

***TATA STEEL (THAILAND) PUBLIC COMPANY  
LIMITED AND ITS SUBSIDIARIES***

***Financial Statements***

***Year ended March 31, 2015***



บริษัท ดีลอยท์ ทูเช่ โทมัทสு ไชยยศ  
สอบบัญชี จำกัด  
อาคารรัตนาคาร ชั้น 25-26, 28  
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## REPORT OF THE INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

### TO THE SHAREHOLDERS AND THE BOARD OF DIRECTORS TATA STEEL (THAILAND) PUBLIC COMPANY LIMITED

We have audited the consolidated financial statements of Tata Steel (Thailand) Public Company Limited and its subsidiaries and the separate financial statements of Tata Steel (Thailand) Public Company Limited, which comprise the consolidated and separate statements of financial position as at March 31, 2015, and the related consolidated and separate statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

#### Management's Responsibility for the Financial Statements

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

#### Auditor's Responsibility

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

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

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

### Opinion

In our opinion, the aforementioned consolidated and separate financial statements present fairly, in all material respects, the financial position of Tata Steel (Thailand) Public Company Limited and its subsidiaries and of Tata Steel (Thailand) Public Company Limited as at March 31, 2015 and financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.



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

BANGKOK  
April 28, 2015

DELOITTE TOUCHE TOHMATSU JAIYOS AUDIT CO., LTD.

## TATA STEEL (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2015

UNIT: BAHT

	Notes	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		2015	2014	2015	2014
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	4.1	708,600,118	1,340,103,987	478,515,960	1,140,924,373
Trade and other receivables					
Trade accounts receivable - related parties	22	-	55,062,113	-	-
Trade accounts receivable - other companies	5	660,084,040	637,674,394	-	-
Other receivables - related parties	22	811,810	1,142,225	35,389,475	39,885,573
Other receivables - other companies		29,828,426	43,404,741	6,841,646	15,514,318
Short-term loans to related parties	22	-	-	1,612,506,835	382,189,830
Current portion of long-term loans to a related party	22	-	-	865,000,000	1,610,000,000
Inventories	6	3,222,678,173	4,575,827,652	-	-
Value added tax refundable		10,667	613	-	-
Other current assets		29,246,150	40,491,558	2,799,472	2,677,606
<b>Total Current Assets</b>		<b>4,651,259,384</b>	<b>6,693,707,283</b>	<b>3,001,053,388</b>	<b>3,191,191,700</b>
<b>NON-CURRENT ASSETS</b>					
Available-for-sale investments		500,000	600,000	-	-
Investments in subsidiaries	7	-	-	12,013,047,275	12,013,047,275
Other long-term investment	2.6	1,241	1,241	-	-
Long-term loans to a related party	22	-	-	200,000,000	1,065,000,000
Property, plant and equipment	8	5,114,275,689	5,419,662,135	8,930,903	11,166,059
Computer software	9	89,383,983	112,713,795	87,675,805	110,501,257
Goodwill	10	3,456,014,092	3,456,014,092	-	-
Deferred tax assets	11	33,417,623	228,031,827	10,313,908	8,951,528
Other non-current assets	12	294,666,890	284,313,938	132,962,743	121,334,766
<b>Total Non-current Assets</b>		<b>8,988,259,518</b>	<b>9,501,337,028</b>	<b>12,452,930,634</b>	<b>13,330,000,885</b>
<b>TOTAL ASSETS</b>		<b>13,639,518,902</b>	<b>16,195,044,311</b>	<b>15,453,984,022</b>	<b>16,521,192,585</b>

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

## TATA STEEL (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT MARCH 31, 2015

UNIT : BAHT

	Notes	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		2015	2014	2015	2014
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>					
<b>CURRENT LIABILITIES</b>					
Short-term borrowings from financial institutions	13.1	2,298,948,887	2,085,035,889	120,000,000	-
Trade and other payables					
Trade accounts payable - related parties	22	290,264,706	725,875,565	-	-
Trade accounts payable - other companies		510,732,125	688,720,909	-	-
Other payables - related parties	22	3,212,989	8,926,225	3,640,070	10,112,469
Other payables - other companies		24,830,401	18,776,296	12,746,351	7,432,726
Advance received from customers		134,483,969	29,333,795	-	-
Accrued expenses		418,078,010	477,089,580	39,563,937	49,092,866
Current portion of long-term liabilities					
Trade accounts payable of a subsidiary arising from restructuring	14	6,326,827	6,326,827	-	-
Long-term borrowings	13.2	865,000,000	1,610,000,000	865,000,000	1,610,000,000
Short-term borrowing from related parties	22	-	-	1,231,360,439	819,282,082
Income tax payable		4,695,671	19,932,274	-	-
Other current liabilities		55,777,846	49,010,723	8,643,062	9,755,667
<b>Total Current Liabilities</b>		<b>4,612,351,431</b>	<b>5,719,028,083</b>	<b>2,280,953,859</b>	<b>2,505,675,810</b>
<b>NON-CURRENT LIABILITIES</b>					
Long-term borrowings	13.2	200,000,000	1,065,000,000	200,000,000	1,065,000,000
Long-term borrowing from a related party	22	270,596,275	270,596,275	270,596,275	270,596,275
Employee benefit obligations	16	157,881,429	123,948,166	47,850,053	40,920,033
<b>Total Non-current Liabilities</b>		<b>628,477,704</b>	<b>1,459,544,441</b>	<b>518,446,328</b>	<b>1,376,516,308</b>
<b>TOTAL LIABILITIES</b>		<b>5,240,829,135</b>	<b>7,178,572,524</b>	<b>2,799,400,187</b>	<b>3,882,192,118</b>

TATA STEEL (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT MARCH 31, 2015

UNIT : BAHT

	Notes	CONSOLIDATED		SEPARATE	
		2015	2014	2015	2014
<b>LIABILITIES AND SHAREHOLDERS' EQUITY (CONTINUED)</b>					
<b>SHAREHOLDERS' EQUITY</b>					
Share capital	17				
Authorised share capital					
Ordinary shares					
8,421,540,848 ordinary shares of Baht 1 each		<u>8,421,540,848</u>	<u>8,421,540,848</u>	<u>8,421,540,848</u>	<u>8,421,540,848</u>
Issued and paid-up share capital					
Ordinary shares					
8,421,540,848 ordinary shares of					
Baht 1 each, fully paid		8,421,540,848	8,421,540,848	8,421,540,848	8,421,540,848
Share premium					
Ordinary shares		3,258,624,766	3,258,624,766	3,258,624,766	3,258,624,766
Expired warrants		130,201,936	130,201,936	130,201,936	130,201,936
Retained earnings (deficit)					
Appropriated					
Legal reserve	17	334,595,571	333,845,739	334,595,571	333,845,739
Unappropriated (deficit)		(3,734,180,090)	(3,117,026,503)	509,620,714	494,787,178
Other component of equity					
Unrealised gain on remeasuring					
available-for-sale investments		498,800	598,560	-	-
<b>TOTAL ATTRIBUTIONS TO OWNERS OF THE</b>					
<b>PARENT COMPANY</b>		8,411,281,831	9,027,785,346	12,654,583,835	12,639,000,467
Non-controlling interests		(12,592,064)	(11,313,559)	-	-
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<u>8,398,689,767</u>	<u>9,016,471,787</u>	<u>12,654,583,835</u>	<u>12,639,000,467</u>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<u>13,639,518,902</u>	<u>16,195,044,311</u>	<u>15,453,984,022</u>	<u>16,521,192,585</u>

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

## TATA STEEL (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED MARCH 31, 2015

UNIT : BAHT

	Notes	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		2015	2014	2015	2014
Revenue from sales		21,355,093,362	25,362,713,299	-	-
Revenue from rendering services		-	-	344,945,292	310,606,104
Cost of sales		(20,788,779,105)	(24,236,734,885)	-	-
Cost of rendering services		-	-	(396,338,790)	(364,131,983)
Gross profit (loss)		566,314,257	1,125,978,414	(51,393,498)	(53,525,879)
Other income					
Interest income		8,575,935	20,591,968	114,804,089	219,821,066
Gain on exchange rate - net		15,199,901	-	-	132,307
Dividend received from a subsidiary	7	-	-	104,999,964	209,999,928
Others	19	31,588,397	56,794,810	1,200,499	690,637
Selling expenses		(206,621,504)	(219,881,051)	-	-
Administrative expenses		(568,811,609)	(557,842,322)	(15,103,431)	(12,213,935)
Directors' remuneration		(3,977,077)	(5,117,507)	(3,977,077)	(5,117,507)
Loss on exchange rate - net		-	(9,184,190)	(13,013)	-
Finance costs		(227,961,794)	(327,536,061)	(137,029,957)	(231,069,217)
PROFIT (LOSS) BEFORE INCOME TAX		(385,693,494)	83,804,061	13,487,576	128,717,400
Income tax income (expense)	11	(225,349,008)	(53,020,009)	1,509,062	1,093,488
PROFIT (LOSS) FOR THE YEAR		(611,042,502)	30,784,052	14,996,638	129,810,888
OTHER COMPREHENSIVE INCOME (LOSS)					
Unrealised loss on remeasuring available-for-sale investments		(100,000)	(700,000)	-	-
Actuarial gain (loss) on defined employee benefit plan	16	(7,746,264)	16,809,498	733,412	3,386,156
Income tax relating to components of other comprehensive income (loss)		1,106,746	(2,170,440)	(146,682)	(677,231)
TOTAL OTHER COMPREHENSIVE INCOME (LOSS) FOR THE YEAR - NET OF TAX		(6,739,518)	13,939,058	586,730	2,708,925
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR		(617,782,020)	44,723,110	15,583,368	132,519,813
PROFIT (LOSS) ATTRIBUTABLE TO:					
Owners of the parent		(609,764,237)	30,791,827	14,996,638	129,810,888
Non-controlling interests		(1,278,265)	(7,775)	-	-
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:		(611,042,502)	30,784,052	14,996,638	129,810,888
Owners of the parent		(616,503,515)	44,732,565	15,583,368	132,519,813
Non-controlling interests		(1,278,505)	(9,455)	-	-
EARNINGS (LOSS) PER SHARE		(617,782,020)	44,723,110	15,583,368	132,519,813
Basic earnings (loss) per share	21 BAHT	(0.07)	0.00	0.00	0.02
Diluted earnings (loss) per share	21 BAHT	(0.07)	0.00	0.00	0.02

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

TATA STEEL (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY  
CONSOLIDATED FINANCIAL STATEMENT  
FOR THE YEAR ENDED MARCH 31, 2015

