017
	Thousand	Thousand
	Baht	Baht
Interest paid	<u>(9,979)</u>	<u>(12,870)</u>

- e) Non-cash items from purchase and increase of plant and equipment and intangible assets for the years ended 31 March, are as follows:

	2018	2017
	Thousand	Thousand
	Baht	Baht
Payables for plant and equipment and intangible assets brought forward	900	5,891
<u>Add</u> Purchases during the years	39,940	94,385
<u>Less</u> Payments during the years	<u>(34,588)</u>	<u>(99,376)</u>
Payables for plant and equipment and intangible assets carried forward	<u>6,252</u>	<u>900</u>

8 Trade and other receivables, net

	2018	2017
	Thousand	Thousand
	Baht	Baht
Trade receivables - other parties	3,679	3,679
- related parties (Note 23 b))	339,902	281,265
<u>Less</u> Allowance for doubtful accounts	<u>(3,679)</u>	<u>(3,679)</u>
Trade receivables, net	339,902	281,265
Other receivables - other parties	290	28
- related parties (Note 23 b))	410	990
Prepayments	<u>3,637</u>	<u>1,300</u>
	<u>344,239</u>	<u>283,583</u>

8 Trade and other receivables, net (Cont'd)

The credit term for trade receivable normally requires 15 days (31 March 2017 : 15 days).
As at 31 March, the outstanding trade receivables can be analysed as follows:

	2018	2017
	Thousand	Thousand
	Baht	Baht
Not yet due	266,646	243,886
Overdue:		
Under 3 months	73,256	37,379
3 - 6 months	-	-
6 - 12 months	-	-
Over 12 months	3,679	3,679
	<u>343,581</u>	<u>284,944</u>
<u>Less</u> Allowance for doubtful accounts	<u>(3,679)</u>	<u>(3,679)</u>
	<u>339,902</u>	<u>281,265</u>

9 Inventories, net

	2018	2017
	Thousand	Thousand
	Baht	Baht
Raw materials	215,517	153,524
Work in progress	219,788	193,875
Finished goods	371,404	295,959
Spare parts	180,119	198,156
Supplies and others	130,209	98,028
	<u>1,117,037</u>	<u>939,542</u>
<u>Less</u> Allowance for diminution in value of inventories and obsolete inventories		
- Spare parts	(4,420)	(10,414)
- Supplies and others	(116)	(761)
	<u>1,112,501</u>	<u>928,367</u>
<u>Add</u> Goods in transit	<u>29,167</u>	<u>22,032</u>
	<u>1,141,668</u>	<u>950,399</u>

The cost of inventories recognised as expense and included in cost of sales in the statement of comprehensive income amounting to Baht 4,413 million (2017: Baht 3,415 million).

During the year ended 31 March 2018, amortisation of rolling mill which was categorised in supplies and others amounting to Baht 15 million included in cost of sales in the statement of comprehensive income (2017: Baht 15 million).

During the year ended 31 March 2018, the Company reversed allowance diminution in value of inventories and obsolete inventories of Baht 7 million to the statement of comprehensive income because of sales of such inventories during the year (2017 : the Company recorded allowance for diminution in value of inventories and obsolete inventories of Baht 7 million and reversed allowance for diminution in value of inventories and obsolete inventories of Baht 4 million).

The Siam Iron and Steel (2001) Company Limited
Notes to the Financial Statements
For the year ended 31 March 2018

10 Property, plant and equipment, net

	Land and structures Thousand Baht	Buildings and structures Thousand Baht	Machinery and equipment Thousand Baht	Furniture, Fixtures, and equipment Thousand Baht	Vehicles Thousand Baht	Construction in progress Thousand Baht	Total Thousand Baht
As at 1 April 2016							
Cost	-	107,492	1,906,860	21,949	1,167	5,614	2,043,082
Less Accumulated depreciation	-	(68,114)	(1,755,367)	(12,139)	(1,154)	-	(1,836,774)
Net book amount	-	39,378	151,493	9,810	13	5,614	206,308
For the year ended 31 March 2017							
Opening net book amount	-	39,378	151,493	9,810	13	5,614	206,308
Additions	84,084	-	956	1,375	-	7,970	94,385
Transfers	-	1,538	8,518	120	-	(10,176)	-
Disposals - cost	-	-	(38,005)	(824)	(61)	-	(38,890)
- accumulated depreciation	-	-	36,050	807	61	-	36,918
Depreciation charge	-	(5,439)	(28,007)	(3,100)	(3)	-	(36,549)
Allowance for decrease in value of asset	-	-	(71)	(26)	-	-	(97)
Closing net book amount	84,084	35,477	130,934	8,162	10	3,408	262,075
As at 31 March 2017							
Cost	84,084	109,030	1,878,329	22,620	1,106	3,408	2,098,577
Less Accumulated depreciation	-	(73,553)	(1,747,324)	(14,432)	(1,096)	-	(1,836,405)
Allowance for decrease in value of asset	-	-	(71)	(26)	-	-	(97)
Net book amount	84,084	35,477	130,934	8,162	10	3,408	262,075

