

THE SIAM INDUSTRIAL WIRE CO., LTD.

Financial Statements

Year ended March 31, 2015

REPORT OF THE INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

TO THE SHAREHOLDERS AND BOARD OF DIRECTORS THE SIAM INDUSTRIAL WIRE CO., LTD.

We have audited the financial statements of The Siam Industrial Wire Co., Ltd., which comprise the statement of financial position as at March 31, 2015, and the statement of income and statement of changes in shareholders' equity 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 Standard for Non-Publicly Accountable Entities, 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 Industrial Wire Co., Ltd. as at March 31, 2015, and its financial performance for the year then ended in accordance with Thai Financial Reporting Standard for Non-Publicly Accountable Entities.

P. Thamvarodom

Pensri Thamvarodom
Certified Public Accountant (Thailand)
Registration No. 4923

BANGKOK
June 19, 2015

DELOITTE TOUCHE TOHMATSU JAIYOS AUDIT CO., LTD.

THE SIAM INDUSTRIAL WIRE CO., LTD.
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2015

BAHT

	Notes	2015	2014
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	3	231,575,792	219,372,418
Trade and other receivables	4	1,039,712,522	900,095,660
Short-term loans to related companies	5	1,862,092,500	1,571,480,000
Inventories	6	611,268,561	560,730,718
Other current assets		5,703,626	6,023,594
Total Current Assets		<u>3,750,353,001</u>	<u>3,257,702,390</u>
NON-CURRENT ASSETS			
Investment in a subsidiary	7	209,999,700	209,999,700
Property, plant and equipment	8	839,559,547	519,569,423
Intangible assets	9	16,148,150	13,402,510
Deferred tax assets	10	17,687,356	21,130,168
Other non-current assets		6,860,076	38,098,733
Total Non-Current Assets		<u>1,090,254,829</u>	<u>802,200,534</u>
TOTAL ASSETS		<u><u>4,840,607,830</u></u>	<u><u>4,059,902,924</u></u>

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

THE SIAM INDUSTRIAL WIRE CO., LTD.
STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT MARCH 31, 2015

		Notes	2015	2014
BAHT				
LIABILITIES AND SHAREHOLDERS' EQUITY				
CURRENT LIABILITIES				
Trade and other payables		11	407,874,639	288,513,642
Current portion of finance lease liabilities		12	220,956	-
Current income tax payable			55,049,398	81,757,601
Other current liabilities			9,921,104	33,838,037
Total Current Liabilities			473,066,097	404,109,280
NON-CURRENT LIABILITIES				
Finance lease liabilities		12	651,453	-
Employee benefit obligations		13	34,334,100	29,567,370
Provision for site dismantle costs			1,700,000	1,700,000
Total Non-Current Liabilities			36,685,553	31,267,370
TOTAL LIABILITIES			509,751,650	435,376,650
SHAREHOLDERS' EQUITY				
SHARE CAPITAL				
Authorized share capital				
4,600,000 ordinary shares of Baht 100 each		14	460,000,000	
2,600,000 ordinary shares of Baht 100 each				260,000,000
Paid-up share capital				
4,600,000 ordinary shares of Baht 100 each, fully paid			460,000,000	
2,600,000 ordinary shares of Baht 100 each, fully paid				260,000,000
RETAINED EARNINGS				
Appropriated				
Legal reserve		15	46,000,000	26,000,000
Unappropriated				
			3,824,856,180	3,338,526,274
TOTAL SHAREHOLDERS' EQUITY			4,330,856,180	3,624,526,274
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY			4,840,607,830	4,059,902,924

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

THE SIAM INDUSTRIAL WIRE CO., LTD.
STATEMENT OF INCOME
FOR THE YEAR ENDED MARCH 31, 2015

	Notes	2015	2014
BAHT			
<hr/>			
REVENUES			
Revenues from sales	18	5,517,386,385	6,032,150,290
Gain on exchange rate - net		51,637,094	29,389,836
Other income		73,949,162	43,524,728
Total Revenues		<u>5,642,972,641</u>	<u>6,105,064,854</u>
EXPENSES			
Cost of sales		4,399,592,267	4,792,332,505
Selling expenses		222,020,022	208,571,626
Administrative expenses		139,855,165	186,354,906
Other expenses		45,677	2,509,141
Total Expenses		<u>4,761,513,131</u>	<u>5,189,768,178</u>
PROFIT BEFORE FINANCE COSTS AND INCOME TAX EXPENSE		881,459,510	915,296,676
FINANCE COSTS		36,014	4,271,368
PROFIT BEFORE INCOME TAX EXPENSE		<u>881,423,496</u>	<u>911,025,308</u>
INCOME TAX EXPENSE	10	140,093,590	148,612,835
NET PROFIT		<u><u>741,329,906</u></u>	<u><u>762,412,473</u></u>