UNIT : BAHT

	Issued and paid-up share capital		Share premium		Retained earnings (deficit)		Other components of equity			Total	Non-controlling interest	Total shareholders' equity
	Preference shares	Ordinary shares	Preference shares	Ordinary shares	Appropriated	Unappropriated (deficit)	Other comprehensive income (loss)	Unrealised gain (loss) on re-measuring available-for-sale investments	attribution to the owners of the parent company			
Balance as at April 1, 2013	252,773,225	8,168,767,623	127,849,137	3,130,775,629	327,219,749	(3,155,831,398)	1,296,880	-	8,983,052,781	(11,304,104)	8,971,748,677	
Expired preference shares	(252,773,225)	252,773,225	(127,849,137)	127,849,137	-	-	-	-	-	-	-	
Legal reserve	-	-	-	-	6,625,990	(6,625,990)	-	-	-	-	-	
Total comprehensive income (loss) for the year	-	-	-	-	-	45,430,885	(698,320)	598,560	44,732,565	(9,455)	44,723,110	
Balance as at March 31, 2014	-	8,421,540,848	-	3,258,624,766	333,845,739	(3,117,026,503)	598,560	-	9,027,785,346	(11,313,559)	9,016,471,787	
Balance as at April 1, 2014	-	8,421,540,848	-	3,258,624,766	333,845,739	(3,117,026,503)	598,560	-	9,027,785,346	(11,313,559)	9,016,471,787	
Legal reserve	-	-	-	-	749,832	(749,832)	-	-	-	-	-	
Total comprehensive loss for the year	-	-	-	-	-	(616,403,755)	(99,760)	498,800	(616,503,515)	(1,278,505)	(617,782,020)	
Balance as at March 31, 2015	-	8,421,540,848	-	3,258,624,766	334,595,571	(3,734,180,090)	498,800	-	8,411,281,831	(12,592,064)	8,398,689,767	

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



TATA STEEL (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

SEPARATE FINANCIAL STATEMENT

FOR THE YEAR ENDED MARCH 31, 2015

UNIT : BAHT

	Notes	Issued and paid-up share capital		Share premium		Retained earnings		Total shareholders' equity
		Preference shares	Ordinary shares	Preference shares	Ordinary shares	Appropriated Legal reserve	Unappropriated	
Balance as at April 1, 2013		252,773,225	8,168,767,623	127,849,137	3,130,775,629	327,219,749	368,893,355	12,506,480,654
Expired preference shares	17	(252,773,225)	252,773,225	(127,849,137)	127,849,137	-	-	-
Legal reserve	17	-	-	-	-	6,625,990	(6,625,990)	-
Total comprehensive income for the year		-	-	-	-	-	132,519,813	132,519,813
Balance as at March 31, 2014		-	8,421,540,848	-	3,258,624,766	333,845,739	494,787,178	12,639,000,467
Balance as at April 1, 2014		-	8,421,540,848	-	3,258,624,766	333,845,739	494,787,178	12,639,000,467
Legal reserve	17	-	-	-	-	749,832	(749,832)	-
Total comprehensive income for the year		-	-	-	-	-	15,583,368	15,583,368
Balance as at March 31, 2015		-	8,421,540,848	-	3,258,624,766	334,595,571	509,620,714	12,654,583,835

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

## TATA STEEL (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2015

UNIT : BAHT

	Note	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		2015	2014	2015	2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Profit (loss) before income tax		(385,693,494)	83,804,061	13,487,576	128,717,400
Adjustments :					
Dividend received from a subsidiary		-	-	(104,999,964)	(209,999,928)
Dividend received from other long-term investment		(16,800,000)	-	-	-
Unrealised (gain) loss on foreign exchange rate		(2,990,405)	4,377,819	27	(1,130)
Allowance for diminution in value of inventory and inventory obsolescence		6,398,859	1,932,536	-	-
Depreciation and amortisation		482,431,825	535,541,417	28,381,620	28,935,889
Amortisation of rolling mill roll		38,732,676	53,301,915	-	-
Employee benefit obligation expenses		34,831,259	14,466,435	11,591,432	3,905,336
Other employee benefit expenses		482,146	11,092,514	213,878	3,837,607
Interest income		(8,575,935)	(20,591,968)	(114,804,089)	(219,821,066)
Interest expense		227,961,794	327,536,061	137,029,958	231,069,217
Gain from debt restructuring		-	(2,887,609)	-	-
(Gain) loss on sale of property, plant and equipment and computer software		(2,885,750)	(4,889,982)	-	2,345
Loss from writing off of property, plant and equipment and computer software		38,280	40,553	10	-
Reversal of allowance for diminution in value of other non-current assets		-	(168,561)	-	-
Provision for penalty and surcharge of refundable prior year corporate income tax		-	2,733,100	-	-
		<u>373,931,255</u>	<u>1,006,288,291</u>	<u>(29,099,552)</u>	<u>(33,354,330)</u>
Decrease in trade accounts receivable - related parties		55,062,113	46,062,554	-	-
(Increase) decrease in trade accounts receivables - other companies		(22,409,646)	157,313,341	-	-
(Increase) decrease in other receivables - related parties		330,415	1,964,430	4,677,864	(7,662,481)
(Increase) decrease in other receivables - others companies		13,576,315	(25,062,742)	8,672,672	(10,156,920)
Decrease in inventories		1,308,017,944	338,524,178	-	-
(Increase) decrease in other current assets, value added tax refundable and other non-current assets		23,826,391	70,367,628	(919,233)	17,346,779
Increase (decrease) in trade accounts payable - related parties		(432,882,043)	222,116,969	-	-
Decrease in trade accounts payable - other companies		(177,266,802)	(178,956,686)	-	-
Increase (decrease) in other payables - related parties		(5,713,236)	(6,721,398)	(6,703,716)	4,305,123
Increase (decrease) in other payables - other companies		5,704,811	(1,289,011)	5,690,885	(1,300,938)
Increase (decrease) in advance received from customers		105,150,174	(951,657)	-	-
Increase (decrease) in accrued expenses, other current liabilities and other non-current liabilities		(60,414,890)	(11,877,883)	(6,466,892)	12,778,492
Cash paid for employee benefit obligations		(10,719,260)	(12,371,860)	(4,260,000)	(2,275,500)
Cash received (paid) from operating activities		<u>1,176,193,541</u>	<u>1,605,406,154</u>	<u>(28,407,972)</u>	<u>(20,319,775)</u>

## TATA STEEL (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## STATEMENT OF CASH FLOWS (CONTINUED)

FOR THE YEAR ENDED MARCH 31, 2015

UNIT : BAHT

	Note	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		2015	2014	2015	2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES (CONTINUED)</b>					
Cash paid for interest		(230,538,988)	(326,897,554)	(140,855,188)	(231,576,216)
Cash paid for income tax		(56,724,420)	(86,386,194)	(11,626,478)	(11,506,298)
Net cash provided by (used in) operating activities		<u>888,930,133</u>	<u>1,192,122,406</u>	<u>(180,889,638)</u>	<u>(263,402,289)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Dividend received from a subsidiary		-	-	104,999,964	209,999,928
Dividend received from other long-term investment		16,800,000	-	-	-
Interest received		9,371,803	22,300,711	115,418,191	221,893,628
Proceeds from sales of property, plant and equipment		2,903,754	6,404,969	-	9,439
Payment for purchases of property, plant and equipment		(152,408,652)	(68,253,383)	(2,684,377)	(5,653,097)
Payment for purchases of computer software		(1,013,905)	(1,580,400)	(1,013,905)	(1,540,400)
Decrease in short-term loan to related parties		-	-	(1,230,317,005)	(45,803,478)
Cash received from long-term loan to a related party		-	-	1,610,000,000	1,650,000,000
Net cash provided by (used in) investing activities		<u>(124,347,000)</u>	<u>(41,128,103)</u>	<u>596,402,868</u>	<u>2,028,906,020</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Increase (decrease) in short-term borrowings from financial institutions		213,912,998	(247,144,793)	120,000,000	-
Increase (decrease) in short-term borrowing from related parties		-	-	412,078,357	(1,016,011,744)
Repayment of trade accounts payable of subsidiary arising from restructuring		-	(48,497,962)	-	-
Repayment of long-term borrowings		(1,610,000,000)	(1,650,000,000)	(1,610,000,000)	(1,650,000,000)
Net cash used in financing activities		<u>(1,396,087,002)</u>	<u>(1,945,642,755)</u>	<u>(1,077,921,643)</u>	<u>(2,666,011,744)</u>
Net decrease in cash and cash equivalents		(631,503,869)	(794,648,452)	(662,408,413)	(900,508,013)
Beginning balance of cash and cash equivalents		<u>1,340,103,987</u>	<u>2,134,752,439</u>	<u>1,140,924,373</u>	<u>2,041,432,386</u>
ENDING BALANCE OF CASH AND CASH EQUIVALENTS	4.1	<u>708,600,118</u>	<u>1,340,103,987</u>	<u>478,515,960</u>	<u>1,140,924,373</u>

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

**TATA STEEL (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2015**

**1. GENERAL INFORMATION**

Tata Steel (Thailand) Public Company Limited (“the Company” or “the parent company”) is incorporated in Thailand and has its registered office at Rasa Tower 2, 20th Floor, 555 Phaholyothin Road, Chatuchak, Bangkok with the objective to invest in other companies and provide management services and the Company has been listed on the Stock Exchange of Thailand since November 2002. The major shareholder (hold 67.90%) is Tata Steel Global Holdings Pte. Ltd. where is incorporated in Singapore and is an affiliate of Tata Steel Limited, a listed company incorporated under the law of India and is one of the largest integrated steel manufacturers in India with a strong global customer base.

The Company has three subsidiaries (“the Group”) which were incorporated in Thailand, that manufacture, render a manufacturing service, distribute and trading of steel bars, wire rods and small section products. Sales of the subsidiaries are mainly local sales contributing 93% and 89% of the total sales for the years ended March 31, 2015 and 2014, respectively.

Details of the Company’s subsidiaries are as follows:

	Type of business	Shareholding (%)	
		As at March 31, 2015	As at March 31, 2014
The Siam Iron and Steel (2001) Company Limited	Manufacture wire rods and small section products	99.99	99.99
The Siam Construction Steel Company Limited	Manufacture steel bars	99.99	99.99
N.T.S. Steel Group Public Company Limited	Manufacture, render a manufacturing service, distribution and trading of steel bars, wire rods and small section products	99.76	99.76

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

As at March 31, 2015 and 2014, N.T.S. Steel Group Public Company Limited (“N.T.S.”) has total current liabilities exceeding total current assets by Baht 3,021 million and Baht 2,129 million, respectively. However, the amount of current liabilities included the short-term borrowing from the parent company of Baht 2,478 million and Baht 1,833 million, respectively. The parent company will continue its financial support to N.T.S. to enable N.T.S. to continue its operations satisfactorily at least for the next 12 months from the statement of financial position date and the Group’s management has prepared the business plan including initiatives to improve operation and financial results of N.T.S.