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For the year ended 31 March 2018

10 Property, plant and equipment, net (Cont'd)

	Land Thousand Baht	Buildings and structures Thousand Baht	Machinery and equipment Thousand Baht	Furniture, Fixtures, and equipment Thousand Baht	Vehicles Thousand Baht	Construction in progress Thousand Baht	Total Thousand Baht
As at 1 April 2017							
Cost	84,084	109,030	1,878,329	22,620	1,106	3,408	2,098,577
Less Accumulated depreciation	-	(73,553)	(1,747,324)	(14,432)	(1,096)	-	(1,836,405)
Allowance for decrease in value of asset	-	-	(71)	(26)	-	-	(97)
Net book amount	84,084	35,477	130,934	8,162	10	3,408	262,075
For the year ended 31 March 2018							
Opening net book amount	84,084	35,477	130,934	8,162	10	3,408	262,075
Additions	-	-	469	1,989	10	37,156	39,624
Transfers	-	88	24,969	1,955	10	(27,022)	-
Disposals - cost	-	-	(5,747)	(967)	-	-	(6,714)
- accumulated depreciation	-	-	5,676	937	-	-	6,613
- allowance for decrease in value of asset	-	-	71	26	-	-	97
Write off - cost	-	(180)	(6,491)	(30)	-	-	(6,701)
- accumulated depreciation	-	140	6,491	30	-	-	6,661
Depreciation charge	-	(5,444)	(24,070)	(2,904)	(5)	-	(32,423)
Closing net book amount	84,084	30,081	132,302	9,198	25	13,542	269,232
As at 31 March 2018							
Cost	84,084	108,938	1,891,529	25,567	1,126	13,542	2,124,786
Less Accumulated depreciation	-	(78,857)	(1,759,227)	(16,369)	(1,101)	-	(1,855,554)
Net book amount	84,084	30,081	132,302	9,198	25	13,542	269,232

On 14 June 2017, there was a fire occurred at the power sub-station of the Company. From this incident, building, machinery and equipment, fully depreciated, were partially damaged. The Company is in the process of claiming damages from the insurance company. During the year, the Company received for damage claim interim payment amounting to Baht 25 million which were recorded as other income in statement of comprehensive income (Note 17).

During the year ended 31 March 2018, the Company reversed the allowance for decrease in value of asset which was recognised in 2017 of Baht 0.1 million due to write-off and sale of such machinery and equipment. (2017: Baht 0.1 million).

The Siam Iron and Steel (2001) Company Limited
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11 Intangible assets, net

	Computer software Thousand Baht	Software under installation Thousand Baht	Total Thousand Baht
As at 1 April 2016			
Cost	3,810	-	3,810
<u>Less</u> Accumulated amortisation	(2,824)	-	(2,824)
Net book amount	<u>986</u>	<u>-</u>	<u>986</u>
For the year ended 31 March 2017			
Opening net book amount	986	-	986
Amortisation charge	(312)	-	(312)
Closing net book amount	<u>674</u>	<u>-</u>	<u>674</u>
As at 31 March 2017			
Cost	3,810	-	3,810
<u>Less</u> Accumulated amortisation	(3,136)	-	(3,136)
Net book amount	<u>674</u>	<u>-</u>	<u>674</u>
As at 1 April 2017			
Cost	3,810	-	3,810
<u>Less</u> Accumulated amortisation	(3,136)	-	(3,136)
Net book amount	<u>674</u>	<u>-</u>	<u>674</u>
For the year ended 31 March 2018			
Opening net book amount	674	-	674
Additions	33	283	316
Transfers	283	(283)	-
Write off - cost	(525)	-	(525)
- accumulated amortisation	525	-	525
Amortisation charge	(257)	-	(257)
Closing net book amount	<u>733</u>	<u>-</u>	<u>733</u>
As at 31 March 2018			
Cost	3,601	-	3,601
<u>Less</u> Accumulated amortisation	(2,868)	-	(2,868)
Net book amount	<u>733</u>	<u>-</u>	<u>733</u>