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

THE SIAM INDUSTRIAL WIRE CO., LTD.
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED MARCH 31, 2015

BAHT					
	Notes	Paid-up share capital	Retained earnings Appropriated Legal reserve	Unappropriated	Total Shareholders' equity
Beginning balance as at April 1, 2013		260,000,000	26,000,000	2,826,113,801	3,112,113,801
Dividends paid	16	-	-	(250,000,000)	(250,000,000)
Net profit		-	-	762,412,473	762,412,473
Ending balance as at March 31, 2014		260,000,000	26,000,000	3,338,526,274	3,624,526,274
Beginning balance as at April 1, 2014		260,000,000	26,000,000	3,338,526,274	3,624,526,274
Increase in share capital		200,000,000	-	-	200,000,000
Legal reserve	15	-	20,000,000	(20,000,000)	-
Dividends paid	16	-	-	(235,000,000)	(235,000,000)
Net profit		-	-	741,329,906	741,329,906
Ending balance as at March 31, 2015		460,000,000	46,000,000	3,824,856,180	4,330,856,180

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

**THE SIAM INDUSTRIAL WIRE CO., LTD.
NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED MARCH 31, 2015**

1. OPERATIONS OF THE COMPANY AND GENERAL INFORMATION

The Siam Industrial Wire Co., Ltd. (“the Company”) was incorporated as a limited company in Thailand on October 6, 1994. The Company engages in the manufacturing of steel wire for prestressed concrete.

Factory and office of the Company are located at No. 160 Moo 11, Rayong Industrial Land, Tambol Nonglalom, Amphur Bankhai, Rayong 21120, and at No. 555 Rasa Tower, 14th Floor, Phaholyothin Road, Chatuchak District, Bangkok 10900, respectively.

The Company’s major shareholder is NatSteel Holding Pte Ltd, which is incorporated in Singapore which owns 99.99% of the Company’s share capital. Tata Steel Limited which is incorporated in India is the ultimate parent of the group.

2. BASIS FOR PREPARATION AND PRESENTATION OF THE FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES

The Company maintains its accounting records in Thai Baht and prepares its statutory financial statements in Thai language in conformity with Thai Financial Reporting Standard for Non-Publicly Accountable Entities (TFRS for NPAEs) issued by the Federation of Accounting Professions and accounting practices generally accepted in Thailand.

TFRS for NPAEs does not require the Company to recognize deferred tax assets and deferred tax liabilities. However, the Company elects to adopt Thai Accounting Standard No. 12 “Income Taxes” in the preparation of these financial statements.

The Federation of Accounting Professions issued the Notifications regarding Thai Accounting Standard No. 12 (Revised 2014) “Income Taxes” and Thai Accounting Standard Interpretation No. 25 (Revised 2015) Income Taxes - Change in the Tax Status of an Enterprise of its Shareholders, which are effective for the financial statements for the accounting periods beginning on or after January 1, 2015. The Company’s management will adopt such Thai Accounting Standard and Thai Accounting Standard Interpretation in the preparation of the Company’s financial statements when it becomes effective. The Company’s management has assessed the effects of this standard and interpretation and believes that it will not have any significant impact on the Company’s financial statements for the period in which it is initially applied.

The financial statement of the Company are prepared in compliance with the Notification of the Department of Business Development dated September 28, 2011 regarding “The Brief Particulars in the Financial Statements B.E. 2554”.

The financial statements have been prepared under the historical cost convention except as disclosed in the significant accounting policies as below.

Significant accounting policies are summarised as follows:

2.1 Cash and cash equivalents

Cash and cash equivalents include cash on hand and all types of deposits at banks and financial institutions, with original maturities of three months or less excluding deposits at banks and financial institutions used as collateral.

2.2 Trade receivables and allowance for doubtful accounts

Trade receivables are stated at invoiced value less allowance for doubtful accounts.

The Company provides an allowance for doubtful accounts equal to the estimated collection losses that may be incurred in the collection of all receivables. The estimated losses are based on collection experience coupled with a review of the current status of the existing receivables.

2.3 Inventories

The Company presented its inventories as follows:

- Finished goods - at cost on a weighted average basis or net realizable value, whichever is the lower.
- Merchandise inventories - at cost on a weighted average basis or net realizable value, whichever is the lower.
- Work in process - at cost which includes raw materials, labor and variable manufacturing overhead costs or net realizable value, whichever is the lower.
- Raw materials, spare part, stores supplies and others - at cost on a weighted average basis or net realizable value, whichever is the lower.