**2. BASIS FOR PREPARATION AND PRESENTATION OF THE CONSOLIDATED AND THE SEPARATE THE FINANCIAL STATEMENTS**

- 2.1 The Company and its subsidiaries maintain its accounting records in Thai Baht and prepare their statutory financial statements in the Thai language in conformity with Thai Financial Reporting Standards and accounting practices generally accepted in Thailand.
- 2.2 The Company's financial statements have been prepared in accordance with the Thai Accounting Standard (TAS) No. 1 (Revised 2012) "Presentation of Financial Statements", and the Regulation of The Stock Exchange of Thailand (SET) dated January 22, 2001, regarding the preparation and submission of financial statements and reports for the financial position and results of operations of the listed companies B.E. 2544 and the Notification of the Department of Business Development dated September 28, 2011 regarding "The Brief Particulars in the Financial Statement B.E. 2554".
- 2.3 Since April 1, 2014, the Group adopted the new and revised Thai Financial Reporting Standards ("TFRSs") issued by the Federation of Accounting Professions, which are effective for the financial statements for the accounting periods beginning on or after January 1, 2014 onwards, in preparation and presentation of the financial statements as follows:

**Thai Accounting Standards ("TAS")**

TAS 1 (Revised 2012)	Presentation of Financial Statements
TAS 7 (Revised 2012)	Statement of Cash Flows
TAS 12 (Revised 2012)	Income Taxes
TAS 17 (Revised 2012)	Leases
TAS 18 (Revised 2012)	Revenue
TAS 19 (Revised 2012)	Employee Benefits
TAS 21 (Revised 2012)	The Effects of Changes in Foreign Exchange Rates
TAS 24 (Revised 2012)	Related Party Disclosures
TAS 28 (Revised 2012)	Investments in Associates
TAS 31 (Revised 2012)	Interests in Joint Ventures
TAS 34 (Revised 2012)	Interim Financial Reporting
TAS 36 (Revised 2012)	Impairment of Assets
TAS 38 (Revised 2012)	Intangible Assets

**Thai Financial Reporting Standards ("TFRS")**

TFRS 2 (Revised 2012)	Share-based Payments
TFRS 3 (Revised 2012)	Business Combinations
TFRS 5 (Revised 2012)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 8 (Revised 2012)	Operating Segments

**Thai Accounting Standard Interpretations ("TSIC")**

TSIC 15	Operating Leases - Incentives
TSIC 27	Evaluating the Substance of Transactions Involving the Legal form of a Lease
TSIC 29	Disclosure - Service Concession Arrangements
TSIC 32	Intangible Assets - Web Site Costs

**Thai Financial Reporting Interpretations (“TFRIC”)**

TFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4	Determining whether an Arrangement Contains a Lease
TFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7	Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies
TFRIC 10	Interim Financial Reporting and Impairment
TFRIC 12	Service Concession Arrangements
TFRIC 13	Customer Loyalty Programmes
TFRIC 17	Distributions of Non-cash Assets to Owners
TFRIC 18	Transfers of Assets from Customers

**Guideline on accounting**

Guideline on accounting regarding stock dividend

Such TFRSs have no significant impact on the Group’s financial statements.

- 2.4 The Federation of Accounting Professions issued the Notification regarding the Conceptual Framework for Financial Reporting (Revised 2014), which was announced in the Royal Gazette and was effective on October 15, 2014 onwards to replace the Accounting Framework (Revised 2009).

The Group’s management adopted the Conceptual Framework for Financial Reporting (Revised 2014) in the preparation of the Group’s financial statements in the period that become effective. The Group’s management assessed the effects of such Conceptual Framework for Financial Reporting and it had no significant impact on the Group’s financial statements in the period of initial application.

- 2.5 The Federation of Accounting Professions issued the Notifications regarding the Thai Financial Reporting Standards (“TFRSs”), which are announced in the Royal Gazette and effective for the financial statements for the accounting periods beginning on or after January 1, 2015 onwards as follows:

**Thai Accounting Standards (“TAS”)**

TAS 1 (Revised 2014)	Presentation of Financial Statements
TAS 2 (Revised 2014)	Inventories
TAS 7 (Revised 2014)	Statement of Cash Flows
TAS 8 (Revised 2014)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (Revised 2014)	Events after the Reporting Period
TAS 11 (Revised 2014)	Construction Contracts
TAS 12 (Revised 2014)	Income Taxes
TAS 16 (Revised 2014)	Property, Plant and Equipment
TAS 17 (Revised 2014)	Leases
TAS 18 (Revised 2014)	Revenue
TAS 19 (Revised 2014)	Employee Benefits
TAS 20 (Revised 2014)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (Revised 2014)	The Effects of Changes in Foreign Exchange Rates
TAS 23 (Revised 2014)	Borrowing Costs
TAS 24 (Revised 2014)	Related Party Disclosures
TAS 26 (Revised 2014)	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (Revised 2014)	Separate Financial Statements

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

TAS 28 (Revised 2014)	Investments in Associates and Joint Venture
TAS 29 (Revised 2014)	Financial Reporting in Hyperinflationary Economies
TAS 33 (Revised 2014)	Earnings per Share
TAS 34 (Revised 2014)	Interim Financial Reporting
TAS 36 (Revised 2014)	Impairment of Assets
TAS 37 (Revised 2014)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (Revised 2014)	Intangible Assets
TAS 40 (Revised 2014)	Investment Property

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

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

**Thai Accounting Standard Interpretations (“TSIC”)**

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

**Thai Financial Reporting Interpretations (“TFRIC”)**

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

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

- 2.6 The Federation of Accounting Professions issued the Notification regarding the Thai Financial Reporting Standard (TFRS), which is announced in the Royal Gazette and effective for the financial statements for the periods beginning on or after January 1, 2016 onwards as follows:

**Thai Financial Reporting Standard (TFRS)**  
TFRS 4 (Revised 2014) Insurance Contracts

The Group's management has assessed above Thai Financial Reporting Standard. Such TFRS is not applicable to the Group's business activities.

The consolidated financial statements for the years ended March 31, 2015 and 2014 did not include investment in Siam Steel Mill Services Company Limited on an equity method because the Company has no significant influence on Siam Steel Mill Services Company Limited which is held by The Siam Construction Steel Company Limited at 24% of its share capital. The Company and the subsidiary recorded such investment as other long-term investment at cost of Baht 1,241.

- 2.7 Basis for preparation of consolidated financial statements

The consolidated financial statements consist of the financial statements of the Company and of its subsidiaries (together referred to as the "Group").

Significant intra-group transactions between the Company and its subsidiaries are eliminated on consolidation.

#### Subsidiaries

Subsidiaries are those companies controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of that company so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

#### Business combinations

Business combinations are accounted for using the purchase method. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.



### 3. SIGNIFICANT ACCOUNTING POLICIES

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

#### 3.1 Cash and cash equivalents

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

#### 3.2 Trade and other receivables

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

##### Allowance for doubtful accounts

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

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

#### 3.3 Inventories

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

Cost of inventories is calculated using the following method:

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

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

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

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

### 3.4 Investments

#### Investments in subsidiaries

Investments in subsidiaries in the separate financial statements are stated at cost net of allowance for impairment losses, if any.

#### Available-for-sales investments

Available-for-sales investments are investments in marketable equity other than those investments which held for trading are classified as being available-for-sales investments and are stated at fair value, with any resultant gain or loss being recognised directly in equity.

The fair values of marketable securities are determined as the last quoted bid price at the statement of financial position date.

#### Other long-term investment

An investment in equity which is not marketable investment is stated at cost net of allowance for impairment, if any.

#### Disposal of investments

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

### 3.5 Property, plant and equipment

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

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

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

#### Depreciation

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

Land improvements, building and structure	5 - 30	Years
Machinery and equipment	5 - 25	Years
Vehicles	5 - 10	Years
Furniture, fixture and office equipment	3 - 25	Years

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

### 3.6 Computer software

Computer software is stated at cost less accumulated amortisation and allowance for impairment, if any.

#### Amortisation

Amortisation is recognised as an expense in the statement of comprehensive income on a straight-line basis over the estimated useful lives of computer software of 5 years and 10 years.

### 3.7 Goodwill

Goodwill in a business combination represents the excess of the cost of acquisition of subsidiaries over the fair value of the Group's share of the identifiable net assets acquired.

#### Amortisation

Since April 1, 2008, the amortisation of goodwill has been ceased in the consolidated financial statements and changed to assess for impairment of goodwill instead.

The Group recognises goodwill at cost less allowance for impairment and impairment of goodwill will be tested at least once a year or when there are factors indicating that an investment might be impaired.

For impairment testing, the Group allocates goodwill from business combinations to each cash-generating unit (or group of cash-generating units) that is expected to obtain the benefit from the synergies of the combination and the Group will evaluate the recoverable amount of each cash-generating unit (or group of cash-generating units). If it is lower than the carrying amount of the unit, the Group recognises impairment loss in the statement of comprehensive income and cannot reverse allowance for impairment loss of goodwill in the future.

### 3.8 Impairment

The carrying amount of the Group's assets is reviewed at each year end to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amounts are estimated. For goodwill, the recoverable amount is estimated each year at the same time.

The Group recognises impairment loss when the recoverable amount of an asset is lower than its carrying amount, which the recoverable amount is the higher of the asset's fair value less costs of disposal and its value in use. In estimating the value in use, the Group determines the present value of future cash flows generated by the asset, discounted using a pre-tax discount rate which reflects current market assessments of the time value of money and the risk specific to the asset. In determining fair value less costs of disposal, the Group uses an appropriate and suitable valuation model, which reflects the amount that the Group could obtain from the disposal of the asset between knowledgeable, willing parties in an arm's length transaction, after deducting the costs of disposal.

The Group recognises an impairment loss in the statement of comprehensive income.

#### Reversal of an impairment loss

The Group reverses impairment loss of asset, if any, other than goodwill, which the Group had been recognised in the prior periods if an indicator for impairment may no longer exist or may have decreased which the Group must estimate the recoverable amount.

### 3.9 Employee benefits

#### Provident funds

Obligations for contributions to provident fund are recognised as an expense in the statement of comprehensive income as incurred.

#### Employee benefit obligations

The Group's obligations in respect of employee benefit obligations for employees who are entitled to receive it upon retirement under the Thai Labor Protection Act and other benefits according to the Group policy; are calculated by estimating the amount of future benefits that employees have earned in return for their service in the current and prior periods; that benefits are discounted to determine their present value. The calculation is performed by using the projected unit credit method.

The Company recognised expense for defined employee benefit plans as personnel expenses in the statement of comprehensive income.

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

### 3.10 Long-term lease

#### Operating lease

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

#### Finance lease

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

### 3.11 Recognition of revenue and expense

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

Management fee income is recognised as revenue when the service is rendered.

Interest income is recognised on accrual basis by reference to the principal outstanding at the contract rate.

Other income and expenses are recognised on an accrual basis.

### 3.12 Finance costs

Finance costs such as interest expenses and similar expenses are recognised in statement of comprehensive income for the period in which they are incurred, except to the extent that finance costs are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use or sale.

### 3.13 Income tax

Income tax income (expense) is calculated based on the taxable profit multiplied by the tax rate that has been enacted at the statement of financial position date and adjusted by the effect of deferred income tax accounting.

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

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

Deferred tax assets and liabilities are offset when they relate to income tax levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Deferred tax expenses (income) are charged or credited in the statement of comprehensive income, except when the temporary differences relate to items charged directly to equity where the related deferred tax is charged or credited to such item in equity.

#### 3.14 Earnings (loss) per share

Basic earnings (loss) per share are calculated based on the profit (loss) for the year divided by the weighted average number of ordinary shares held by shareholders outstanding during the year and diluted earnings (loss) per share are calculated based on the weighted average number of ordinary shares on the assumption that all dilutive potential ordinary shares have been converted to ordinary shares.

