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

Financial Statements

Year ended March 31, 2015



บริษัท ดีลอยท์ ทูเช่ โทมatsu ไทยยศ
สอบบัญชี จำกัด
อาคารระฆังการ ชั้น 25-26, 28
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REPORT OF THE INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

TO THE SHAREHOLDERS AND THE BOARD OF DIRECTORS

THE SIAM IRON AND STEEL (2001) COMPANY LIMITED

We have audited the financial statements of The Siam Iron and Steel (2001) Company Limited, which comprise the statement of financial position as at March 31, 2015, and the related 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 financial statements present fairly, in all material respects, the financial position of The Siam Iron and Steel (2001) Company Limited as at March 31, 2015, and its financial performance and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards.



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

BANGKOK
April 28, 2015

DELOITTE TOUCHE TOHMATSU JAIYOS AUDIT CO., LTD.

THE SIAM IRON AND STEEL (2001) COMPANY LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2015

UNIT : BAHT

	Notes	2015	2014
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4.1	3,884,015	14,622,559
Trade and other receivables			
Trade accounts receivable - related parties	16	202,512,867	314,316,203
Other receivables - related parties	16	860,634	209,576
Other receivables - other companies		3,051,439	8,439,740
Short-term loan to a parent company	16	101,454,993	-
Inventories	5	1,000,148,105	1,371,860,554
Refundable value-added tax		-	613
Other current assets		15,997,060	8,283,063
Total Current Assets		<u>1,327,909,113</u>	<u>1,717,732,308</u>
NON-CURRENT ASSETS			
Plant and equipment	6	181,318,822	149,327,163
Intangible asset	7	1,311,913	1,637,954
Deferred tax assets	8	9,694,992	7,643,301
Other non-current assets		16,699,945	16,671,938
Total Non-current Assets		<u>209,025,672</u>	<u>175,280,356</u>
TOTAL ASSETS		<u>1,536,934,785</u>	<u>1,893,012,664</u>

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

THE SIAM IRON AND STEEL (2001) COMPANY LIMITED
STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT MARCH 31, 2015

		UNIT : BAHT	
	Notes	2015	2014
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
Short-term borrowings from a financial institution	9	176,303,851	212,504,287
Trade and other payables			
Trade accounts payable - related parties	16	80,264,443	45,840,066
Trade accounts payable - other companies		96,497,003	183,410,106
Other payables - related parties	16	3,768,191	15,292,337
Other payables - other companies	4.2	10,781,243	3,940,241
Accrued expenses		64,426,037	97,631,387
Short-term borrowing from a parent company	9 and 16	-	159,175,814
Other current liabilities		12,149,546	5,582,981
Total Current Liabilities		444,190,314	723,377,219
NON-CURRENT LIABILITIES			
Employee benefit obligations	10	33,737,559	26,356,154
Total Non-current Liabilities		33,737,559	26,356,154
TOTAL LIABILITIES		477,927,873	749,733,373
SHAREHOLDERS' EQUITY			
SHARE CAPITAL			
Authorised share capital			
1,200,000 ordinary shares of Baht 100 each		120,000,000	120,000,000
Issued and paid-up share capital			
1,200,000 ordinary shares of Baht 100 each, fully paid		120,000,000	120,000,000
RETAINED EARNINGS			
Appropriated			
Legal reserve	12	12,000,000	12,000,000
Unappropriated		927,006,912	1,011,279,291
TOTAL SHAREHOLDERS' EQUITY		1,059,006,912	1,143,279,291
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		1,536,934,785	1,893,012,664

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

THE SIAM IRON AND STEEL (2001) COMPANY LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED MARCH 31, 2015