Allowance for diminution in value of inventories is set for old, obsolete, slow-moving or deteriorated inventories.

2.4 Investment in a subsidiary

Investment in a subsidiary is stated at cost less allowance for diminution in value of investment (if any). In case there is an indicator that the value of an investment has permanently declined, loss on devaluation of investment will be recognized in the statement of income.

2.5 Property, plant and equipment

Land is stated at cost. Plant and equipment are stated at cost, net of accumulated depreciation and allowance for devaluation of assets, if any.

Depreciation is calculated by the straight-line method, based on the estimated useful lives of the assets as follows:

Land improvements	15 - 20 years
Buildings and structures	10 - 20 years
Machinery and equipment	10 - 20 years
Vehicles	15 years
Furniture, fixtures and office equipment	3 - 5 years

2.6 Intangible assets

Intangible assets represent computer software which is stated at cost less accumulated amortization and allowance for devaluation of assets, if any. Amortization is calculated using the straight-line method over the estimated useful life of 10 years.

2.7 Deferred income tax and income tax expense

Income tax expense represents the sum of the tax currently payable and deferred income tax.

2.7.1 Current tax

The Company calculates corporate income tax in accordance with the basis regulated in the Revenue Code.

2.7.2 Deferred income tax

Deferred income tax is calculated based on temporary differences at the statement of financial position date between the tax bases of assets and liabilities and their carrying values, by using the effective tax rate at the statement of financial position date.

The Company recognizes deferred tax liabilities for taxable temporary differences and recognizes deferred tax assets for deductible temporary differences. The Company recognizes deferred tax assets to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences.

At each statement of financial position date, the Company reviews and reduces the carrying value 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 utilized.

2.8 Employee benefits

2.8.1 Employee benefit obligations

Employee benefit obligations is made in accordance with Labor Protection Act. The employee benefit obligations is calculated by an independent actuary at the statement of financial position date, using actuarial valuation assumptions, such as employee turnover rate, discount rate, retirement rate and compensation increase rate.

2.8.2 Provident fund

The Company records contributions to provident fund as expenses in the statement of income when they fall due.

2.9 Revenue recognition

The Company recognizes revenue from the sales of goods when the Company transfers to the buyer the significant risks and rewards of ownership of the goods.

Other income is recognized on an accrual basis.

2.10 Long-term leases

Finance leases

Leases in which substantially all the risks and rewards of ownership other than legal title are transferred to the Company are accounted for as finance leases. The Company capitalized the leased assets at the lower of the fair value of the equipment at the contractual date or estimated present value of the underlying lease payments. The leased assets are depreciated using the straight-line method over their estimated useful lives. Interest or financial charge is recognized by effective interest rate method over the term of contracts. Interest or financial charge and depreciation are recognized as expenses in the statement of income.

Operating leases

Leases of assets under which the lessor effectively retains all risks and rewards of ownership are classified as operating leases. Lease payments under operating leases are recognized as expense in the statement of income by the straight-line method over the lease term.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognized as an expense in the period in which the termination takes place.

2.11 Foreign currency transactions

Transactions denominated in foreign currencies incurred during the year are translated into Baht at the rates of exchange at transaction dates. Monetary assets and liabilities denominated in foreign currencies at the end of reporting period date are translated into Baht at the reference exchange rates established by the Bank of Thailand at that date. Gains and losses on exchange arising on settlements and translation are recognized as income or expenses as incurred.

The Company has adopted a policy to hedge foreign exchange exposure on those assets and liabilities denominated in foreign currencies by entering into forward foreign exchange contracts with financial institutions. The Company recognizes gain or loss from the translation using the reference rates as determined by the Bank of Thailand at the date of statement of financial position as income or expenses in the statement of income.

2.12 Use of management's judgment

The preparation of financial statements in conformity with TFRS for NPAEs also 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, the disclosure of contingent assets and liabilities at the date of the financial statements 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.

3. CASH AND CASH EQUIVALENTS

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

	2015 Baht	2014 Baht
Cash in hand	158,264	562,608
Cash at bank - current accounts	13,712,010	9,802,140
Cash at bank - savings accounts	217,701,371	209,003,535
Time deposits with original maturity not more than 3 months	4,147	4,135
	<u>231,575,792</u>	<u>219,372,418</u>

As at March 31, 2015 and 2014, the interest rates for time deposits with original maturity not more than 3 months were 1.1% - 1.6% p.a. and 1.5% - 2.6% p.a., respectively.