#### 3.15 Foreign currency transactions

Transactions denominated in foreign currencies are converted into Baht at rates of exchange prevailing at the transaction dates. All balances of assets and liabilities in foreign currencies outstanding at the end of the year, except forward foreign exchange contracts, are converted into Baht at the reference exchange rates established by the Bank of Thailand on that date. Gains or losses on foreign exchange are recognised as an income or expenses in the statement of comprehensive income.

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

#### 3.16 Financial instruments

The Group entered into forward foreign exchange contracts in asset and liability management activities to control exposure to fluctuations in foreign exchange rates. Further details of financial instruments are disclosed in Notes 25 and 26.

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

Amounts to be paid and received are offset in the statement of financial position and included in assets or liabilities in the statement of financial position.

The Group has no policy to speculate in or engage in the trading of any derivative financial instruments.

### 3.17 Use of accounting estimates

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

Critical judgments in applying accounting estimates are as follows:

#### Impairment

An impairment loss is recognised if the carrying value of an asset exceeds the recoverable amount which is a higher of net selling price and value in use.

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

#### Recognition of deferred tax asset

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

## 4. SUPPLEMENTARY DISCLOSURES OF CASH FLOW INFORMATION

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

	Consolidated		Unit : Thousand Baht	
	financial statements	financial statements	Separate	financial statements
	2015	2014	2015	2014
Cash	1	1	-	-
Bank deposits in current accounts	130,337	37,277	421	377
Bank deposits in savings accounts	578,212	802,066	478,045	639,787
Time deposits with maturity not more than 3 months	50	500,760	50	500,760
Total	<u>708,600</u>	<u>1,340,104</u>	<u>478,516</u>	<u>1,140,924</u>

4.2 Non-cash transactions in the consolidated and separate financial statements are as follows:

- The recording of investment in available-for-sale securities in the consolidated financial statements at fair value. For the years ended March 31, 2015 and 2014, the Group recorded unrealised loss on such investments of Baht 0.1 million and Baht 0.7 million, respectively.
- Non-cash item from purchases and increase of property, plant and equipment and computer software as at March 31, are as follows:

	Consolidated financial statements		Unit : Thousand Baht Separate financial statements	
	2015	2014	2015	2014
Payables for property, plant and equipment and computer software brought forward	11,868	27,299	525	625
<u>Add</u> Purchase during the years	153,825	54,403	3,374	7,093
<u>Less</u> Payment during the years	(153,422)	(69,834)	(3,698)	(7,193)
Payable for property, plant and equipment and computer software carried forward	<u>12,271</u>	<u>11,868</u>	<u>201</u>	<u>525</u>

- During 2014, N.T.S. has written off trade accounts receivable and other receivables of Baht 17 million. The allowance for doubtful accounts has been fully provided for those trade accounts receivable. (2015: nil)
- In December 2013, the Company's preference shares were expired which resulted to increase in issued and paid up of ordinary share and related share premium as follows:

	Consolidated financial statements	Unit : Thousand Baht Separate financial statements
	2014	2014
<b>Issued and paid-up share capital</b>		
Preference shares brought forward	8,421,541	8,421,541
<u>Less</u> Expired preference shares	<u>(8,421,541)</u>	<u>(8,421,541)</u>
Preference shares carried forward	<u>-</u>	<u>-</u>
<b>Share premium</b>		
Preference shares brought forward	127,849	127,849
<u>Less</u> Expired preference shares	<u>(127,849)</u>	<u>(127,849)</u>
Preference shares carried forward	<u>-</u>	<u>-</u>



## 5. TRADE ACCOUNTS RECEIVABLE - OTHER COMPANIES

Trade accounts receivable - others companies as at March 31, consist of:

	Consolidated		Unit : Thousand Baht	
	financial statements		Separate	
	2015	2014	2015	2014
Within credit terms	612,748	626,845	-	-
Overdue:				
Not over 3 months	28,532	10,338	-	-
Over 3 months to 6 months	9,634	13	-	-
Over 6 months to 12 months	7,960	-	-	-
Over 12 months	23,085	22,658	-	-
Total	681,959	659,854	-	-
Less Allowance for doubtful accounts	(21,875)	(22,180)	-	-
Total	660,084	637,674	-	-

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

For the years ended March 31, 2015 and 2014, the Group had sold trade receivables to the aforementioned financial institution amounting to Baht 9,137 million and Baht 10,236 million, respectively.

## 6. INVENTORIES

Inventories as at March 31, consist of:

	Consolidated		Unit : Thousand Baht	
	financial statements		Separate	
	2015	2014	2015	2014
Finished goods	858,642	1,339,040	-	-
Work in process	464,587	703,348	-	-
Raw materials	526,728	1,042,343	-	-
Spare parts	718,513	748,958	-	-
Supplies and others	471,599	574,994	-	-
Raw materials in transit	218,888	215,985	-	-
Total	3,258,957	4,624,668	-	-
Less Allowance for diminution in value of inventory, and inventory obsolescence	(36,279)	(48,840)	-	-
Total	3,222,678	4,575,828	-	-

For the year ended March 31, 2015, the allowance for diminution in value of inventory and inventory obsolescence recognised in previous year of Baht 19 million had been reversed and the allowance for diminution in value of inventory and inventory obsolescence were recorded as part of cost of sales amounting to Baht 6 million.

For the year ended March 31, 2014, the allowance for diminution in value of inventory and inventory obsolescence recognised in previous year of Baht 29 million had been reversed and the allowance for diminution in value of inventory and inventory obsolescence were recorded as part of cost of sales amounting to Baht 2 million.

The amounts of inventories recognised as an expense in the consolidated financial statements for the years ended March 31, 2015 and 2014 were Baht 20,801 million and Baht 24,263 million, respectively.

## 7. INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries as at March 31, consist of:

	Ownership interest (%)		Separate financial statements				Unit : Thousand Baht	
			Paid-up capital		Investments at cost		Dividend income	
			2015	2014	2015	2014	2015	2014
<b>Investment in equity</b>								
The Siam Iron and Steel (2001) Company Limited	99.99	99.99	120,000	120,000	2,554,386	2,554,386	-	-
The Siam Construction Steel Company Limited	99.99	99.99	1,750,000	1,750,000	3,656,874	3,656,874	105,000	210,000
N.T.S. Steel Group Public Company Limited	99.76	99.76	4,627,965	4,627,965	9,181,787	9,181,787	-	-
Total			6,497,965	6,497,965	15,393,047	15,393,047	105,000	210,000
Less Allowance for impairment of investment			-	-	(3,380,000)	(3,380,000)	-	-
Total			6,497,965	6,497,965	12,013,047	12,013,047	105,000	210,000

As at March 31, 2013, in consistent with Thai Accounting Standard No. 36 (Revised 2012) "Impairment of Assets", the Group has made an assessment of impairment loss to investment in N.T.S., and recorded impairment loss of investment in a subsidiary amounting to Baht 3,380 million in the separate statement of comprehensive income for the year ended March 31, 2013 based on the forecasted cash flow covering a period of 5 years and using a constant growth rate in forecasting future cash flows and using the discount rate at 9.00%.

The impairment loss is recognised as expenses included in the statements of comprehensive income for the year ended March 31, 2013 as follows:

	Unit : Million Baht	
	Consolidated financial statement	Separate financial statement
Impairment loss on investment in a subsidiary	-	3,380
Impairment loss on goodwill	660	-
Impairment loss on plant and equipment	2,720	-
	<u>3,380</u>	<u>3,380</u>
Impairment loss on obsolete equipment	220	-
Total	<u>3,600</u>	<u>3,380</u>

As at March 31, 2015 and 2014, the Group has made an assessment of impairment loss to investment in subsidiaries and no impairment was noted.

## 8. PROPERTY, PLANT AND EQUIPMENT

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

As at March 31, 2015

	Consolidated financial statements				Balance as at March 31, 2015
	Balance as at April 1, 2014	Addition	Disposal	Transfer	
Unit : Thousand Baht					
<b>Cost</b>					
Land	714,611	-	-	-	714,611
Land improvement, building and structure	4,453,392	12,534	-	15,365	4,481,291
Machinery and equipment	14,859,212	48,993	(41,633)	36,076	14,902,648
Vehicles	3,461	-	(134)	-	3,327
Furniture, fixtures and office equipment	186,233	6,134	(1,515)	1,976	192,828
<b>Total cost</b>	<b>20,216,909</b>	<b>67,661</b>	<b>(43,282)</b>	<b>53,417</b>	<b>20,294,705</b>
<b>Accumulated depreciation</b>					
Land improvement, building and structure	(2,507,697)	(81,356)	-	-	(2,589,053)
Machinery and equipment	(9,224,204)	(362,139)	19,306	-	(9,567,037)
Vehicles	(3,418)	(43)	134	-	(3,327)
Furniture, fixtures and office equipment	(143,725)	(14,550)	1,406	-	(156,869)
<b>Total accumulated depreciation</b>	<b>(11,879,044)</b>	<b>(458,088)</b>	<b>20,846</b>	<b>-</b>	<b>(12,316,286)</b>
	8,337,865				7,978,419
<b>Less Allowance for impairment on plant and equipment</b>	<b>(2,939,708)</b>	<b>-</b>	<b>22,327</b>	<b>-</b>	<b>(2,917,381)</b>
	5,398,157				5,061,038
Construction in progress, machinery and equipment under installation	21,505	85,150	-	(53,417)	53,238
<b>Property, plant and equipment</b>	<b>5,419,662</b>				<b>5,114,276</b>

As at March 31, 2014

	Consolidated financial statements				Balance as at March 31, 2014
	Balance as at April 1, 2013	Addition	Disposal	Transfer	
Unit : Thousand Baht					
<b>Cost</b>					
Land	714,611	-	-	-	714,611
Land improvement, building and structure	4,449,176	-	-	4,216	4,453,392
Machinery and equipment	14,772,421	10,143	(35,692)	112,340	14,859,212
Vehicles	3,468	-	(7)	-	3,461
Furniture, fixtures and office equipment	176,981	5,027	(1,397)	5,622	186,233
<b>Total cost</b>	<b>20,116,657</b>	<b>15,170</b>	<b>(37,096)</b>	<b>122,178</b>	<b>20,216,909</b>
<b>Accumulated depreciation</b>					
Land improvement, building and structure	(2,426,572)	(81,125)	-	-	(2,507,697)
Machinery and equipment	(8,843,336)	(415,106)	34,238	-	(9,224,204)
Vehicles	(3,378)	(47)	7	-	(3,418)
Furniture, fixtures and office equipment	(129,940)	(15,081)	1,296	-	(143,725)
<b>Total accumulated depreciation</b>	<b>(11,403,226)</b>	<b>(511,359)</b>	<b>35,541</b>	<b>-</b>	<b>(11,879,044)</b>
	8,713,431				8,337,865
<b>Less Allowance for impairment on plant and equipment</b>	<b>(2,939,708)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,939,708)</b>
	5,773,723				5,398,157
Construction in progress, machinery and equipment under installation	105,990	37,693	-	(122,178)	21,505
<b>Property, plant and equipment</b>	<b>5,879,713</b>				<b>5,419,662</b>
<b>Depreciation for the years</b>					
2015					458,088
2014					511,359