UNIT : BAHT

	Notes	2015	2014
Revenue from sales		4,627,059,087	5,657,323,728
Cost of sales		<u>(4,663,266,951)</u>	<u>(5,503,140,298)</u>
Gross profit (loss)		(36,207,864)	154,183,430
Other income			
Gain on foreign exchange rate - net		1,686,681	-
Others		<u>4,997,935</u>	<u>7,351,642</u>
Profit (loss) before expenses		(29,523,248)	161,535,072
Selling expenses		(600,840)	(822,208)
Administrative expenses		(36,765,784)	(145,681,151)
Loss on foreign exchange rate - net		-	<u>(2,754,758)</u>
Total expenses		<u>(37,366,624)</u>	<u>(149,258,117)</u>
Profit (loss) before finance costs and income tax expenses		(66,889,872)	12,276,955
Finance costs		<u>(16,254,491)</u>	<u>(21,691,273)</u>
LOSS BEFORE INCOME TAX EXPENSE		(83,144,363)	(9,414,318)
Income tax income (expense)	8	<u>1,415,749</u>	<u>(2,786,940)</u>
NET LOSS FOR THE YEARS		<u>(81,728,614)</u>	<u>(12,201,258)</u>
OTHER COMPREHENSIVE INCOME (LOSS)			
Actuarial gain (loss) on defined employee benefit plan	10	(3,179,707)	6,115,098
Income tax relating to components of other comprehensive income (loss)		<u>635,942</u>	<u>(1,223,020)</u>
TOTAL OTHER COMPREHENSIVE INCOME (LOSS) FOR THE YEARS - NET OF TAX		<u>(2,543,765)</u>	<u>4,892,078</u>
TOTAL COMPREHENSIVE LOSS FOR THE YEARS		<u><u>(84,272,379)</u></u>	<u><u>(7,309,180)</u></u>
BASIC LOSS PER SHARE	15 BAHT	(68.11)	(10.17)
WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES	SHARES	1,200,000	1,200,000

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

THE SIAM IRON AND STEEL (2001) COMPANY LIMITED
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED MARCH 31, 2015

UNIT : BAHT

	Issued and paid-up share capital	Retained earnings Appropriated Legal reserve	Unappropriated	Total shareholders' equity
Balances as at April 1, 2013	120,000,000	12,000,000	1,018,588,471	1,150,588,471
Total comprehensive loss for the year	-	-	(7,309,180)	(7,309,180)
Balances as at March 31, 2014	<u>120,000,000</u>	<u>12,000,000</u>	<u>1,011,279,291</u>	<u>1,143,279,291</u>
Balances as at April 1, 2014	120,000,000	12,000,000	1,011,279,291	1,143,279,291
Total comprehensive loss for the year	-	-	(84,272,379)	(84,272,379)
Balances as at March 31, 2015	<u>120,000,000</u>	<u>12,000,000</u>	<u>927,006,912</u>	<u>1,059,006,912</u>

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

THE SIAM IRON AND STEEL (2001) COMPANY LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2015

UNIT : BAHT

	Note	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before income tax		(83,144,363)	(9,414,318)
Adjustments :			
Unrealised gain on foreign exchange rate		(664,411)	(196,153)
Loss from diminution in value of inventories and inventory obsolescence		4,126,095	759,906
Depreciation and amortisation		33,355,998	37,139,721
Amortisation of rolling mill roll		13,919,102	14,038,947
Employee benefit obligation expenses		7,206,998	4,463,677
Other employee benefit expenses		(16,825)	-
Gain on sale of equipment		(2,838,747)	(5,989,699)
Loss from writing off of equipment		1,380	19,963
Interest income		(58,568)	(11,636)
Interest expense		16,254,491	22,080,921
		<u>(11,858,850)</u>	<u>62,891,329</u>
Decrease in trade accounts receivable - related parties		111,803,336	110,377,960
Decrease (increase) in other receivables - related parties		(601,292)	1,705,081
Decrease (increase) in other receivables - other companies		5,388,301	(5,779,103)
Decrease in inventories		353,667,252	65,941,489
Decrease in refundable value - added tax		613	18,675,938
Decrease (increase) in other current assets		(7,713,997)	2,834,560
Decrease (increase) in other non-current assets		(3,500)	86,182
Increase (decrease) in trade accounts payable - related parties		35,064,628	(4,668,564)
Decrease in trade accounts payable - others companies		(86,888,942)	(26,616,427)
Increase (decrease) in other payables - related parties		(10,468,588)	538,741
Increase (decrease) in accrued expenses		(32,689,317)	22,217,017
Increase in other current liabilities		6,832,390	4,460,082
Cash paid for employee benefit obligation		(3,254,300)	(6,584,120)
Cash received from operating activities		<u>359,277,734</u>	<u>246,080,165</u>
Cash paid for interest		(17,826,082)	(22,080,921)
Cash paid for income tax		(24,508)	(28,230,596)
Net cash provided by operating activities		<u>341,427,144</u>	<u>195,768,648</u>