4. TRADE AND OTHER RECEIVABLES

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

	2015 Baht	2014 Baht
Trade receivables - others companies	720,271,505	817,248,532
<u>Less</u> Allowance for doubtful accounts	<u>(15,188,853)</u>	<u>(17,014,618)</u>
Trade receivables - others companies	705,082,652	800,233,914
Trade receivables - related companies	3,033,864	326,081
	<u>708,116,516</u>	<u>800,559,995</u>
Other receivables - related companies	7,162,224	9,731,762
Other receivables - others companies	167,982,781	23,884,431
Refundable value added tax	30,831,760	40,966,424
Accrued interest income	7,036,093	10,598,467
Prepaid expenses	7,878,793	10,155,014
Advance payments	110,704,355	4,199,567
	<u>1,039,712,522</u>	<u>900,095,660</u>

5. SHORT-TERM LOANS TO RELATED COMPANIES

Short-term loans to related companies as at March 31, consist of the following:

As at March 31, 2015

	Interest rate % p.a.	Due date	Balance	
			Amount USD	Amount Baht
NatSteel Holding PTE. LTD. ⁽¹⁾	2.92	April 2, 2015	-	350,000,000
NatSteel Holding PTE. LTD. ⁽¹⁾	2.85	April 10, 2015	-	70,000,000
NatSteel Holding PTE. LTD. ⁽¹⁾	1.18	May 8, 2015	12,500,000	405,092,500
NatSteel Holding PTE. LTD. ⁽¹⁾	2.90	May 26, 2015	-	330,000,000
NatSteel Holding PTE. LTD. ⁽¹⁾	2.65	June 10, 2015	-	200,000,000
TSN Wires Co., Ltd.	2.93	August 6, 2015	-	36,000,000
TSN Wires Co., Ltd. ⁽²⁾	2.79	April 3, 2015	-	110,000,000
TSN Wires Co., Ltd. ⁽²⁾	2.79	June 10, 2015	-	79,000,000
TSN Wires Co., Ltd. ⁽³⁾	4.30	April 1, 2015	-	192,000,000
TSN Wires Co., Ltd.	2.70	June 30, 2015	-	90,000,000
				<u>1,862,092,500</u>

Short-term loan to related companies have one repayment of principal and interest at maturity date as specified in the agreement. Such short-term loans have no collateral.

- (1) The Company were fully received loans amount Baht 350 million, Baht 70 million, USD 12.5 million, Baht 330 million and Baht 200 million on April 2, 2015, April 10, 2015, May 8, 2015, May 26, 2015 and June 10, 2015, respectively.
- (2) The Company received interest payment from loan Baht 110 million and Baht 79 million on April 3, 2015 and June 10, 2015, respectively, and extend the loans agreement to June 30, 2015.
- (3) The Company received interest payment from loan Baht 192 million and received loans amount Baht 12 million on April 1, 2015. The Company extend loans amount Baht 180 million to June 30, 2015.

As at March 31, 2014

	Interest rate % p.a.	Due date	Balance	
			Amount USD	Amount Baht
TATA Steel Global Holdings PTE. LTD.	1.35	August 7, 2014	10,000,000	323,050,000
NatSteel Holding PTE. LTD.	1.30	April 3, 2014	8,000,000	258,440,000
NatSteel Holding PTE. LTD.	1.30	June 3, 2014	10,000,000	323,050,000
NatSteel Holding PTE. LTD.	1.30	July 2, 2014	4,000,000	129,220,000
NatSteel Holding PTE. LTD.	1.35	November 26, 2014	4,000,000	129,220,000
TSN Wires Co., Ltd.	2.98	April 8, 2014	-	100,000,000
TSN Wires Co., Ltd.	2.94	May 12, 2014	-	20,000,000
TSN Wires Co., Ltd.	2.79	June 16, 2014	-	50,000,000
TSN Wires Co., Ltd.	3.31	August 6, 2014	-	36,000,000
TSN Wires Co., Ltd.	4.80	February 27, 2015	-	202,500,000
				<u>1,571,480,000</u>

Short-term loan to related companies have one repayment of principal and interest at maturity date as specified in the agreement. Such short-term loans have no collateral.