As at March 31, 2015

	Unit : Thousand Baht			
	Balance as at April 1, 2014	Separate financial statements		Balance as at March 31, 2015
		Addition	Disposal	Transfer
Furniture, fixtures and office equipment	77,218	999	(344)	1,361
Less Accumulated depreciation	(66,052)	(4,542)	291	-
Furnishings Fixtures and office equipment during installation.	-	1,361	-	(1,361)
Property, plant and equipment	<u>11,166</u>			<u>8,931</u>

As at March 31, 2014

	Unit : Thousand Baht			
	Balance as at April 1, 2013	Separate financial statements		Balance as at March 31, 2014
		Addition	Disposal	Transfer
Furniture, fixtures and office equipment	71,686	5,553	(21)	-
Less Accumulated depreciation	(60,803)	(5,259)	10	-
Property, plant and equipment	<u>10,883</u>			<u>11,166</u>
Depreciation for the years				
2015				<u>4,542</u>
2014				<u>5,259</u>

Costs of fully depreciated plant and equipment that are still in use as at March 31, are as follows:

	Consolidated		Unit : Thousand Baht	
	Financial statements		Separate financial statements	
	2015	2014	2015	2014
Costs of fully depreciated plant and equipment	<u>5,450,378</u>	<u>5,320,456</u>	<u>62,690</u>	<u>51,884</u>

As at March 31, there is office equipment under finance lease agreements of the Group included in the property, plant and equipment as follows:

	Consolidated		Unit : Thousand Baht	
	Financial statements		Separate financial statements	
	2015	2014	2015	2014
Cost of asset under finance lease agreements	43,838	44,128	43,293	43,582
Less Accumulated depreciation	<u>(43,838)</u>	<u>(44,124)</u>	<u>(43,293)</u>	<u>(43,582)</u>
Asset under finance lease agreements	<u>-</u>	<u>4</u>	<u>-</u>	<u>-</u>

Property, plant and equipment of The Siam Iron and Steel (2001) Co., Ltd., The Siam Construction Steel Co., Ltd. and N.T.S. Steel Group Public Company Limited which have book value of Baht 3,792 million as at March 31, 2015 (Baht 4,057 million as at March 31, 2014) are used as collateral for the borrowings comprising long-term borrowings from two financial institutions (see Note 13.2).

On May 5, 2012, there was an explosion of a chemical container in a company located adjacent to the plant of The Siam Construction Steel Company Limited ("SCSC"). SCSC has restored its damaged assets and has received claim settlement after adjustment of salvage and contracted deductibles. SCSC has recorded claims received as other income in the statement of comprehensive income for the year ended March 31, 2014 of Baht 25 million. (2015 : nil)

Resulting from an impairment testing exercise, consistent with Thai Accounting Standard No. 36 (Revised 2012) "Impairment of Assets" (see Note 7) as at March 31, 2013, the Group decided to impair the plant and equipment at a subsidiary, N.T.S., and the losses included in the statement of comprehensive income under loss on impairment of plant and equipment. The impairment does not impact the Group's ability to produce finished goods, nor its ability to service existing and future market is in anyway diminished.

The Group's management decided to temporarily cease operation of the Mini Blast Furnace ("MBF") at N.T.S., the Company's subsidiary, from the end of August 2011 to September 2015 due to the high MBF input raw material prices internationally, thereby adversely impacting the viability of costs of steel produced through MBF route. For the years ended March 31, 2015 and 2014, depreciation and other expenses of MBF which incurred during the mothball period were totally Baht 28 million and Baht 15 million, respectively.

## 9. COMPUTER SOFTWARE

Computer software as at March 31, consists of:

As at March 31, 2015

	Consolidated financial statements				Unit : Thousand Baht
	Balance as at April 1, 2014	Addition	Disposal	Transfer	Balance as at March 31, 2015
Computer software	246,974	990	-	24	247,988
Less Accumulated amortisation	(134,260)	(24,344)	-	-	(158,604)
Computer software during installation	-	24	-	(24)	-
Computer software	<u>112,714</u>				<u>89,384</u>

As at March 31, 2014

	Consolidated financial statements				Unit : Thousand Baht
	Balance as at April 1, 2013	Addition	Disposal	Transfer	Balance as at March 31, 2014
Computer software	245,434	1,540	-	-	246,974
Less Accumulated amortisation	(110,078)	(24,182)	-	-	(134,260)
Computer software	<u>135,356</u>				<u>112,714</u>
Amortisation for the years					
2015					<u>24,344</u>
2014					<u>24,182</u>

As at March 31, 2015

	Unit : Thousand Baht				
	Separate financial statements				
	Balance as at April 1, 2014	Addition	Disposal	Transfer	Balance as at March 31, 2015
Computer software	237,563	990	-	24	238,577
<u>Less</u> Accumulated amortisation	<u>(127,062)</u>	<u>(23,839)</u>	<u>-</u>	<u>-</u>	<u>(150,901)</u>
Computer software during installation	-	24	-	(24)	-
Computer software	<u>110,501</u>				<u>87,676</u>

As at March 31, 2014

	Unit : Thousand Baht				
	Separate financial statements				
	Balance as at April 1, 2013	Addition	Disposal	Transfer	Balance as at March 31, 2014
Computer software	236,023	1,540	-	-	237,563
<u>Less</u> Accumulated amortisation	<u>(103,385)</u>	<u>(23,677)</u>	<u>-</u>	<u>-</u>	<u>(127,062)</u>
Computer software	<u>132,638</u>				<u>110,501</u>
<b>Amortisation for the years</b>					
2015					<u>23,839</u>
2014					<u>23,677</u>

Costs of fully amortised computer software that is still in use as at March 31, are as follows:

	Unit : Thousand Baht			
	Consolidated Financial statements		Separate financial statements	
	2015	2014	2015	2014
Costs of fully amortised computer software	<u>4,546</u>	<u>4,455</u>	<u>32</u>	<u>-</u>

## 10. GOODWILL

Goodwill as at March 31, is as follows:

	Unit : Thousand Baht Consolidated financial statements
Cost	5,607,769
<u>Less</u> Accumulated amortisation (up to March 31, 2008)	<u>(1,491,432)</u>
	4,116,337
<u>Less</u> Impairment loss of goodwill	<u>(660,323)</u>
As at March 31, 2014	<u>3,456,014</u>
As at March 31, 2015	<u>3,456,014</u>

Goodwill resulted from acquisition of The Siam Iron and Steel (2001) Company Limited, The Siam Construction Steel Company Limited and N.T.S. Steel Group Public Company Limited on November 29, 2002 by Tata Steel (Thailand) Public Company Limited.

Since April 1, 2008, the Group has ceased amortisation of goodwill and has changed to test of impairment of goodwill instead resulting in no amortisation expense being incurred on such goodwill in the consolidated financial statements for the years ended March 31, 2015 and 2014.

As at March 31, 2013, the Group performed a test of impairment of goodwill and recorded impairment loss totally of Baht 3,380 million consisting of impairment loss on goodwill of Baht 660 million and impairment loss on plant and equipment of Baht 2,720 million on the consolidated financial statements for the year ended March 31, 2013 because the recoverable amount of the cash-generating unit was lower than the carrying amount of the unit which is the investment in N.T.S. that is impaired by Baht 3,380 million (see Note 7).

As at March 31, 2015 and 2014, the Group performed a test of impairment of goodwill and no impairment was noted.

## 11. INCOME TAX EXPENSE AND DEFERRED TAX ASSETS

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

	Consolidated		Unit : Thousand Baht	
	financial statements		Separate	
	2015	2014	2015	2014
Current income tax per tax return form	29,628	51,494	-	-
Deferred tax				
Movements in temporary differences	(4,013)	1,526	(1,509)	(1,093)
Write-off deferred tax assets	199,734	-	-	-
Income tax (income) expense as included in statements of comprehensive income	<u>225,349</u>	<u>53,020</u>	<u>(1,509)</u>	<u>(1,093)</u>

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

	Unit : Thousand Baht	
	Consolidated	
	2015	2014
Profit (loss) before income taxes	(385,693)	83,804
Loss from inter-companies transactions	-	(139)
Profit (loss) before income taxes net of profit from inter-companies transactions	(385,693)	83,665
Income tax at 20%	(77,139)	16,789
Effect of non-deductible expenses for tax purpose:		
- Temporary differences not accounted for deferred tax assets and elimination entries	100,356	36,065
- Permanent differences	2,398	166
- Write-off deferred tax assets	199,734	-
Income tax expense <sup>(1)</sup>	<u>225,349</u>	<u>53,020</u>

<sup>(1)</sup> The corporate income tax expense is based on the net taxable profit of each entity not based on the consolidation basis.

Temporary differences not accounted for deferred tax assets as at March 31, 2015 amounting to Baht 100 million resulted from the loss from the Group's operations because it is uncertain about the probability that the Group can utilise the deferred tax assets arising from such temporary differences.

	Unit : Thousand Baht Separate financial statements	
	2015	2014
Profit before income taxes	13,488	128,717
Income tax at 20%	2,698	25,743
Effect of non-deductible expenses (income) for tax purpose:		
- Temporary differences not accounted for deferred tax assets	14,137	13,634
- Permanent differences such as dividend income	(18,344)	(40,470)
Income tax income	(1,509)	(1,093)
	Tax rate	Tax rate
	%	%
Effective Tax Rate	(11)	(1)

For the years ended March 31, 2015 and 2014 the effective tax rate is lower than the statutory tax rate because the Company has net taxable loss for the year resulted from the dividend income which is exempted from corporate income tax.

As at March 31, deferred tax assets which resulted from the temporary differences between the carrying amount and its tax base of an asset and liability in the statements of financial position are as follows:

	Unit : Thousand Baht Consolidated financial statements			
	Balance as at April 1, 2014	Recognised in profit or loss	Recognised in other comprehensive income Actuarial loss on defined employee benefit plan	Balance as at March 31, 2015
Deferred tax assets resulted from				
Employee benefit obligations	26,019	3,598	1,106	30,723
Allowance for diminution in value of inventory and inventory obsolescence	1,270	688	-	1,958
Accumulated tax loss carried forward	199,734	(199,734)	-	-
Profit on inventory from inter-company sales	212	(212)	-	-
Allowance for doubtful accounts	797	(61)	-	736
Total deferred tax assets	228,032	(195,721)	1,106	33,417



Unit : Thousand Baht				
Consolidated financial statements				
	Balance as at April 1, 2013	Recognised in profit or loss	Recognised in other comprehensive income Actuarial gain on defined employee benefit plan	Balance as at March 31, 2014
Deferred tax assets resulted from				
Employee benefit obligations	26,782	1,407	(2,170)	26,019
Allowance for diminution in value of inventory and inventory obsolescence	4,175	(2,905)	-	1,270
Accumulated tax loss carried forward	199,734	-	-	199,734
Profit on inventory from inter-company sales	240	(28)	-	212
Allowance for doubtful accounts	797	-	-	797
Total deferred tax assets	<u>231,728</u>	<u>(1,526)</u>	<u>(2,170)</u>	<u>228,032</u>

The Group has deferred tax assets related to tax loss carried forward of N.T.S. amounting to Baht 200 million mainly arising from the promoted business. Based on TAS No. 12 (Revised 2012) "Income Taxes", paragraph 34, it is concluded that the deferred tax asset should be written off in the year ended March 31, 2015.