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12 Deferred tax assets, net

Deferred tax assets, net as at 31 March 2018 and 2017 comprise the following:

	2018	2017
	Thousand	Thousand
	Baht	Baht
Deferred tax assets		
- To be recovered within 12 months	2,022	3,321
- To be recovered more than 12 months	7,399	7,229
	<u>9,421</u>	<u>10,550</u>
Deferred tax liabilities		
- To be recovered within 12 months	(15)	(2)
- To be recovered more than 12 months	-	-
	<u>(15)</u>	<u>(2)</u>
Deferred tax assets, net	<u>9,406</u>	<u>10,548</u>

The gross movements in the deferred tax, net for the years ended 31 March 2018 and 2017 comprise the following:

	2018	2017
	Thousand	Thousand
	Baht	Baht
Opening balance for the year	10,548	9,616
Increase (decrease) to profit or loss	(829)	501
Increase (decrease) to other comprehensive income	(313)	431
Closing balance for the year	<u>9,406</u>	<u>10,548</u>

The movements of deferred tax assets, net for the years ended 31 March 2018 and 2017 comprise the following:

	1 April	(Charged)	(Charged)	31 March
	2017	credited to	credited to other	2018
	Thousand	profit or loss	comprehensive	Thousand
	Baht	Thousand	income	Baht
	Baht	Baht	Thousand	Baht
Deferred tax assets				
Allowance for doubtful accounts	736	-	-	736
Allowance for diminution in value of inventories and obsolete inventories	2,235	(1,328)	-	907
Allowance for decrease in value of assets	19	(19)	-	-
Employee benefit obligations	7,560	531	(313)	7,778
	<u>10,550</u>	<u>(816)</u>	<u>(313)</u>	<u>9,421</u>
Deferred tax liabilities				
Derivative assets	(2)	(13)	-	(15)
	<u>(2)</u>	<u>(13)</u>	<u>-</u>	<u>(15)</u>
Deferred tax assets, net	<u>10,548</u>	<u>(829)</u>	<u>(313)</u>	<u>9,406</u>

The Siam Iron and Steel (2001) Company Limited
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12 Deferred tax assets, net (Cont'd)

	1 April 2016 Thousand Baht	(Charged) credited to profit or loss Thousand Baht	(Charged) credited to other comprehensive income Thousand Baht	31 March 2017 Thousand Baht
Deferred tax assets				
Allowance for doubtful accounts	736	-	-	736
Allowance for diminution in value of inventories and obsolete inventories	1,744	491	-	2,235
Allowance for decrease in value of assets	-	19	-	19
Employee benefit obligations	7,427	(298)	431	7,560
	<u>9,907</u>	<u>212</u>	<u>431</u>	<u>10,550</u>
Deferred tax liabilities				
Derivative assets	(291)	289	-	(2)
	<u>(291)</u>	<u>289</u>	<u>-</u>	<u>(2)</u>
Deferred tax assets, net	<u>9,616</u>	<u>501</u>	<u>431</u>	<u>10,548</u>

13 Short-term borrowings from financial institutions

The movements of short-term borrowings from financial institutions for the years ended 31 March 2018 and 2017 comprise the following:

	2018 Thousand Baht	2017 Thousand Baht
Opening balance for the year	440,990	234,799
Additions during the year	-	206,191
Repayments during the year	(157,541)	-
Closing balance for the year	<u>283,449</u>	<u>440,990</u>

As at 31 March 2018, short-term borrowings from financial institutions in amount of Baht 283,449 million (2017 : Baht 440,990 million) bear interest rate at BIBOR+2% per annum (2017 : interest rate at BIBOR+2% per annum) and due from 2 April 2018 to 28 May 2018 (2017 : 3 April 2017 to 28 June 2017).