THE SIAM IRON AND STEEL (2001) COMPANY LIMITED
STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED MARCH 31, 2015

UNIT : BAHT

	Note	2015	2014
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		8,802	11,636
Proceeds from sales of equipment		2,838,765	5,989,635
Cash paid for purchases of equipment		(58,182,012)	(12,796,262)
Increase in short-term loan to a parent company		(101,454,993)	-
Net cash used in investing activities		<u>(156,789,438)</u>	<u>(6,794,991)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Decrease in short-term borrowings from a financial institution		(36,200,436)	(1,538,922)
Decrease in short-term borrowing from a parent company		(159,175,814)	(177,210,538)
Net cash used in financing activities		<u>(195,376,250)</u>	<u>(178,749,460)</u>
Increase (decrease) in cash and cash equivalents		(10,738,544)	10,224,197
Beginning balances of cash and cash equivalents		<u>14,622,559</u>	<u>4,398,362</u>
ENDING BALANCES OF CASH AND CASH EQUIVALENTS	4.1	<u><u>3,884,015</u></u>	<u><u>14,622,559</u></u>

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

THE SIAM IRON AND STEEL (2001) COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2015

1. GENERAL INFORMATION AND OPERATION OF THE COMPANY

The Siam Iron and Steel (2001) Company Limited (the “Company”) was incorporated in Thailand on September 3, 2001. The head office and factory of the Company are located at:

Head office: Rasa Tower 2, 20th Floor, 555 Phaholyothin Road, Chatuchak, Bangkok 10900

Factory: 49 Moo 11, Bangkamode Subdistrict, Banmoh District, Saraburi 18270.

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

The major shareholder and the parent company is Tata Steel (Thailand) Public Company Limited (“TSTH”), a Thai public company listed on the Stock Exchange of Thailand which holds 99.99% of the Company’s shares. The ultimate parent company of the Company is Tata Steel Limited, a company incorporated under the law of India.

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

2. BASIS FOR PREPARATION AND PRESENTATION OF THE FINANCIAL STATEMENTS

- 2.1 The Company maintains its accounting records in Thai Baht and prepares its statutory financial statements in the Thai language in conformity with Thai Financial Reporting Standards and accounting practices generally accepted in Thailand.
- 2.2 The Company’s financial statements have been prepared in accordance with the Thai Accounting Standard (TAS) No. 1 (Revised 2012) “Presentation of Financial Statements” and the Notification of the Department of Business Development dated September 28, 2011 regarding “The Brief Particulars in the Financial Statement B.E. 2554”.
- 2.3 Since April 1, 2014, the Company adopted the new and revised Thai Financial Reporting Standards (“TFRSs”) issued by the Federation of Accounting Professions, which are effective for the financial statements for the accounting periods beginning on or after January 1, 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

Thai Accounting Standards (“TAS”) (Continued)

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 Company’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 Company’s management adopted the Conceptual Framework for Financial Reporting (Revised 2014) in the preparation of the Company’s financial statements in the period that become effective. The Company’s management assessed the effects of such Conceptual Framework for Financial Reporting and it had no significant impact on the Company’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
TAS 28 (Revised 2014)	Investments in Associates and Joint Venture
TAS 29 (Revised 2014)	Financial Reporting in Hyperinflationary Economics
TAS 33 (Revised 2014)	Earnings per Share
TAS 34 (Revised 2014)	Interim Financial Reporting
TAS 36 (Revised 2014)	Impairment of Assets
TAS 37 (Revised 2014)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (Revised 2014)	Intangible Assets
TAS 40 (Revised 2014)	Investment Property

Thai Financial Reporting Standards (“TFRS”)

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

Thai Accounting Standard Interpretations (“TSIC”)

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

Thai Financial Reporting Interpretations (“TFRIC”)

TFRIC 1 (Revised 2014)	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4 (Revised 2014)	Determining whether an Arrangement contains a Lease
TFRIC 5 (Revised 2014)	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7 (Revised 2014)	Applying the Restatement Approach under 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 Company’s management will adopt the above TFRSs relevant to the Company in the preparation of the Company’s financial statements when they become effective. The Company’s management is in the process to assess the impact of these TFRSs on the financial statements of the Company in the period of initial application.

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

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 and excluding deposit at financial institutions used as collateral.