As at March 31, 2015 and 2014, the Group had unused tax losses of Baht 5,818 million and Baht 4,549 million, respectively, which was not recognised as deferred tax assets. Such tax losses will gradually expire from March 2015 to November 2022.

Unit : Thousand Baht				
Separate financial statements				
	Balance as at March 31, 2014	Recognised in profit or loss	Recognised in other comprehensive income Actuarial gain on defined employee benefit plan	Balance as at March 31, 2015
Deferred tax assets resulted from				
Employee benefit obligations	8,951	1,509	(146)	10,314

Unit : Thousand Baht				
Separate financial statements				
	Balance as at March 31, 2013	Recognised in profit or loss	Recognised in other comprehensive income Actuarial gain on defined employee benefit plan	Balance as at March 31, 2014
Deferred tax assets resulted from				
Employee benefit obligations	8,535	1,093	(677)	8,951

As at March 31, 2015 and 2014, the Company had unused tax losses of Baht 139 million and Baht 68 million, respectively, which were not recognised as deferred tax assets. Such tax losses will gradually expire from March 2019 to March 2020.

#### Income tax rate reduction

According to the Royal Decree No. 577 B.E. 2557 issued under the Revenue Code regarding the corporate income tax rate reduction effective on November 11, 2014, to extend the corporate income tax rate reduction at 20% of net profit for accounting period beginning on or after January 1, 2015 but not later than December 31, 2015.

## 12. OTHER NON-CURRENT ASSETS

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

	Consolidated		Unit : Thousand Baht	
	financial statements	financial statements	Separate	financial statements
	2015	2014	2015	2014
Income tax refundable	216,126	204,246	57,548	45,922
Other long-term receivable				
- Tata Steel Global Holdings Pte. Ltd.	71,220	71,220	71,220	71,220
Others	7,321	8,848	4,195	4,193
Total	<u>294,667</u>	<u>284,314</u>	<u>132,963</u>	<u>121,335</u>

In December 2009, a subsidiary had a dispute regarding the interpretation of tax computation and the propriety of tax loss carried forward for promoted sector and its utilisation, amounting to a tax element inclusive of surcharge of Baht 103 million. In order to avoid the surcharge, the subsidiary decided to pay such additional tax. Subsequently, on September 13, 2010, the subsidiary submitted the filing of a revised return for tax refund and has filed an appeal to the Board of Tax Appeal based on the legal advice, seeking a clarification on the process for adjustment of carry forward losses with BOI schemes. On May 26, 2011, the subsidiary issued a letter requesting a refund from the Revenue Department where the Revenue Department has acknowledged and is determining such request. As at March 31, 2015, the case is still pending.

DB 6/N (overnight)

SCBT 2 months

### 13. BORROWINGS FROM FINANCIAL INSTITUTIONS

#### 13.1 Short-term borrowing

Short-term borrowing from local financial institutions as at March 31, consists of:

	Consolidated		Unit : Thousand Baht	
	financial statements		Separate	
	2015	2014	2015	2014
Short-term borrowings from financial institutions	2,298,949	2,085,036	120,000	-
Total	<u>2,298,949</u>	<u>2,085,036</u>	<u>120,000</u>	<u>-</u>

As at March 31, 2015 and 2014, the Group has borrowing from two financial institutions in the amount of Baht 1,343 million and Baht 1,163 million, respectively, bearing the interest rate at BIBOR+2% per annum which was an agreement for short-term credit facilities limit in previous term totaling of Baht 1,500 million, for scrap purchasing. Subsequently, on December 26, 2014, the Group increased such credit limit totaling of Baht 1,998 million.

As at March 31, 2015 and 2014, the Group has borrowing from another financial institution in the amount of Baht 724 million and Baht 922 million, respectively, bearing the interest rate at BIBOR+2% per annum which was an agreement for short-term credit facilities limit in previous term totaling of Baht 968 million, for utilities financing. Subsequently, on August 29, 2014, the Group increased such credit limit totaling of Baht 1,068 million.

As at March 31, 2015, the Group has borrowing from a financial institution in the amount of Baht 112 million, bearing the interest rate at BIBOR+2% per annum which was an agreement for short-term credit facilities limit totaling of Baht 150 million, for other raw materials. (2014 : nil)

As at March 31, 2015, the Company has borrowing from a financial institution in the amount of Baht 120 million, bearing the interest rate at 4.81% - 4.82% per annum for working capital. (2014 : nil)

As at March 31, 2015 and 2014, the Group has agreements with 8 local financial institutions to obtain credit facilities limit of Baht 6,723 million for working capital. The interest rates of these credit facilities are as follows:

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

As at March 31, 2015 and 2014, the Group has withdrawn the loans including letters of credit and trust receipts totaling Baht 824 million and Baht 1,120 million, respectively.

## 13.2 Long-term borrowings

The period to maturity of long-term borrowings (denominated in Thai Baht) as at March 31, are as follows:

	Consolidated		Unit : Thousand Baht	
	financial statements		Separate	
	2015	2014	2015	2014
Within one year	865,000	1,610,000	865,000	1,610,000
After one year but not over five years	200,000	1,065,000	200,000	1,065,000
Total	<u>1,065,000</u>	<u>2,675,000</u>	<u>1,065,000</u>	<u>2,675,000</u>

The long term borrowings comprising of 2 loan agreements, the first dated November 29, 2006 for Baht 5,000 million with interest rate at MLR-1.25% p.a., and the second dated November 9, 2007 for Baht 3,500 million with interest rate at MLR-2.00% p.a. and their amendments thereto. The loans are secured by the property, plant and equipment of all subsidiaries as mentioned in Note 8. The loans contain restrictions on financial ratios and shareholders' structure which is in accordance with requirements in loan agreements from financial institutions.

The Group has approached the lenders for installment payment rescheduling to match with projected debt servicing capability based on current business strategy, which is under active consideration of the lenders. During the time that such considering of the installment payment rescheduling is not finalised, the Group has maintained installment payments in accordance with existing terms.

As at March 31, 2015, the Company had a debt service coverage ratio ("DSCR") lower than the required ratio specified in the loan agreements with two financial institutions. Waivers for non-compliance of DSCR specified in the loan agreements of both lenders were obtained.

## 14. TRADE ACCOUNTS PAYABLE OF A SUBSIDIARY ARISING FROM RESTRUCTURING

As at March 31, 2012, the aforementioned trade accounts payable represent trade payable of N.T.S. under the Reorganisation Plan which was approved by the creditors' meeting on July 8, 2002 and the Central Bankruptcy Court on July 19, 2002. The creditors in these groups will receive repayment in full of their principal claims within 10 years. Condition in the Plan stated that the Company is able to select the repayment term commencing from the fifth year to the tenth year commencing from November 29, 2002. This debt is guaranteed by The Siam Iron and Steel (2001) Company Limited and The Siam Construction Steel Company Limited without guarantee fees.

As at March 31, 2015 and 2014, such payable is due within one year. Therefore, it is classified as current liabilities.

During 2014, N.T.S. has made a payment of such trade accounts payable arising from restructuring of Baht 48.5 million and had been granted a hair-cut which was recorded as other income in the statement of comprehensive income for the year ended March 31, 2014 of Baht 2.9 million (see Note 19). (2015: nil)

## 15. PROVIDENT FUND

The defined contribution plan comprise provident fund for its employees of the Group. Membership to the fund is on a voluntary basis. Contributions are made monthly by the employees at rates ranging from 2% to 10% of their basic salaries and by the Group at rate from 3% to 10% of the employees' basic salaries. The provident fund is registered with the Ministry of Finance as juristic entities and is managed by a licensed Fund Manager.

For the years ended March 31, 2015 and 2014, the contribution of the Group recognised as expenses included in the consolidated statement of comprehensive income amounting to Baht 39.58 million and Baht 38.62 million, respectively, and in the separate statement of comprehensive income amounting to Baht 12.69 million and Baht 12.24 million, respectively.

## 16. EMPLOYEE BENEFIT OBLIGATIONS

As at March 31, 2015 and 2014, the Group recorded a provision for employee benefit obligations totaling Baht 158 million and Baht 124 million, respectively. The estimated liability was calculated based on the projected unit credit method by a qualified independent actuary.

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

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Discount rate (%)	3.02 - 3.33	3.71	3.02	3.71
Average expected rate of salary increase (%)	5.05	5.00	5.05	5.00
Voluntarily resignation Rate (%)	0 - 27.00	0 - 17.00	0 - 27.00	0 - 17.00
Employee retirement age (year)	55 - 60	55 - 60	55 - 60	55 - 60

The benefit cost recognised in the statement of comprehensive income for the years ended March 31, are as follows:

	Consolidated financial statements		Unit : Thousand Baht Separate financial statements	
	2015	2014	2015	2014
Past service cost	15,769	-	5,464	-
Current service cost	14,076	9,945	4,584	2,448
Interest cost	4,986	4,521	1,543	1,457
Total	<u>34,831</u>	<u>14,466</u>	<u>11,591</u>	<u>3,905</u>

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

	Consolidated financial statements		Unit : Thousand Baht Separate financial statements	
	2015	2014	2015	2014
Present value of unfunded obligations	<u>157,881</u>	<u>123,948</u>	<u>47,850</u>	<u>40,920</u>

	Unit : Thousand Baht			
	Consolidated		Separate	
	financial statements 2015	2014	financial statements 2015	2014
Beginning of provision for employee benefit obligations	123,948	138,663	40,920	42,676
Other long-term employee benefit	<u>2,075</u>	<u>-</u>	<u>332</u>	<u>-</u>
Revised the beginning of provision for employee benefit obligations <sup>(1)</sup>	126,023	138,663	41,252	42,676
Past service cost	15,769	-	5,464	-
Current service cost	14,076	9,945	4,584	2,447
Interest cost	4,986	4,521	1,543	1,458
Net actuarial (gain) loss recognised during the years	7,746	(16,809)	(733)	(3,386)
Severance paid during the years	<u>(10,719)</u>	<u>(12,372)</u>	<u>(4,260)</u>	<u>(2,275)</u>
Ending of provision for employee benefit obligations	<u>157,881</u>	<u>123,948</u>	<u>47,850</u>	<u>40,920</u>

<sup>(1)</sup> Beginning provisions for employee benefit obligations are not equal to the ending of prior year because the Group has changed the method of other long-term employee benefit calculation according to the Group Policy.

## 17. SHARE CAPITAL AND LEGAL RESERVE

### Preference Shares

Rights attaching to the preference shares are as follows:

- (a) Preference shares have preemptive right to receive cash from the Company's liquidation prior to ordinary shares when the total amount of the proceeds from liquidation is not greater than the sum amount of the outstanding number of preference shares at the date of liquidation multiplied by Baht 1.87 and the outstanding number of preference shares at the date of liquidation multiplied by Baht 1.30.
- (b) Preemptive rights of preference shares are effective within 11 years which is due on November 29, 2013 commencing the date of fully paid-up capital to the Company at the first time. At the end of the 11th year, preemptive rights of preference shares are immediately expired and preference shares are converted to ordinary shares.
- (c) Preference shareholders are entitled to the same voting rights as ordinary shareholders.
- (d) Preference shares are convertible to ordinary shares in proportion 1 : 1 at the option of the preference shareholders by requesting to the Company and surrender certificates.