14 Trade and other payables

	2018 Thousand Baht	2017 Thousand Baht
Trade payables - other companies	220,731	176,930
- related parties (Note 23 b))	46,123	16,992
Other payables - other companies	6,252	900
- related parties (Note 23 b))	8,330	6,535
Advance received from customers	22	264
Accrued expenses	84,655	111,449
	<u>366,113</u>	<u>313,070</u>

15 Employee benefit obligations

	2018 Thousand Baht	2017 Thousand Baht
Statement of financial position:		
Retirement benefits	32,072	32,959
Other long-term benefits	4,922	3,090
Liability in the statement of financial position	<u>36,994</u>	<u>36,049</u>
(Profit) loss charge included in operating profit for:		
Retirement benefits	4,072	5,668
Other long-term benefits	2,088	981
	<u>6,160</u>	<u>6,649</u>
Remeasurement for in other comprehensive (income) expense	<u>(1,567)</u>	<u>2,156</u>
	<u>(1,567)</u>	<u>2,156</u>

Employee benefit obligations are final salary retirement plans, which provide benefits to employees in the form of a guaranteed level of pension payable. The level of benefits provided depends on employees' length of service and their salary in the final years leading up to retirement.

The movements of employee benefit obligations for the years ended 31 March 2018 and 2017 comprise the following:

	2018 Thousand Baht	2017 Thousand Baht
Opening balance for the year	36,049	35,323
Current service cost	4,088	5,827
Past service cost	1,077	-
Interest cost	995	822
Remeasurements:		
Loss from change in demographic assumptions	1,258	1,369
(Gain)/loss from change in financial assumptions	(2,183)	2,524
Experience gain	(642)	(1,737)
Employee benefit paid	<u>(3,648)</u>	<u>(8,079)</u>
Closing balance for the year	<u>36,994</u>	<u>36,049</u>

The principal actuarial assumptions used were as follows:

	2018 %	2017 %
Discount rates	2.87	2.30
Salary growth rate	5.00	4.95
Staff turnover rate	0.00 - 10.00	0.00 - 14.00

15 Employee benefit obligations (Cont'd)

Sensitivity analysis for each significant assumption as at 31 March 2018 and 2017 are as follows:

	Change in assumption		Increase (decrease) to employee benefit obligations			
			Increase in assumption		Decrease in assumption	
	2018	2017	2018	2017	2018	2017
	%	%	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Discount rate	1.00	1.00	(4,193)	(3,918)	5,007	4,471
Salary growth rate	1.00	1.00	4,489	4,302	(3,820)	(3,677)
Staff turnover rate	1.00	1.00	(4,442)	(4,134)	2,732	2,392

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the employee benefit obligations to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

The weighted average duration of the defined benefit obligation is 12.81 years (2017 : 11.33 years).

16 Legal reserve

Under the Civil and Commerce Code, the Company is required to set aside as a legal reserve at least 5% of profit arising from the business of the Company at each dividend distribution until the reserve reaches 10% of the authorised capital. The legal reserve is non-distributable.

17 Other income

	2018 Thousand Baht	2017 Thousand Baht
Gain on exchange rate, net	1,935	2,290
Interest income	4,733	8,097
Compensation from insurance company	25,000	-
Others	1,411	1,156
	<u>33,079</u>	<u>11,543</u>

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18 Expenses by nature

	2018	2017
	Thousand	Thousand
	Baht	Baht
Change in finished goods and work in process	(101,358)	(215,278)
Raw materials and consumables used	3,110,210	2,357,777
Store and supplies	272,012	155,282
Fuel	155,802	138,815
Depreciation, amortisation and amortisation of rolling mill	47,670	51,551
Utility expenses	465,343	465,097
Repair and maintenance expenses	185,727	169,780
Contractor fees	60,306	57,664
Management fees expenses	94,410	94,640
Rental expenses	2,625	5,366
Employee benefits expenses	185,025	187,390
Loss on diminution in value of inventory and obsolete inventories	(6,639)	2,453

19 Income tax expense

Income tax expense for the years ended 31 March comprise of

	2018	2017
	Thousand	Thousand
	Baht	Baht
Current tax:		
Current tax on profits for the year	24,848	6,733
Total current tax	24,848	6,733
Decrease (increase) in deferred tax assets (Note 12)	816	(212)
(Decrease) increase in deferred tax liabilities (Note 12)	13	(289)
Total deferred tax	829	(501)
Total income tax expense	25,677	6,232

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the basic weighted average tax rate applicable to profit of the home country of the Company as follow:

	2018	2017
	Thousand	Thousand
	Baht	Baht
Profit before income tax	122,572	167,300
Tax calculated at a tax rate of 20% (2017 : 20%)	24,514	33,460
Tax effect of:		
- Non-taxable income from BOI activities	-	(27,458)
- Expenses not deductible for tax purpose	1,165	878
- Temporary differences not recognised as deferred tax assets	(2)	-
- Utilisation of tax loss carried forward which was not recognised as deferred tax assets	-	(648)
Tax charge	25,677	6,232

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19 Income tax (Cont'd)

	<u>2018</u> Tax rate %	<u>2017</u> Tax rate %
Effective tax rate	20.95	3.72

The tax charge/(credit) relating to component of other comprehensive income is as follows:

	<u>2018</u>			<u>2017</u>		
	Before tax Thousand Baht	Tax charge/ (credit) Thousand Baht	After tax Thousand Baht	Before tax Thousand Baht	Tax charge/ (credit) Thousand Baht	After tax Thousand Baht
Remeasurement on retirement benefit obligations	1,567	(313)	1,254	(2,156)	431	(1,725)
Other comprehensive income	<u>1,567</u>	<u>(313)</u>	<u>1,254</u>	<u>(2,156)</u>	<u>431</u>	<u>(1,725)</u>
Current tax		-			-	
Deferred tax (Note 12)		(313)			431	
		<u>(313)</u>			<u>431</u>	

20 Earnings per share

The basic earnings per share is calculated by dividing the profit for the period attributable to ordinary shareholders of the Company after deduction of the preference shares divided by the weighted average number of ordinary shares in issue during the year.

	<u>2018</u>	<u>2017</u>
For the years ended 31 March		
Net profit attributable to ordinary shareholders of the Company (Thousand Baht)	96,895	161,068
Weighted average number of ordinary shares outstanding (Share)	<u>1,200,000</u>	<u>1,200,000</u>
Basic earnings per share (Baht per share)	<u>80.75</u>	<u>134.22</u>

21 Dividend paid

On 7 March 2017, the Board of Directors' Meeting of the Company passed a resolution to distribute an interim dividend from the retained earnings as at 28 February 2017 at Baht 85 per share, totaling of Baht 102 million. Such dividend was paid on 28 March 2017.

22 Fair value measurement

22.1 Financial assets and liabilities in foreign currency

As at 31 March, the Company has outstanding balances of financial assets and liabilities in foreign currency as follows:

Currency	2018			2017		
	Amount		Average Exchange rate as at 31 March	Amount		Average Exchange rate as at 31 March
	Financial assets Thousand Baht	Financial liabilities Thousand Baht		Financial assets Thousand Baht	Financial liabilities Thousand Baht	
US dollars	394	39,525	31.23	550	29,157	34.45
Euro	-	1,798	38.44	-	9,620	36.79
Pound Sterling	-	19	43.83	-	26	43.02
Japanese Yen	-	39	0.29	-	41	0.31
Singapore Dollar	5	-	23.82	-	86	24.65

22.2 Foreign exchange forward contracts

As at 31 March 2018, the Company has foreign exchange forward contracts due to purchase of goods with maturity contracts not over 2 months (2017 : 4 months) as follows:

	2018		2017	
	Foreign (unfavourable) currency amounts	Fair values favourable (unfavourable) Thousand Baht	Foreign (unfavourable) Currency amounts	Fair values favourable (unfavourable) Thousand Baht
Foreign exchange forward contracts				
US Dollars	500,000	(84)	50,000	(31)

The fair value of foreign exchange forward contracts is determined by using rates quoted by the Company's counter parties to terminate the contracts at the date of statement of financial position and are within level 2 of the value hierarchy.

23 Related party transactions

Individuals and entities that directly or indirectly control or are controlled by or are under common control with the Company and individuals or entities having significant influence over the Company, key management personnel, including directors and officers of the Company and close members of the family of these individuals and entities associated with these individuals also constitute related parties.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

The Siam Iron and Steel (2001) Company Limited
Notes to the Financial Statements
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23 Related party transactions (Cont'd)

Relationship between company and related parties:

Name	Type of Business	Relationship
Tata Steel Limited	Manufacture steel	Ultimate parent company
Tata Steel (Thailand) Public Company Limited	Investing	Major shareholder
The Siam Construction Steel Co., Ltd.	Manufacture steel bars	Common shareholders and managements
N.T.S. Steel Group Public Company Limited	Manufacture, render a manufacturing service, distributions and trading of steel bars, wire rods and small section products	Common shareholder and management
The Siam Industrial Wire Co., Ltd.	Manufacture steel wire	Same group of shareholders
NatSteel Trade International Pte. Ltd.	Trading	Same group of shareholders
NatSteel Recycling Pte. Ltd.	Trading	Same group of shareholders
Tata International Metals Trading Asia Ltd.	Trading	Same group of shareholders
T S Asia (Hong Kong) Ltd.	Trading	Same group of shareholders
Tata Refractories Ltd.	Manufacture refractory	Same group of shareholders
NatSteel Holdings Pte. Ltd.	Manufacture steel	Same group of shareholders
Tata Steel UK Ltd.	Manufacture steel	Same group of shareholders
Tata International Singapore Pte. Ltd.	Trading	Same group of shareholders
Tata Steel IJmuiden BV	Manufacture steel	Same group of shareholders
Tata Consultancy Services (Thailand) Ltd.	Software services	Same group of shareholders
Tata Consultancy Services Ltd.	Software services	Same group of shareholders
Tata Services Limited	Training services	Same group of shareholders
Tata Sons Limited	Investment holdings and consultancy services	Same group of shareholders
Tata Steel Resources Australia Pte. Ltd.	Procurement	Same group of shareholders
Tata NYK Shipping Pte. Ltd.	Shipping	Same group of shareholders
Mjunction Services Limited	Trading and procurement	Same group of shareholders
T S Global Procurement Co. Pte. Ltd.	Trading	Same group of shareholders
Tata Steel International (UK) Ltd.	Shipping	Same group of shareholders
Tata Steel Nederland Services B.V.	Manufacture steel	Same group of shareholders
Tata South East Asia Limited	Manufacture steel	Same group of shareholders
TSN Wires Co., Ltd.	Manufacture galvanized steel wire	Same group of shareholders
Tata International Limited	Trading	Same group of shareholders
Tata Steel Processing and Distribution Limited	Processing and distribution steel	Same group of shareholders
Tata Projects Limited	Infrastructure projects	Same group of shareholders
Tata South East Asia (Cambodia) Ltd.	Trading	Same group of shareholders
Natsteel (Xiamen) Ltd.	Manufacture steel	Same group of shareholders
Tata Technologies (Thailand) Co., Ltd.	IT Services	Same group of shareholders
Tata Technologies Pte. Ltd.	IT Services	Same group of shareholders
Tata Motors (Thailand) Co.,Ltd.	Manufacture automobile	Same group of shareholders
Tata Communications (Thailand) Co.,Ltd.	IT and Telecommunication Services	Same group of shareholders
Tata International West Asia DMCC	Trading	Same group of shareholders
Tata AIG General Insurance Co., Ltd	Insurance	Same group of shareholders
Tata Power Co.,Ltd.	Generate, transmit and distribute electricity	Same group of shareholders

23 Related party transactions (Cont'd)

The following transactions were carried out with related parties:

a) Related party transactions for the years ended 31 March 2018 and 2017

For the years ended 31 March	2018	2017
	Thousand	Thousand
	Baht	Baht
Revenues		
Sales		
N.T.S. Steel Group Public Company Limited	4,615,905	3,678,757
The Siam Construction Steel Co., Ltd.	11,292	11,549
Total	4,627,197	3,690,306
Interest income		
Tata Steel (Thailand) Public Company Limited	4,710	8,079
Other income		
NatSteel Holdings Pte. Ltd.	80	-
	2018	2017
	Thousand	Thousand
	Baht	Baht
Expenses		
Purchases		
N.T.S. Steel Group Public Company Limited	6,590	-
The Siam Construction Steel Co., Ltd.	444,121	43,939
Tata International Metals Trading Asia Ltd.	-	142,331
Tata Steel Limited	24,065	6,530
Tata International Singapore Pte. Ltd.	-	1,755
Tata International Limited	6,874	4,677
Total	481,650	199,232
Management fee expenses		
Tata Steel (Thailand) Public Company Limited	94,410	94,640
Dividend paid		
Tata Steel (Thailand) Public Company Limited	-	101,999

The Company has made the service agreement with parent company which charges at cost plus method.