3.2 Trade accounts receivable

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

Allowance for doubtful accounts

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

3.3 Inventories

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

Cost of inventories is calculated using the following methods:

Finished goods and work in process	- at weighted average cost method
Raw materials, spare parts, supplies and others	- at moving average cost method

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

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

3.4 Plant and equipment

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

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:

Buildings and structures	20 years
Machinery and equipment	5 and 10 years
Vehicles	5 years
Furniture, fixtures and office equipment	5 years

The Company does not calculate depreciation for asset under construction.

3.5 Intangible asset

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

Amortisation

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

3.6 Impairment

The carrying amount of the Company's assets are 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.

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

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

Reversal of an impairment loss

The Company reverses impairment loss of asset, if any, which had been recognised in the prior periods if there is an indicator that impairment may no longer exist or may have decreased which the recoverable amount must be estimated.

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

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

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

3.8 Long-term lease

Operating lease

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

3.9 Recognition of revenue and expense

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

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

Other income and expenses are recognised on an accrual basis.

3.10 Finance costs

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

3.11 Income tax

Income tax 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 Company recognises deferred tax liabilities for all taxable temporary differences and recognises deferred tax assets for deductible temporary differences and tax losses carried forward. The Company recognises deferred tax assets to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

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

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

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

3.12 Basic loss per share

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

3.13 Foreign currency transactions

Transactions denominated in foreign currencies are converted into Baht at rates of exchange prevailing at the transaction dates. All balances of monetary assets and monetary liabilities denominated in foreign currencies outstanding at the 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 expense in the statement of comprehensive income.

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

3.14 Financial instruments

The Company entered into forward foreign exchange contracts in asset and liability management activities to control exposure to fluctuations in foreign exchange rates. Further details of financial instruments are disclosed in Notes 17 and 18.

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 for each contract are offset in the statement of financial position and included in asset or liability category in the statement of financial position.

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

3.15 Use of accounting estimates

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

4. SUPPLEMENTARY DISCLOSURES OF CASH FLOW INFORMATION

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

	2015	2014
	Baht	Baht
Cash on hand	1,100	1,100
Bank deposits in current accounts	3,024,198	4,041,345
Bank deposits in savings accounts	858,717	10,580,114
Total	<u>3,884,015</u>	<u>14,622,559</u>

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

	2015 Baht	2014 Baht
Payables for plant and equipment brought forward	3,940,241	2,319,595
<u>Add</u> Purchases during the years	65,023,014	14,416,908
<u>Less</u> Cash payments during the years	<u>(58,182,012)</u>	<u>(12,796,262)</u>
Payables for plant and equipment carried forward	<u>10,781,243</u>	<u>3,940,241</u>

5. INVENTORIES

Inventories as at March 31, consist of:

	2015 Baht	2014 Baht
Finished goods	245,148,538	269,597,555
Work in process	146,316,150	336,765,050
Raw materials	177,708,201	358,048,656
Spare parts	248,351,835	257,679,821
Supplies and others	131,405,132	149,900,565
Raw materials in transit	60,924,671	6,128,132
Total	<u>1,009,854,527</u>	<u>1,378,119,779</u>
<u>Less</u> Allowance for diminution in value of inventories and inventories obsolescence	<u>(9,706,422)</u>	<u>(6,259,225)</u>
Total	<u>1,000,148,105</u>	<u>1,371,860,554</u>

For the year ended March 31, 2015, the allowance for diminution in value of inventories and inventories obsolescence recognised in previous year of Baht 0.68 million had been reversed and the allowance for diminution in value of inventories and inventories obsolescence was recorded as part of cost of sales amounted to Baht 4.13 million.

For the year ended March 31, 2014, the allowance for diminution in value of inventories and inventories obsolescence recognised in previous year of Baht 14.19 million had been reversed and the allowance for diminution in value of inventories and inventories obsolescence was recorded as part of cost of sales amounted to Baht 0.76 million.

For the years ended March 31, 2015 and 2014, the costs of inventories recognised as expenses in the financial statements are Baht 4,659.83 million and Baht 5,516.57 million, respectively.