8. PROPERTY, PLANT AND EQUIPMENT

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

As at March 31, 2015

	Balance as at April 1, 2014 Baht	Additions Baht	Disposals Baht	Transfer in / out Baht	Balance as at March 31, 2015 Baht
Cost:					
Land	86,088,095	61,966,938	-	-	148,055,033
Land improvements	76,562,389	-	-	4,716,869	81,279,258
Buildings and structures	217,088,835	-	-	7,078,376	224,167,211
Machinery and equipment	1,136,315,480	3,757,656	(1,006,983)	38,146,029	1,177,212,182
Vehicles	2,500,353	968,785	-	-	3,469,138
Furniture, fixtures and office equipment	33,945,375	2,152,267	(1,647,777)	10,354,632	44,804,497
Total cost	<u>1,552,500,527</u>	<u>68,845,646</u>	<u>(2,654,760)</u>	<u>60,295,906</u>	<u>1,678,987,319</u>
Accumulated depreciation:					
Land improvements	(67,272,132)	(3,017,771)	-	-	(70,289,903)
Buildings and structures	(159,031,884)	(10,095,649)	-	-	(169,127,533)
Machinery and equipment	(849,375,409)	(34,824,181)	968,514	-	(883,231,076)
Vehicles	(1,570,642)	(132,805)	-	-	(1,703,447)
Furniture, fixtures and office equipment	(17,991,053)	(5,584,132)	1,577,845	-	(21,997,340)
Total accumulated depreciation	<u>(1,095,241,120)</u>	<u>(53,654,538)</u>	<u>2,546,359</u>	<u>-</u>	<u>(1,146,349,299)</u>
	457,259,407				532,638,020
Machinery and equipment under installation	62,310,016	305,374,577	(467,160)	(60,295,906)	306,921,527
Property, plant and equipment	<u>519,569,423</u>				<u>839,559,547</u>

As at March 31, 2014

	Balance as at April 1, 2013 Baht	Additions Baht	Disposals Baht	Transfer in / out Baht	Balance as at March 31, 2014 Baht
Cost:					
Land	86,088,095	-	-	-	86,088,095
Land improvements	76,029,853	-	(658,994)	1,191,530	76,562,389
Buildings and structures	216,539,239	371,000	(521,571)	700,167	217,088,835
Machinery and equipment	1,103,502,654	3,332,169	(11,680,085)	41,160,742	1,136,315,480
Vehicles	4,083,979	880,000	(2,463,626)	-	2,500,353
Furniture, fixtures and office equipment	36,763,484	1,816,952	(7,357,056)	2,721,995	33,945,375
Total cost	<u>1,523,007,304</u>	<u>6,400,121</u>	<u>(22,681,332)</u>	<u>45,774,434</u>	<u>1,552,500,527</u>
Accumulated depreciation:					
Land improvements	(64,751,930)	(2,986,609)	466,407	-	(67,272,132)
Buildings and structures	(149,433,313)	(10,018,256)	419,685	-	(159,031,884)
Machinery and equipment	(823,492,177)	(35,620,713)	9,737,481	-	(849,375,409)
Vehicles	(3,893,724)	(56,156)	2,379,238	-	(1,570,642)
Furniture, fixtures and office equipment	(19,305,628)	(5,258,949)	6,573,524	-	(17,991,053)
Total accumulated depreciation	<u>(1,060,876,772)</u>	<u>(53,940,683)</u>	<u>19,576,335</u>	<u>-</u>	<u>(1,095,241,120)</u>
	462,130,532				457,259,407
Machinery and equipment under installation	53,630,318	54,454,132	-	(45,774,434)	62,310,016
Property, plant and equipment	<u>515,760,850</u>				<u>519,569,423</u>
Depreciation for the years ended March 31,					
2015				Baht	<u>53,654,538</u>
2014				Baht	<u>53,940,683</u>

As at March 31, vehicle leased included above where the Company is a lessee under finance leases, are as follows:

	2015 Baht	2014 Baht
Cost - capitalized finance leases	968,785	-
<u>Less</u> Accumulated depreciation	<u>(60,688)</u>	<u>-</u>
Net book values	<u>908,097</u>	<u>-</u>

9. INTANGIBLE ASSETS

Intangible assets as at March 31, consist of the following:

As at March 31, 2015

	Balance as at April 1, 2014 Baht	Additions Baht	Disposals Baht	Balance as at March 31, 2015 Baht
Computer software				
Cost	46,050,052	7,485,030	-	53,535,082
<u>Less</u> Accumulated amortization	<u>(32,647,542)</u>	<u>(4,739,390)</u>	<u>-</u>	<u>(37,386,932)</u>
Intangible assets	<u>13,402,510</u>			<u>16,148,150</u>

As at March 31, 2014

	Balance as at April 1, 2013 Baht	Additions Baht	Disposals Baht	Balance as at March 31, 2014 Baht
Computer software				
Cost	45,232,040	830,261	(12,249)	46,050,052
<u>Less</u> Accumulated amortization	<u>(28,109,746)</u>	<u>(4,549,920)</u>	<u>12,124</u>	<u>(32,647,542)</u>
Intangible assets	<u>17,122,294</u>			<u>13,402,510</u>