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23 Related party transactions (Cont'd)

- b) Outstanding balance arising from sale/purchases of goods, services and others as at 31 March 2018 and 2017 are as follows:

	2018	2017
	Thousand	Thousand
	Baht	Baht
Trade receivable - related parties		
N.T.S. Steel Group Public Company Limited	339,223	280,655
The Siam Construction Steel Co., Ltd.	679	610
Total	339,902	281,265
Other receivables - related parties		
Tata Steel (Thailand) Public Company Limited	278	627
N.T.S. Steel Group Public Company Limited	58	340
The Siam Construction Steel Co., Ltd.	74	23
Total	410	990
Trade payable - related parties		
Tata Steel (Thailand) Public Company Limited	8,260	16,992
N.T.S. Steel Group Public Company Limited	3,393	-
The Siam Construction Steel Co., Ltd.	34,470	-
Total	46,123	16,992
Other payables - related parties		
Tata Steel (Thailand) Public Company Limited	5,795	4,336
The Siam Construction Steel Co., Ltd.	345	-
N.T.S. Steel Group Public Company Limited	2,190	2,199
Total	8,330	6,535

- c) Short-term loans to the parent company

The movements of short-term loans to the parent company for the years ended 31 March 2018 and 2017 comprise the following:

	2018	2017
	Thousand	Thousand
	Baht	Baht
Opening balance for the year	398,963	532,352
Repayments of loans during the year	(241,791)	(133,389)
Closing balance for the year	157,172	398,963

As at 31 March 2018, short-term loans to the parent company in the amount of Baht 157.17 million (2017 : Baht 398.96 million) bear interest rate at 1.50% per annum (2017 : interest rate at 1.50% per annum), are non-collateralised loans and not specified maturity date.

24 Commitments

24.1 Letter of guarantee

Letters of guarantee issued by the financial institutions to the Electricity Generating Authority of Thailand, Provincial Electricity Authority, and the Rental of equipments as at 31 March 2018 amounting to Baht 145.49 million (2017 : Baht 143.60 million) in the normal courses of business.

24.2 Capital commitments

Capital expenditure contracted for at the statement of financial position date but not recognised in the financial statements is as follows:

	2018 Thousand Baht	2017 Thousand Baht
Buildings machinery and equipment	24,316	2,240

24.3 Operating lease commitments - where the Company is the lessee

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

The Company leases various vehicles and office equipment (including service charges). The minimum lease payments under these non-cancellable operating lease agreements are as follows:

	2018 Thousand Baht	2017 Thousand Baht
Not later than 1 year	1,372	1,050
Later than 1 year but not later than 5 years	1,609	969
	<u>2,981</u>	<u>2,019</u>

24.4 Commitments from letter of credit

Letters of credit opened but are not qualified as liabilities as at 31 March 2018 and 2017 are as follows:

	2018 Thousand	2017 Thousand
Currency		
USD	-	26
EUR	44	7

24.5 Commitments from guarantee

As at 31 March 2018 and 2017, the Company and The Siam Construction Steel Co., Ltd. have been the guarantors for the restructured trade payable of N.T.S. Steel Group Public Company Limited in the amount of Baht 6.33 million.

25 Fair value measurement

Certain financial assets and financial liabilities of the Company are measured at fair value at the end of reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined.

Financial assets and financial liabilities	Fair value as at		Hierarchy	Valuation techniques and key inputs for fair value measurement
	31 March 2018	31 March 2017		
	(Thousand Baht)			
Financial liabilities				
1. Foreign currency forward contracts (including in other current liabilities)	84	31	Level 2	Discounted cash flows 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.

26 Promotional privileges

The Company received the promotional privileges from the Board of Investment one project no.9018(2)/2557 on 29 September 2014 for Manufacturing of steel sections and wire rods. Subject to certain imposed conditions, the privileges include the following conditions:

- Exemption from import duty on machinery as approved by the board.
- Exemption from corporate income tax earned from promoted business for the period of 3 years counting from the date the company first derived revenue from the respective business activities.

Revenues in the statement of comprehensive income classified by BOI and Non BOI businesses are as follows:

	2018 (Unaudited)		
	BOI promoted activities Thousand Baht	Non BOI promoted activities Thousand Baht	Total Thousand Baht
Revenue from local sales	-	4,635,035	4,635,035
Total revenue	-	4,635,035	4,635,035
	2017 (Unaudited)		
	BOI promoted activities Thousand Baht	Non BOI promoted activities Thousand Baht	Total Thousand Baht
Revenue from local sales	3,676,132	33,605	3,709,737
Total revenue	3,676,132	33,605	3,709,737