6. PLANT AND EQUIPMENT

Plant and equipment as at March 31, consist of:

As at March 31, 2015

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

As at March 31, 2014

	Balances as at April 1, 2013 Baht	Additions Baht	Disposals Baht	Transfer in/ (out) Baht	Balances as at March 31, 2014 Baht
Cost :					
Buildings and structures	95,879,968	-	-	4,073,854	99,953,822
Machinery and equipment	1,815,966,810	232,284	(4,272,716)	5,784,493	1,817,710,871
Vehicles	1,183,814	-	(7,201)	-	1,176,613
Furniture, fixtures and office equipment	14,668,931	940,073	(163,148)	501,750	15,947,606
Total cost	1,927,699,523	1,172,357	(4,443,065)	10,360,097	1,934,788,912
Accumulated depreciation :					
Buildings and structures	(52,884,579)	(4,869,786)	-	-	(57,754,365)
Machinery and equipment	(1,692,167,689)	(30,488,746)	4,252,846	-	(1,718,403,589)
Vehicles	(1,183,764)	-	7,195	-	(1,176,569)
Furniture, fixtures and office equipment	(9,719,657)	(1,455,148)	163,125	-	(11,011,680)
Total accumulated depreciation	(1,755,955,689)	(36,813,680)	4,423,166	-	(1,788,346,203)
Construction in progress	-	13,244,551	-	(10,360,097)	2,884,454
Plant and equipment	171,743,834				149,327,163

Depreciation for the years ended March 31,

2015	Baht	33,029,957
2014	Baht	36,813,680

Costs of fully depreciated plant and equipment that are still in use as at March 31, 2015 and 2014, are Baht 1,582.51 million and Baht 1,559.93 million, respectively.

As at March 31, 2015 and 2014, plant and equipment of the Company with net carrying value of Baht 45.26 million and Baht 64.23 million, respectively, are used as part of collateral for long-term borrowings from two financial institutions of Baht 5,000 million and Baht 3,500 million of the parent company.

7. INTANGIBLE ASSET

Intangible asset as at March 31, consists of:

As at March 31, 2015

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

As at March 31, 2014

	Balances as at April 1, 2013 Baht	Additions Baht	Disposals Baht	Balances as at March 31, 2014 Baht
Computer software	3,809,902	-	-	3,809,902
<u>Less</u> Accumulated amortisation	<u>(1,845,907)</u>	<u>(326,041)</u>	<u>-</u>	<u>(2,171,948)</u>
Intangible asset	<u>1,963,995</u>			<u>1,637,954</u>

Amortisation for the years ended March 31,

2015	Baht	<u>326,041</u>
2014	Baht	<u>326,041</u>

Cost of fully amortised computer software that is still in use as at March 31, 2015 and 2014, is Baht 0.55 million of each year.

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

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

	2015 Baht	2014 Baht
Current tax per tax return form	-	-
Deferred tax		
Movements in temporary differences	<u>(1,415,749)</u>	<u>2,786,940</u>
Income tax (income) expense as included in the statements of comprehensive income	<u>(1,415,749)</u>	<u>2,786,940</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:

	2015	2014
	Baht	Baht
Loss before income taxes	<u>(83,144,363)</u>	<u>(9,414,318)</u>
Income Tax at 20%	(16,628,873)	(1,882,864)
Effect of non-deductible expenses for tax purpose:		
- Permanent differences	(153,657)	(112,085)
- Unused tax loss not accounted for deferred tax assets	<u>15,366,781</u>	<u>4,781,889</u>
Income tax (income) expense	<u>(1,415,749)</u>	<u>2,786,940</u>
	Tax rate	Tax rate
	%	%
Effective tax rates	-	-

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:

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

	Balances as at April 1, 2013	Recognised in profit or loss	Recognised in other comprehensive income Actuarial gain on defined employee benefit plan	Balances as at March 31, 2014
	Baht	Baht	Baht	Baht
Deferred tax assets resulted from				
Allowance for doubtful accounts	796,664	-	-	796,664
Allowance for diminution in value of inventories and inventory obsolescence	3,938,258	(2,686,413)	-	1,251,845
Employee benefit obligations	<u>6,918,339</u>	<u>(100,527)</u>	<u>(1,223,020)</u>	<u>5,594,792</u>
Total deferred tax assets	<u>11,653,261</u>	<u>(2,786,940)</u>	<u>(1,223,020)</u>	<u>7,643,301</u>

As at March 31, 2015 and 2014, the Company had unused tax losses of Baht 15.37 million and Baht 4.78 million, respectively, which were not recognised as deferred tax assets. Such tax losses will gradually expire in 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.