On July 31, 2013, the Annual General Meeting of the Shareholders of the Company approved a resolution to decrease the registered capital of Baht 2,604,038,725 from the existing registered capital of Baht 11,025,579,573 to Baht 8,421,540,848 by cancelling the 2,604,038,725 ordinary shares which was reserved for the conversion of the warrants.

On November 30, 2013, the 252,773,225 preference shares were expired because their conversion rights were not exercised within the specified period. On December 9, 2013, the Company converted the preference shares into ordinary shares for the last shareholder, which holds 252,773,225 preference shares. The Company registered the changes on its ordinary shares with the Department of Business Development, Ministry of Commerce, on December 13, 2013.

## Legal reserve

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

According to the Civil and Commercial Code, subsidiary companies must appropriate to a reserve fund at each distribution of dividend at least one-twentieth of the profit arising from the business of that companies until the reserve fund reaches one-tenth part of capital of subsidiary companies. Such reserve is not allowable for distribution as dividends.

## 18. CAPITAL MANAGEMENT

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

The management sets strategies to support the Group's business operations to be more efficiency including setting dividend and capital management policies to maintain the optimal capital structure and cost of capital and to comply with the Debt Covenant Ratios.

## 19. OTHER INCOME

Other income for the years ended March 31, consist of:

	Consolidated financial statements		Unit : Thousand Baht Separate Financial statements	
	2015	2014	2015	2014
Compensation from insurance company	-	33,331	-	-
Gain from debt restructuring (see Note 14)	-	2,888	-	-
Dividend income from other long-term investment	16,800	-	-	-
Others	14,788	20,576	1,200	691
Total	<u>31,588</u>	<u>56,795</u>	<u>1,200</u>	<u>691</u>

## 20. EXPENSES BY NATURE

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

	Consolidated		Unit : Thousand Baht	
	financial statements		Separate	
	2015	2014	2015	2014
Change in finished goods and work in process	722,783	208,534	-	-
Raw materials and consumables used	14,406,978	17,367,761	-	-
Store and supplies used	711,200	859,705	-	-
Fuel	790,042	976,947	-	-
Depreciation, amortisation and amortisation of rolling mill expenses	521,164	588,843	28,382	28,936
Employee benefits expenses	805,032	786,578	218,731	216,363
Utilities expenses	2,263,599	2,701,100	1,018	888
Repair and maintenance expenses	565,691	676,495	165	377
Contractor	176,187	165,214	-	-
Delivery and selling expenses	196,172	206,206	-	-
Bank charges	67,128	72,226	81	87
Premium on forward foreign exchange contract	13,366	19,796	-	-
Rent	48,308	45,112	27,263	24,296
Reversal of allowance for diminution in value of inventory and inventory obsolescence	(12,561)	(32,734)	-	-

## 21. EARNINGS (LOSS) PER SHARE

Earnings (loss) per share for the years ended March 31, are as follows:

		Consolidated		Unit : Thousand Baht	
		financial statements		Separate	
		2015	2014	2015	2014
<b>Basic earnings (loss) per share</b>					
Profit (loss) for the years		(611,042)	30,784	14,997	129,811
Net loss attributable to non-controlling interest		1,278	8	-	-
Net profit (loss) attributable to the owners of the parent		(609,764)	30,792	14,997	129,811
Weighted average number of ordinary shares	Shares	8,421,540,848	8,247,023,443	8,421,540,848	8,247,023,443
<b>Basic earnings (loss) per share</b>	<b>Baht</b>	<b>(0.07)</b>	<b>0.00</b>	<b>0.00</b>	<b>0.02</b>
<b>Diluted earnings (loss) per share</b>					
Weighted average number of ordinary shares	Shares	8,421,540,848	8,247,023,443	8,421,540,848	8,247,023,443
Effect of convertible preferred shares (Note 17)	Shares	-	174,517,405	-	174,517,405
Weighted average number of ordinary shares outstanding at end of the years (diluted)	Shares	8,421,540,848	8,421,540,848	8,421,540,848	8,421,540,848
<b>Diluted earnings (loss) per share</b>	<b>Baht</b>	<b>(0.07)</b>	<b>0.00</b>	<b>0.00</b>	<b>0.02</b>



## 22. RELATED PARTY TRANSACTIONS AND BALANCES

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

The pricing policies for particular types of transactions are explained as follows:

	Pricing Policies
Sales	Market price
Purchases	Market price
Management fees income	Contract rate
Service fee paid	Contract rate
Interest income	Contract rate
Interest expense	Contract rate

The major related parties as at March 31, 2015 are as follows:

Type	Name	Type of Business	Relationship
Ultimate parent company	Tata Steel Limited	Manufacture steel	Ultimate parent company
Major shareholder	Tata Steel Global Holdings Pte. Ltd.	Investing	Major shareholder
Subsidiaries	The Siam Iron and Steel (2001) Company Limited	Manufacture wire rods and small section products	Common shareholders and managements
	The Siam Construction Steel Company Limited.	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 shareholders and managements
Other parties	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 (Asia) Limited (Formerly name Tata Steel International (Hong Kong) Ltd.)	Trading	Same group of shareholders
	Tata Steel 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 Steel 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	
Siam Steel Mill Services Co., Ltd.	Recycling and reprocessing steel scrap	Indirect shareholding by subsidiary	

Type	Name	Type of Business	Relationship
Other parties	Tata Steel 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

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

	Consolidated financial statements		Unit : Thousand Baht Separate Financial statements	
	2015	2014	2015	2014
<b>Trade accounts receivable - related parties</b>				
The Siam Industrial Wire Co., Ltd.	-	47,973	-	-
TSN Wires Co., Ltd.	-	7,089	-	-
Total	<u>-</u>	<u>55,062</u>	<u>-</u>	<u>-</u>

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

	Consolidated financial statements		Unit : Thousand Baht Separate Financial statements	
	2015	2014	2015	2014
Within credit terms	-	38,833	-	-
Overdue: not over 3 months	-	16,229	-	-
Total	<u>-</u>	<u>55,062</u>	<u>-</u>	<u>-</u>
<b>Other receivables - related parties</b>				
The Siam Iron and Steel (2001) Company Limited	-	-	1,482	13,935
The Siam Construction Steel Company Limited	-	-	17,607	20,419
N.T.S. Steel Group Public Company Limited	-	-	16,290	5,100
Siam Steel Mill Services Co., Ltd.	788	710	-	-
Tata Steel Limited	24	-	10	-
Tata Steel Nederland Services B.V.	-	432	-	432
Total	<u>812</u>	<u>1,142</u>	<u>35,389</u>	<u>39,886</u>
<b>Short-term loans to related parties</b>				
The Siam Iron and Steel (2001) Company Limited	-	-	-	159,176
N.T.S. Steel Group Public Company Limited	-	-	1,612,507	223,014
Total	<u>-</u>	<u>-</u>	<u>1,612,507</u>	<u>382,190</u>

Short-term loans to related parties are non-collateralised loans carrying interest rate as at March 31, 2015 and 2014 at 1% - 5.5% p.a.

Movements during the years on short-term loans to related parties are as follows:

	Consolidated financial statements		Unit : Thousand Baht Separate financial statements	
	2015	2014	2015	2014
As at March 31, 2013	-	-	336,386	-
Increase	-	-	45,804	-
As at March 31, 2014	-	-	382,190	-
Increase	-	-	1,230,317	-
As at March 31, 2015	-	-	1,612,507	-
	Consolidated financial statements		Unit : Thousand Baht Separate Financial statements	
	2015	2014	2015	2014
Long-term loans to a related party				
N.T.S. Steel Group Public Company Limited				
(Interest at MLR-1.25% p.a.)	-	-	-	675,000
(Interest at MLR-2.00% p.a.)	-	-	1,065,000	2,000,000
Total	-	-	1,065,000	2,675,000

The long-term loans to a related party are non-collateralized loan according to the loan agreements dated November 30, 2006 and November 9, 2007.

In November 2011, the Company made the supplement to both long-term loan agreements in order to extend the first installment repayment to November 30, 2012 and the last installment repayment is on August 31, 2016 with carrying interest rate of MLR-1.25% and MLR-2.00% per annum.

During the years ended March 31, 2015 and 2014, there was no additional long-term loan granted to a related party and the Company received the long-term loan repayment from a related party of Baht 1,610 million and Baht 1,650 million, respectively.

The maturity period of repayment as at March 31, are as follows:

	Consolidated financial statements		Unit : Thousand Baht Separate Financial statements	
	2015	2014	2015	2014
Within one year	-	-	865,000	1,610,000
After one year but not over five years	-	-	200,000	1,065,000
Total	-	-	1,065,000	2,675,000
Other non-current asset				
Tata Steel Global Holdings Pte. Ltd.*	71,220	71,220	71,220	71,220

\* The Company had paid for the advance payment for Brand Promotion fee, approximately Baht 71 million in 2008. During the year 2014, the receivable was changed from Tata Sons Ltd. to Tata Steel Global Holdings Pte. Ltd.

	Consolidated		Unit : Thousand Baht	
	financial statements		Separate	
	2015	2014	2015	2014
<b>Trade accounts payable - related parties</b>				
NatSteel Recycling Pte. Ltd.	84,207	667,685	-	-
Tata International Metals (Asia ) Limited	179,848	-	-	-
Tata Steel Asia (Hong Kong) Ltd.	-	36,722	-	-
Tata International (Singapore) Pte. Ltd.	4,370	-	-	-
Siam Steel Mill Services Co., Ltd.	21,840	21,468	-	-
Total	<u>290,265</u>	<u>725,875</u>	<u>-</u>	<u>-</u>
<b>Other payables - related parties</b>				
The Siam Iron and Steel (2001) Company Limited	-	-	95	-
The Siam Construction Steel Company Limited	-	-	1,483	1,144
N.T.S. Steel Group Public Company Limited	-	-	115	359
The Siam Industrial Wire Co., Ltd.	441	-	-	-
Tata Consultancy Services (Thailand) Ltd.	1,902	3,087	1,902	3,087
Tata Steel UK Ltd.	12	12	12	12
Siam Steel Mill Services Co., Ltd.	825	317	-	-
Tata Sons Limited	33	5,510	33	5,510
Total	<u>3,213</u>	<u>8,926</u>	<u>3,640</u>	<u>10,112</u>
<b>Advance received from customer</b>				
The Siam Industrial Wire Co., Ltd.	<u>99,658</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Short-term borrowings from related parties</b>				
The Siam Iron and Steel (2001) Company Limited (Interest at 1.5% p.a.)	-	-	101,455	-
The Siam Construction Steel Company Limited (Interest at 1.5% p.a.)	-	-	1,129,905	819,282
Total	<u>-</u>	<u>-</u>	<u>1,231,360</u>	<u>819,282</u>
<b>Long-term borrowing from a related party**</b>				
Tata Steel Global Holding Pte. Ltd.	<u>270,596</u>	<u>270,596</u>	<u>270,596</u>	<u>270,596</u>

\*\* By letter dated August 3, 2012, the Company requested for the extension of long-term borrowing repayment from a related party that falls due on November 12, 2012 to August 31, 2016. The Company has obtained a confirmation letter dated August 22, 2012 from such related party. The long-term borrowing from a related party carries no interest.