Amortization for the years ended March 31,

2015	Baht	<u>4,739,390</u>
2014	Baht	<u>4,549,920</u>

10. DEFERRED TAX ASSETS

As at March 31, deferred tax assets, which resulted from the temporary differences arising from differences between the carrying amounts in the financial statements and the tax bases of assets, are as follows:

As at March 31, 2015

	As at April 1, 2014 Baht	Additions Baht	(Utilized) Baht	As at March 31, 2015 Baht
Allowance for doubtful debts	2,884,984	-	(551,354)	2,333,630
Employee benefit obligations	5,013,423	704,842	(443,136)	5,275,129
Provision of expenses	10,157,953	8,923,873	(10,157,953)	8,923,873
Unrealized gain on fair values of foreign currency exchange contracts	2,492,051	-	(2,058,451)	433,600
Allowance for diminution in value of inventories	852,564	-	(422,284)	430,280
Depreciation of fixed assets*	(270,807)	(2,540)	564,191	290,844
Total deferred income tax assets	<u>21,130,168</u>	<u>9,626,175</u>	<u>(13,068,987)</u>	<u>17,687,356</u>

* Depreciation of fixed assets are deferred tax liabilities which present as offset against deferred tax assets.

As at March 31, 2014

	As at April 1, 2013 Baht	Additions Baht	(Utilized) Baht	As at March 31, 2014 Baht
Allowance for doubtful debts	3,083,805	-	(198,821)	2,884,984
Employee benefit obligations	3,054,240	2,364,523	(405,340)	5,013,423
Provision of expenses	6,267,109	10,157,953	(6,267,109)	10,157,953
Finance lease	16,799	-	(16,799)	-
Unrealized gain on fair values of foreign currency exchange contracts	2,224,281	267,770	-	2,492,051
Allowance for diminution in value of inventories	480,791	454,962	(83,189)	852,564
Depreciation of fixed assets*	(988,174)	-	717,367	(270,807)
Total deferred income tax assets	<u>14,138,851</u>	<u>13,245,208</u>	<u>(6,253,891)</u>	<u>21,130,168</u>

* Depreciation of fixed assets are deferred tax liabilities which present as offset against deferred tax assets.

According to Royal Decree No. 555 B.E. 2555 issued under the Revenue Code regarding the corporate income tax rate reduction effective on December 27, 2012, the corporate income tax rate was reduced from 30% to 23% of net profit for accounting periods beginning on or after January 1, 2012 but not later than December 31, 2012 and reduced to 20% of net profit for the accounting periods beginning on or after January 1, 2013 but not later than December 31, 2014 and according to Royal Decree No. 577 B.E. 2557 issued under the Revenue Code regarding the corporate income tax rate reduction effective on November 11, 2014, the corporate income tax rate is reduced and maintained at 20% of net profit for beginning on or after January 1, 2015 but not later than December 31, 2015. Therefore, the Company uses tax rate of 20% for the corporate income tax calculation for the years ended March 31, 2015 and 2014.

As at March 31, 2015 and 2014, the Company calculated the deferred tax assets by use the effective tax rate, which based on such income tax rate above for the profit from non-taxable privilege business.

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

	2015 Baht	2014 Baht
Current tax expense based on taxable income	135,302,804	155,144,698
Deferred income tax income	3,442,812	(6,991,317)
Prior year income tax expense	1,347,974	459,454
Income tax expense	<u>140,093,590</u>	<u>148,612,835</u>

The reconciliation between income tax expenses per tax returns and per the statements of income for the years ended March 31, is as follows:

	2015 Baht	2014 Baht
Profit before income taxes - Promoted sector 0%	178,731,294	161,793,915
Profit before income taxes - Promoted sector 10%	34,804,440	36,188,005
Profit before income taxes - Non-taxable privilege	<u>667,887,762</u>	<u>713,043,388</u>
Total profit before income taxes	<u>881,423,496</u>	<u>911,025,308</u>
Taxes at 10% for promoted sector	3,480,444	3,618,800
Taxes for non-taxable privilege which calculated by taxes rate	133,577,552	142,608,678
Effect of non-deductible income or expenses for tax purposes	1,687,620	1,925,903
Prior year income tax expense	<u>1,347,974</u>	<u>459,454</u>
Current year income taxes	140,093,590	148,612,835
Deferred tax expense related to origination and reversal of temporary differences	(3,442,812)	6,991,317
Prior year income tax expense	<u>(1,347,974)</u>	<u>(459,454)</u>
Income tax expense	<u>135,302,804</u>	<u>155,144,698</u>
Effective tax rate	<u>15.89%</u>	<u>16.31%</u>