9. SHORT-TERM BORROWINGS

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

	Interest rate % p.a.	As at March 31, 2015 Baht	Interest rate % p.a.	As at March 31, 2014 Baht
Short-term borrowings from a financial institution	3.88 - 4.14	176,303,851	4.91	212,504,287
Short-term borrowing from a parent company	-	-	5.50	159,175,814

Short-term borrowings from a financial institution

As at March 31, 2015 and 2014, the Company has borrowings from a financial institution in the amount of Baht 150.05 million and Baht 212.50 million, respectively, bearing the interest rate at BIBOR + 2% per annum, which is based on the loan agreement entered into by the parent company, the Company and the parent company's two subsidiaries (called "the Group") to obtain the short-term credit facilities of Baht 968 million which was subsequent extended to Baht 1,068 million on August 29, 2014 for utilities financing.

As at March 31, 2015, the Company has borrowing from a financial institution in the amount of Baht 26.25 million, bearing the interest rate at BIBOR+2% per annum, which is based on the loan agreement entered into by the Group to obtain the short-term credit facilities totaling of Baht 150 million, for other raw materials. (As at March 31, 2014 : nil)

Short-term borrowing from a parent company

As at March 31, 2014, the Company has short-term borrowing from the parent company which are non-collateralised borrowing in the amount of Baht 159.18 million, bearing the interest rate of 5.50% per annum. (As at March 31, 2015 : nil)

Credit facilities

As at March 31, 2015 and 2014, the Company has agreements with 8 local financial institutions to obtain credit facilities 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 notes	Money Market Rate (MMR)

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

The Company uses its plant and equipment as collateral for the long-term borrowings from the two local financial institutions as mentioned in Note 6.

10. EMPLOYEE BENEFIT OBLIGATIONS

As at March 31, 2015 and 2014, the Company recorded a provision for employee benefit obligations totaling Baht 33.74 million and Baht 26.36 million, respectively. The provision was calculated based on the projected unit credit method by a qualified independent actuary.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

	2015	2014
Discount rate (%)	3.03	3.71
Average expected rate of salary increase (%)	5.05	5.00
Turnover rate (%)	0 - 14	0 - 17
Retirement age (year)	55 - 60	55 - 60

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

	2015 Baht	2014 Baht
Past service cost	3,428,612	-
Current service cost	2,763,042	3,407,181
Interest cost	1,015,344	1,056,496
Total	<u>7,206,998</u>	<u>4,463,677</u>

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

	2015 Baht	2014 Baht
Actuarial present value of unfunded obligations	<u>33,737,559</u>	<u>26,356,154</u>
Beginning of provision for employee benefit obligations	26,356,154	34,591,695
Other long-term employee benefit	249,000	-
Revised the beginning of provision for employee benefit obligations ⁽¹⁾	26,605,154	34,591,695
Past service cost	3,428,612	-
Current service cost	2,763,042	3,407,181
Interest cost	1,015,344	1,056,496
Net actuarial gains recognised during the years	3,179,707	(6,115,098)
Severance paid during the years	<u>(3,254,300)</u>	<u>(6,584,120)</u>
Ending of provision for employee benefit obligations	<u>33,737,559</u>	<u>26,356,154</u>

⁽¹⁾ Provision for employee benefit obligations at the beginning is not equal to the ending balance of the prior year because the Company has changed the method of other long-term employee benefit calculation under the Company's policy.

11. PROVIDENT FUNDS

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

For the years ended March 31, 2015 and 2014, the contribution of the Company is recognised as expense amounting to Baht 7.93 million and Baht 7.98 million, respectively.

12. LEGAL RESERVE

According to the Civil and Commercial Code, the Company is required to reserve fund at each distribution of dividend at least one-twentieth of the profit arising from the business of the Company until the reserve fund reaches one-tenth part of the capital of the Company. Such reserve fund is not available for distribution as dividend.

13. CAPITAL MANAGEMENT

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

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

14. EXPENSE BY NATURE

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

	2015	2014
	Baht	Baht
Changes in finished goods and work in process	217,984,282	49,094,293
Raw materials and consumables used	3,134,350,923	3,814,785,994
Store and supplies	182,544,738	229,068,314
Fuel	205,465,909	250,160,743
Depreciation, amortisation and amortisation of rolling mill expenses	47,275,100	51,178,668
Employee benefit expenses	166,728,201	162,803,378
Utility expenses	555,943,421	685,456,681
Repair and maintenance expenses	137,682,949	177,730,386
Contractor fees	50,864,217	46,957,881
Management fees expense	12,000,000	113,089,129
Rental expenses	9,664,888	9,372,192