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

	Consolidated		Unit : Thousand Baht	
	financial statements	financial statements	Separate	financial statements
	2015	2014	2015	2014
<b>Revenues</b>				
<b>Sales</b>				
The Siam Industrial Wire Co., Ltd.	666,717	925,379	-	-
NatSteel Holdings Pte. Ltd.	-	6,403	-	-
Tata Steel Limited	212,103	123,565	-	-
TSN Wires Co., Ltd.	31,450	121,884	-	-
<b>Total</b>	<b>910,270</b>	<b>1,177,231</b>	<b>-</b>	<b>-</b>
<b>Interest income</b>				
The Siam Iron and Steel (2001) Company Limited	-	-	7,262	12,508
N.T.S. Steel Group Public Company Limited	-	-	99,449	186,845
<b>Total</b>	<b>-</b>	<b>-</b>	<b>106,711</b>	<b>199,353</b>
<b>Management fees income***</b>				
The Siam Iron and Steel (2001) Company Limited	-	-	12,000	113,089
The Siam Construction Steel Company Limited	-	-	170,505	185,517
N.T.S. Steel Group Public Company Limited	-	-	162,440	12,000
<b>Total</b>	<b>-</b>	<b>-</b>	<b>344,945</b>	<b>310,606</b>

\*\*\* In 2010, the parent company made the agreement for management fee by determining based on 2.0% of the annual net sales. In case that subsidiaries have the annual loss excluding management fee, the parent company shall charge such management fee not exceeding Baht 1 million per month. This agreement is effective on April 1, 2010, onwards.

	Consolidated		Unit : Thousand Baht	
	financial statements	financial statements	Separate	financial statements
	2015	2014	2015	2014
<b>Other income</b>				
Siam Steel Mill Services Co., Ltd.	8,703	8,149	-	-
<b>Expenses</b>				
<b>Purchases</b>				
The Siam Industrial Wire Co., Ltd.	-	677	-	-
NatSteel Trade International Pte. Ltd.	273,247	-	-	-
NatSteel Recycling Pte. Ltd.	404,142	2,003,125	-	-
Tata International Metals (Asia) Limited	181,782	6,299	-	-
Tata Steel Asia (Hong Kong) Ltd.	1,452	177,195	-	-
Tata Steel International (Singapore) Pte. Ltd.	24,774	-	-	-
Siam Steel Mill Services Co., Ltd.	221,788	188,637	-	-
Tata International Limited	18,539	-	-	-
<b>Total</b>	<b>1,125,724</b>	<b>2,375,933</b>	<b>-</b>	<b>-</b>
<b>Interest expenses</b>				
The Siam Iron and Steel (2001) Company Limited	-	-	50	2
The Siam Construction Steel Company Limited	-	-	12,703	11,654
N.T.S. Steel Group Public Company Limited	-	-	182	5,584
<b>Total</b>	<b>-</b>	<b>-</b>	<b>12,935</b>	<b>17,240</b>

	Consolidated		Unit : Thousand Baht ,Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
Other expenses				
The Siam Industrial Wire Co., Ltd.	-	5	-	-
NatSteel Holdings Pte. Ltd.	80	142	40	142
Tata Consultancy Services (Thailand) Ltd.	11,092	11,496	11,092	11,496
Tata Sons Limited	757	5,560	757	264
Mjunction Services Limited	-	4	-	-
Siam Steel Mill Services Co., Ltd.	8,099	7,785	-	-
Tata Steel Global Holdings Pte. Ltd.	-	19	-	19
Tata Steel Limited	11	90	11	90
Total	<u>20,039</u>	<u>25,101</u>	<u>11,900</u>	<u>12,011</u>
Key management compensation				
Short-term employee benefits	57,797	62,150	57,797	62,150
Post-employment benefits	15,803	12,730	15,803	12,730
Total	<u>73,600</u>	<u>74,880</u>	<u>73,600</u>	<u>74,880</u>

### 23. INVESTMENT PROMOTIONAL PRIVILEGES

By virtue of the provisions of the Industrial Investment Promotion Act of B.E. 2520, a subsidiary has been granted privileges by the Board of Investment (“BOI”) relating to the following:

Subsidiary	Promoted Business	Exemption from corporate income tax for 8 years from
N.T.S. Steel Group Public Company Limited	Manufacturing of steel wire rods	April 2006 - April 2014
N.T.S. Steel Group Public Company Limited	Manufacturing of steel hot metal, pig iron and steel billet	November 2009 - November 2017

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

### 24. REVENUES REPORTING OF A PROMOTED INDUSTRY

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

	Unit : Million Baht		
	Consolidated Financial Statement		
	For the year ended March 31, 2015		
	Promoted Sector	Non-promoted sector	Total
Revenues			
Revenue from domestic sales	39	19,721	19,760
Revenue from export sales	3	1,592	1,595
Total revenues from sales	<u>42</u>	<u>21,313</u>	<u>21,355</u>
Other income	-	55	55
Total revenues	<u>42</u>	<u>21,368</u>	<u>21,410</u>

Unit : Million Baht  
**Consolidated Financial Statement**  
**For the year ended March 31, 2014**

	Promoted Sector	Non-promoted sector	Total
Revenues			
Revenue from domestic sales	2,083	20,602	22,685
Revenue from export sales	21	2,657	2,678
Total revenues from sales	<u>2,104</u>	<u>23,259</u>	<u>25,363</u>
Other income	-	77	77
Total revenues	<u>2,104</u>	<u>23,336</u>	<u>25,440</u>

## 25. FINANCIAL INSTRUMENTS

### Credit Risk

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

### Interest Rate Risk and Foreign Exchange Rate

Interest rate risk occurs from the Group maintains its loans and borrowings at floating rate.

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

In addition, in order to manage risk from fluctuation in foreign exchange currency, the Group has entered into forward foreign exchange contracts to hedge its debts as disclosed in Note 26.

### Liquidity Risk

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

### Fair Value

The Group uses the methods and assumptions in estimating the fair value of financial instruments as follows:

Cash and cash equivalents, trade and other receivables, short-term borrowings from financial institutions, trade and other payables, current portion of trade accounts payable of a subsidiary arising from restructuring and current portion of long-term borrowings - the carrying values approximates its fair values due to the relative short-term maturity of these financial instruments.

Available-for-sale investments - fair value is determined as the last quoted bid price at the statement of financial positions date.

Long-term borrowings - the carrying values approximates its fair values because these financial instruments bear interest at floating market rates.

The fair values as at March 31, of long-term borrowing from a related party carries no interest is calculated by discounting the future cash flow at loan rate is as follows:

	Consolidated financial statements		Unit : Thousand Baht Separate financial statements	
	2015	2014	2015	2014
Long-term borrowing from a related party	251,642	239,112	251,642	239,112

## 26. FORWARD FOREIGN EXCHANGE CONTRACTS

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

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

Consolidated financial statements					
As at March 31, 2015					
Currency	Contract Amount	Forward exchange rate per contract (Baht per currency)	Maturity date	Value per forward contract (Thousand Baht)	Fair Value gain (loss) (Thousand Baht)
<b>Forward exchange contracts - bought</b>					
USD	213,578	32.59	May 22, 2015	6,960	6
USD	7,119,586	32.65 - 33.10	April 30 - October 30, 2015	233,850	(610)
SGD	1,400,000	24.74	September 30, 2015	34,636	(1,411)
EUR	130,000	41.19	July 31, 2015	5,355	(742)
Consolidated financial statements					
As at March 31, 2014					
Currency	Contract Amount	Forward exchange rate per contract (Baht per currency)	Maturity date	Value per forward contract (Thousand Baht)	Fair Value gain (loss) (Thousand Baht)
<b>Forward exchange contracts - bought</b>					
USD	9,809,000	31.53 - 32.62	April 21 - November 13, 2014	315,240	4,492
USD	9,195,195	32.67 - 33.42	April 28 - October 24, 2014	304,074	(4,308)
SGD	2,000,000	26.42	August 29, 2014	52,840	(1,034)
EUR	520,000	45.19	August 29, 2014	23,496	(151)



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

	Unit : Thousand Baht	
	2015	2014
Derivative assets	6	4,492
Derivative liabilities	(2,763)	(5,493)
Net loss	<u>(2,757)</u>	<u>(1,001)</u>

## 27. COMMITMENTS

As at March 31, 2015 and 2014, the Group had commitments as follows:

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

	Unit : Thousand Consolidated financial statements	
	2015	2014
<b>Currencies</b>		
JPY	-	5,800
USD	898	628
EUR	188	576

- (b) Letters of guarantee issued by the financial institutions to the Revenue Department, Electricity Generating Authority of Thailand, Provincial Electricity Authority and Industrial Estate Authority of Thailand as at March 31, 2015 and 2014 amounting to Baht 386 million and Baht 378 million, respectively, in the normal courses of business.

- (c) Commitments on purchase and installation of machinery as at March 31, are as follows:

	Unit : Thousand Consolidated financial statements	
	2015	2014
<b>Currencies</b>		
THB	11,931	1,880
EUR	36	911

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

	Consolidated financial statements		Unit : Thousand Baht Separate Financial statements	
	2015	2014	2015	2014
Within one year	39,886	36,836	23,915	21,279
After one year but not over five years	58,816	74,589	26,284	33,925
After five years	-	4,794	-	-
Total	<u>98,702</u>	<u>116,219</u>	<u>50,199</u>	<u>55,204</u>

For the years ended March 31, 2015 and 2014, rentals applicable to long-term lease and service have been recorded as expenses in the statements of comprehensive income for the consolidated financial statements are Baht 48.31 million and Baht 45.11 million, respectively and separate financial statements are Baht 27.26 million and Baht 24.30 million, respectively.

## **28. CONTINGENT LIABILITIES**

For fiscal year ended March 31, 2014, The Siam Construction Steel Company Limited, a subsidiary, received the notifications from the Revenue Department informing the assessments of additional surcharge of Baht 16.29 million in respect of the half-year corporate income tax filing for the year ended March 31, 2008 which the subsidiary under-estimated the net profit for that year by an amount exceeding 25 percent of the actual net profit. The subsidiary considered that there was a reasonable event occurred in the second half of that year that caused the net-profit under-estimated. As of March 31, 2015, the subsidiary has made the appeal to the Revenue Department and the result of this assessment has not been finalised. However, the subsidiary expected that there would not be additional surcharge to be paid and has not recorded the provisions in the financial statements.

## **29. SEGMENT INFORMATION**

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

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

## **30. APPROVAL FOR THE FINANCIAL STATEMENTS**

These financial statements have been approved by the Board of Directors of the Company for issuing on April 28, 2015.