11. TRADE AND OTHER PAYABLES

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

	2015 Baht	2014 Baht
Trade payables		
Related companies	42,079,736	53,977,893
Other companies	<u>29,618,801</u>	<u>7,523,682</u>
	71,698,537	61,501,575
Other payables		
Related companies	491,874	246,771
Other companies	57,815,255	35,269,968
Accrued expenses	275,168,933	169,420,656
Advance receipts from customers	<u>2,700,040</u>	<u>22,074,672</u>
	<u>407,874,639</u>	<u>288,513,642</u>

12. FINANCE LEASE LIABILITIES

The Company entered into finance leases to lease vehicles. Under the condition of the finance leases, the ownership of the assets will be transferred to the Company when the bargain purchase price option has been paid at the end of the lease terms. The minimum future lease payment under the finance leases as at March 31, consist of the following:

	Minimum lease payments		Present value of minimum lease payments	
	2015 Baht	2014 Baht	2015 Baht	2014 Baht
Within 1 year	286,333	-	220,956	-
Over 1 year but not over 5 years	726,610	-	651,453	-
	<u>1,012,943</u>	<u>-</u>	<u>872,409</u>	<u>-</u>
<u>Less</u> Deferred interest	<u>(140,534)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>872,409</u>	<u>-</u>	<u>872,409</u>	<u>-</u>

13. EMPLOYEE BENEFIT OBLIGATIONS

Movement of employee benefit obligations for the years ended March 31, are as follows:

	2015 Baht	2014 Baht
Beginning balance	29,567,370	16,454,836
<u>Add</u> Recognition as expenses during the years	7,651,730	15,608,384
<u>Less</u> Payments during the years	<u>(2,885,000)</u>	<u>(2,495,850)</u>
Ending balance	<u>34,334,100</u>	<u>29,567,370</u>

14. SHARE CAPITAL

On November 7, 2014, the extraordinary shareholders' meeting passed a special resolution to increase the authorized capital by Baht 200,000,000 from Baht 260,000,000 to Baht 460,000,000 by issuing new 2,000,000 ordinary shares of Baht 100 par value each. The Company called for share subscriptions at Baht 100 per share and received all subscriptions for such increased share capital on November 25, 2014. The Company duly registered the increase in share capital with the Registrar of Partnerships and Companies on November 28, 2014.

15. LEGAL RESERVE

Under the provisions of the Civil and Commercial Code, the Company is required to set aside as a legal reserve at least 5% of net profit at each dividend declaration date until the reserve reaches 10% of authorized share capital. The reserve is not available for dividend distribution.

As at March 31, 2015, the Company recorded legal reserved by Baht 20,000,000 based on the increasing of authorized share capital. The Company's legal reserve reached 10% of authorized share capital.

16. DIVIDENDS PAID

On November 7, 2014, the extraordinary shareholders' meeting passed a resolution to distribute interim dividends to the ordinary shareholders at Baht 32.69 per share, of Baht 85 million and passed a resolution to distribute final dividends for the year ended March 31, 2014 to the ordinary shareholders at Baht 57.69 per share, of Baht 150 million, totaling Baht 235 million. Such dividends were paid in November 2014.

On November 4, 2013, the extraordinary shareholders' meeting passed a resolution to distribute dividends to the ordinary shareholders at Baht 96.15 per share, totaling Baht 250 million. Such dividends were paid in November 2013.

17. REGISTERED PROVIDENT FUNDS

The Company has a provident fund plan to provide retirement and gratuity benefits to its employees. The contributions from employees are deducted from their monthly salaries, with the Company matching the individuals' contribution. The Company appointed fund managers to manage the fund in accordance with the terms and conditions prescribed in the Ministerial Regulation No. 2 (B.E 2532) issued under the Provident Fund Act. B.E. 2530.

For the years ended March 31, 2015 and 2014, provident fund contributions recorded as expenses Baht 8.81 million and Baht 7.85 million, respectively.