15. BASIC LOSS PER SHARE

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

		2015	2014
Net loss for the years	Baht	(81,728,614)	(12,201,258)
Weighted average number of ordinary shares	Shares	<u>1,200,000</u>	<u>1,200,000</u>
Basic loss per share	Baht	<u>(68.11)</u>	<u>(10.17)</u>

16. RELATED PARTY TRANSACTIONS AND BALANCES

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

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

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

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

Type	Name	Type of Business	Relationship
Ultimate parent company	Tata Steel Limited	Manufacture steel	Ultimate parent company
Parent company	Tata Steel (Thailand) Plc.	Holding company	Parent company
Other parties	The Siam Construction Steel Co., Ltd.	Manufacture steel bars	Common shareholders and management
	N.T.S. Steel Group Plc.	Manufacture, distributions and trading of steel bars, wire rods and small section	Common shareholders and management
	The Siam Industrial Wire Co., Ltd.	Manufacture steel wire	Common shareholders
	Tata International Metals Asia Limited (Formerly named Tata Steel International (Hong Kong) Ltd.)	Trading	Common shareholders
	Siam Steel Mill Services Co., Ltd.	Recycling and reprocessing steel scrap	Parent company's indirect investments by subsidiary
	Tata Steel Asia (Hong Kong) Ltd.	Trading	Common shareholders
	Tata International Limited	Trading	Common shareholders
	Tata International Singapore Pte. Ltd.	Trading	Common shareholders

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

	2015	2014
	Baht	Baht
Trade accounts receivable - related parties		
The Siam Construction Steel Co., Ltd.	3,489,974	696,679
N.T.S. Steel Group Plc.	199,022,893	313,619,524
Total	<u>202,512,867</u>	<u>314,316,203</u>

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

	2015	2014
	Baht	Baht
Within credit terms	202,512,867	312,913,162
Due not over 3 months	-	1,403,041
Total	<u>202,512,867</u>	<u>314,316,203</u>

Other receivables - related parties

Tata Steel (Thailand) Plc.	95,377	-
The Siam Construction Steel Co., Ltd.	257,377	64,153
N.T.S. Steel Group Plc.	463,538	76,140
Siam Steel Mill Services Co., Ltd.	44,342	69,283
Total	<u>860,634</u>	<u>209,576</u>

Short-term loan to parent company

Tata Steel (Thailand) Plc.		
(Unsecured loan and no maturity date with interest rate at 1.50% p.a.)	<u>101,454,993</u>	<u>-</u>

Trade accounts payable - related parties

N.T.S. Steel Group Plc.	17,088,370	33,494,533
Tata International Metals Asia Limited	59,533,706	-
Siam Steel Mill Services Co., Ltd.	3,642,367	2,070,663
Tata Steel Asia (Hong Kong) Ltd.	-	10,274,870
Total	<u>80,264,443</u>	<u>45,840,066</u>

Other payables - related parties

Tata Steel (Thailand) Plc.	1,481,689	13,935,106
The Siam Construction Steel Co., Ltd.	2,282,810	-
N.T.S. Steel Group Plc.	3,692	1,357,231
Total	<u>3,768,191</u>	<u>15,292,337</u>

Short-term borrowing from parent company

Tata Steel (Thailand) Plc.		
(Interest rate at 5.50% p.a.)	<u>-</u>	<u>159,175,814</u>

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

	2015	2014
	Baht	Baht
Sales		
N.T.S. Steel Group Plc.	4,604,303,394	5,638,021,723
The Siam Construction Steel Co., Ltd.	21,231,396	15,282,042
Total	<u>4,625,534,790</u>	<u>5,653,303,765</u>
Purchases		
N.T.S. Steel Group Plc.	1,787,126,821	2,790,796,236
The Siam Construction Steel Co., Ltd.	38,668	4,217,288
Siam Steel Mill Services Co., Ltd.	37,338,225	24,299,738
Tata Steel Asia (Hong Kong) Ltd.	1,451,716	42,930,600
Tata International Metals Asia Limited	60,173,957	-
Tata International Limited	18,538,656	-
Tata International Singapore Pte. Ltd.	4,801,706	-
Total	<u>1,909,469,749</u>	<u>2,862,243,862</u>
Interest incomes		
Tata Steel (Thailand) Plc.	<u>49,885</u>	<u>-</u>
Management fee		
Tata Steel (Thailand) Plc.	<u>12,000,000</u>	<u>113,089,129</u>
Interest expenses		
Tata Steel (Thailand) Plc.	<u>7,262,098</u>	<u>12,465,798</u>

In 2010, the parent company made the agreement for management fee by determining based on 2.0% of the annual net sales amount. In case that the Company has the annual loss before management fee, such management fee shall not exceed Baht 1 million per month. This agreement is effective from April 1, 2010, onwards.

17. FINANCIAL INSTRUMENTS

Credit Risk

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

Liquidity Risk

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

Interest Rate Risk

Interest rate risk arises from the potential for a change in interest rate to have an adverse effect on the Company in the current reporting period and in future periods. The Company does not expect to incur material incremental effect on their interest expense because the Company has no long-term borrowing.

Foreign Exchange Risk

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

In addition, in order to manage risk from fluctuation in foreign currency exchange rate, the Company has entered into forward foreign exchange contracts to hedge its risks. However, the majority of the Company's trading transactions are in Baht currency.

Fair Value

The Company 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 loan to a parent company, refundable value-added tax, other current assets, short-term borrowings from financial institution, trade and other payables, short-term borrowings from a parent company and other current liabilities, the carrying values approximate to their fair values due to the relative short-term maturity of these financial instruments.

18. FORWARD FOREIGN EXCHANGE CONTRACTS

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

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

Currency	Contract Amount	Forward exchange rate per contract (Baht per currency)	As at March 31, 2015		
			Maturity date	Value per forward contract (Baht)	Fair Value gain (loss) (Baht)
Forward foreign exchange contracts – bought					
USD	146,000	32.65	May 29, 2015	4,766,462	(1,877)
USD	1,700,000	32.83	August 31, 2015	55,817,800	(4,904)
EUR	130,000	41.19	July 31, 2015	5,354,700	(741,904)

Currency	Contract Amount	Forward exchange rate per contract (Baht per currency)	As at March 31, 2014		Fair Value gain (loss) (Baht)
			Maturity date	Value per forward contract (Baht)	
Forward foreign exchange contracts - bought					
USD	150,000	32.37	May 30, 2014	4,855,350	23,523
USD	269,985	32.67	May 6, 2014	8,819,864	(47,750)

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

	2015 Baht	2014 Baht
Derivative assets	-	23,523
Derivative liabilities	(748,685)	(47,750)
Net loss	<u>(748,685)</u>	<u>(24,227)</u>

19. COMMITMENTS

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

19.1 Letters of credit opened but are not qualified as liabilities as at March 31, are as follows:

Currencies	2015	2014
USD	395,499	224,910
EUR	188,510	-
JPY	-	5,800,000

19.2 Letters of guarantee issued by the commercial banks for the Company to the Electricity Generating Authority of Thailand and the Provincial Electricity Authority which are unsecured as at March 31, 2015 and 2014 are Baht 168.07 million and Baht 165.05 million respectively, which are in the normal courses of business.

19.3 Commitments on purchase and installation of machinery as at March 31, are as follows:

Currencies	2015	2014
THB	11,931,431	1,880,000
EUR	35,950	335,000

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

Due for payments	2015 Baht	2014 Baht
Not later than 1 year	8,351,692	8,081,800
Later than one year but not later than 5 years	9,895,876	16,547,600
Total	<u>18,247,568</u>	<u>24,629,400</u>

For the years ended March 31, 2015 and 2014, the Company has a lease agreement for land and buildings with a company with the rental fee of Baht 7.06 million per year. Such agreement has the term of 10 years commencing on June 26, 2007 and expire on June 25, 2017.

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 of Baht 8.33 million and Baht 8.21 million, respectively.

- 19.5 As at March 31, 2015 and 2014, the Company and The Siam Construction Steel Co., Ltd. have been guarantors for payment of trade accounts payable arising from restructuring to N.T.S. Steel Group Plc. amounting to Baht 6.33 million.

20. SEGMENT INFORMATION

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

The Company's operations involve the single business segment of the manufacture and distribution of wire rods and small sections products, which is located in Thailand. All sales of the Company are local sales. As a result, all the revenues, operating profits and assets as reflected in these financial statements pertain to the aforementioned business segment and geographic area.

21. APPROVAL OF THE FINANCIAL STATEMENTS

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