18. REVENUES FROM A PROMOTED BUSINESS

Based on the announcement of the Board of the Investment No. 14/2541 dated December 30, 1998 regarding reporting revenues of a promoted industry, the Company is required to report separately the revenue from domestic and export sales and between the promoted and non-promoted business. For the years ended March 31, the information is as follows:

	2015			
	Promoted business (Exemption privilege from corporate income tax already expired) Baht	Promoted business Baht	Non-promoted business Baht	Total Baht
	Revenues			
Revenues from export sales	1,218,051,895	865,851,641	2,226,257	2,086,129,793
Revenues from local sales	2,817,928,099	475,172,946	138,155,547	3,431,256,592
Total revenues from sales	<u>4,035,979,994</u>	<u>1,341,024,587</u>	<u>140,381,804</u>	<u>5,517,386,385</u>
	2014			
	Promoted business (Exemption privilege from corporate income tax already expired) Baht	Promoted business Baht	Non-promoted business Baht	Total Baht
	Revenues			
Revenues from export sales	1,173,186,641	996,945,134	9,293,835	2,179,425,610
Revenues from local sales	3,186,457,585	392,961,074	273,306,021	3,852,724,680
Total revenues from sales	<u>4,359,644,226</u>	<u>1,389,906,208</u>	<u>282,599,856</u>	<u>6,032,150,290</u>

19. INVESTMENT PROMOTIONAL PRIVILEGES

By virtue of the provisions of the Industrial Investment Promotional Act B.E. 2520, for the promotional certificates dated July 20, 1995, April 29, 1997, July 22, 2003 and March 5, 2010 for manufacturing steel wire, the Company was granted certain privileges for among others:

- a) exemption from payment of import duty on imported machinery upon the approval of the Board of Investment
- b) exemption from payment of corporate income tax on the net profit derived from the prompted actively for a period of 8 years from the start of commercial operations (October 4, 1996, December 10, 1997, September 3, 2003 and March 4, 2010, respectively).
- c) a fifty percent reduction of the normal rate of corporate income tax on the net profit for a succeeding period of 5 years from the expiry dates (October 4, 2004, December 10, 2005, September 3, 2011 and March 4, 2018, respectively).

In addition, shareholders of the Company will be exempted from tax on dividends received from promoted activities during the period in which the Company is granted an exemption from corporate income tax.

Subsequently, on January 10, 2012, the Company received another investment promotion certificate No. 1198/2555 which the Board of Investment approved the promotion for investment in entity, supporting of trading and investment. The Company was granted certain privileges for among others:

- a. Permission to bring into the Kingdom of Thailand foreign nationals who are skilled workers or experts, in the number and for the period as the Board of Investment may deem appropriate.
- b. Permission for skilled workers and experts who are permitted to stay in the Kingdom of Thailand under item a to work at a specific position as approved by the Board of Investment for the period of permitted stay in the Kingdom.
- c. Permission to own land in order to carry out the promoted activity to such an extent as the Board deems appropriate.
- d. Permission to take out or remit aboard money in foreign currency.

As a promoted company, the Company must comply with certain terms and conditions specified in the promotional certificates.

20. LETTERS OF GUARANTEE AND COMMITMENTS

- 20.1 As at March 31, 2015 and 2014, the Company has letters of guarantee issued by a bank in favor of the Government agencies and certain suppliers totaling approximately Baht 48 million and Baht 46 million, respectively.
- 20.2 As at March 31, 2015 and 2014, the Company has outstanding commitments relating to capital expenditures of Baht 28 million and Baht 31 million, respectively.
- 20.3 As at March 31, 2015 and 2014, the Company has unused letters of credit totaling approximately Baht 350 million and Baht 748 million, respectively.

21. LONG-TERM OPERATING LEASES

The Company entered into the long-term operating leases with other companies for office equipment and other services with approximate annual rental fees to be paid in the future as at March 31, as follows:

Type of lease	Remaining period	Remaining rental expenses	
		2015 Baht	2014 Baht
Office equipment	Within 1 year	4,255,760	3,798,862
	Over 1 year and within 5 years	3,069,600	3,082,300
Other services	Within 1 year	12,488,841	5,584,236
	Over 1 year and within 5 years	7,211,160	2,035,000

For the year ended March 31, 2015 and 2014, the Company paid rental expenses under rental agreement and other services amounting to Baht 27.13 million and Baht 30.29 million, respectively.

22. SIGNIFICANT AGREEMENTS

22.1 On October 4, 2001, the Company entered into "Gas Sales Agreement" with a local company for the latter to provide gas at prices which are calculated under the conditions as indicated in the agreement.

The agreement shall be effective for 10 years from November 1, 2005 and is able to renew this agreement by giving in advance written notice for a minimum of six months prior to the expiry date.

22.2 On January 25, 2011, the Company entered into "Tata Brand Equity & Business Promotion Agreement" through its major shareholder with a related company to use business name, marketing indicia and others as specified in the agreement. The Company has to pay the fee as specified in the agreement. Such agreement effective from April 1, 2011 until termination by either party under condition specified in the agreement.

23. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements have been approved for issue by the authorized director of the Company on June 19, 2015.