

THE SIAM CONSTRUCTION STEEL COMPANY LIMITED

FINANCIAL STATEMENTS

31 MARCH 2019



Independent Auditor's Report

To the Shareholders of The Siam Construction Steel Company Limited

My opinion

In my opinion, the financial statements of The Siam Construction Steel Company Limited (the Company) present fairly, in all material respects, the financial position of the Company as at 31 March 2019, and its financial performance and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

What I have audited

The Company's financial statements comprise:

- the statement of financial position as at 31 March 2019;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

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

Responsibilities of the management for the financial statements

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

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



Auditor's responsibilities for the audit of the financial statements

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

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

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

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

PricewaterhouseCoopers ABAS Ltd.

A handwritten signature in black ink, appearing to read 'Varaporn Vorathitikul', with a long horizontal flourish extending to the right.

Varaporn Vorathitikul
Certified Public Accountant (Thailand) No. 4474
Bangkok
19 April 2019

The Siam Construction Steel Company Limited
Statement of Financial Position
As at 31 March 2019

	<u>Notes</u>	<u>2019</u> <u>Baht</u>	<u>2018</u> <u>Baht</u>
Assets			
Current assets			
Cash and cash equivalents	7 a)	42,556,836	3,276,508
Trade and other receivables	8	545,039,461	1,015,771,048
Short-term loans to a parent company	26 c)	1,642,797,515	1,756,778,353
Inventories	9	770,760,455	798,271,406
Other current assets		<u>89,772,768</u>	<u>32,257,657</u>
Total current assets		<u>3,090,927,035</u>	<u>3,606,354,972</u>
Non-current assets			
Other long-term investments	10	1,241	1,241
Plant and equipment, net	11	344,805,649	307,793,306
Intangible assets, net	12	10,724,562	83,602
Deferred tax assets, net	13	11,402,224	9,291,990
Other non-current assets	14	<u>8,841,878</u>	<u>2,368,754</u>
Total non-current assets		<u>375,775,554</u>	<u>319,538,893</u>
Total assets		<u>3,466,702,589</u>	<u>3,925,893,865</u>

The accompanying notes on page 9 to 46 are an integral part of the financial statements.

The Siam Construction Steel Company Limited
Statement of Financial Position
As at 31 March 2019

	Notes	2019 Baht	2018 Baht
Liabilities and equity			
Current liabilities			
Short-term borrowings from financial institutions	15	435,030,496	943,217,511
Trade and other payables	16	383,829,177	447,218,389
Current portion of finance lease liabilities, net	17	1,087,118	-
Current income tax payable		1,438,474	45,715,955
Other current liabilities	18	11,790,735	5,756,812
Total current liabilities		<u>833,176,000</u>	<u>1,441,908,667</u>
Non-current liabilities			
Finance lease liabilities, net	17	40,781,860	-
Employee benefit obligations	19	53,841,851	45,875,999
Total non-current liabilities		<u>94,623,711</u>	<u>45,875,999</u>
Total liabilities		<u>927,799,711</u>	<u>1,487,784,666</u>
Equity			
Share capital			
Authorised share capital			
Ordinary shares, 17,500,000 shares at par value of Baht 100 each		<u>1,750,000,000</u>	<u>1,750,000,000</u>
Issued and paid-up share capital			
Ordinary shares, 17,500,000 shares paid-up of Baht 100 each		1,750,000,000	1,750,000,000
Retained earnings			
Appropriated - legal reserve	20	175,000,000	175,000,000
Unappropriated		613,902,878	513,109,199
Total equity		<u>2,538,902,878</u>	<u>2,438,109,199</u>
Total liabilities and equity		<u>3,466,702,589</u>	<u>3,925,893,865</u>

The accompanying notes on page 9 to 46 are an integral part of the financial statements.

The Siam Construction Steel Company Limited
Statement of Comprehensive Income
For the year ended 31 March 2019

	Notes	2019 Baht	2018 Baht
Revenue from sales		9,373,088,206	9,573,032,845
Cost of sales		<u>(9,066,944,899)</u>	<u>(8,835,169,888)</u>
Gross profit		306,143,307	737,862,957
Other income	21	53,747,886	42,291,447
Selling expenses		-	(2,570,246)
Administrative expenses		(205,931,490)	(222,251,300)
Finance costs		<u>(26,338,368)</u>	<u>(28,649,082)</u>
Profit before income tax expense		127,621,335	526,683,776
Income tax expense	23	<u>(23,902,893)</u>	<u>(106,474,553)</u>
Profit for the year		<u>103,718,442</u>	<u>420,209,223</u>
Other comprehensive income (expense)			
Items that will not be reclassified to profit or loss			
Remeasurements of post-employment benefit obligations		(3,655,954)	1,576,780
Income tax on items that will not be reclassified		731,191	(315,356)
Total items that will not be reclassified to profit or loss		<u>(2,924,763)</u>	<u>1,261,424</u>
Other comprehensive income (expense) for the year, net of tax		<u>(2,924,763)</u>	<u>1,261,424</u>
Total comprehensive income for the year		<u>100,793,679</u>	<u>421,470,647</u>
Earnings per share			
Basic earnings per share (Baht)	24	5.93	24.01

The accompanying notes on page 9 to 46 are an integral part of the financial statements.

The Siam Construction Steel Company Limited
Statement of Changes in Equity
For the year ended 31 March 2019

	Issued and paid-up share capital Baht	Retained earnings		Total equity Baht
		Appropriated - legal reserve Baht	Unappropriated Baht	
Opening balance as at 1 April 2017	1,750,000,000	175,000,000	91,638,552	2,016,638,552
Changes in equity for the year				
Total comprehensive income for the year	-	-	421,470,647	421,470,647
Closing balance as at 31 March 2018	<u>1,750,000,000</u>	<u>175,000,000</u>	<u>513,109,199</u>	<u>2,438,109,199</u>
Opening balance as at 1 April 2018	1,750,000,000	175,000,000	513,109,199	2,438,109,199
Changes in equity for the year				
Total comprehensive income for the year	-	-	100,793,679	100,793,679
Closing balance as at 31 March 2019	<u>1,750,000,000</u>	<u>175,000,000</u>	<u>613,902,878</u>	<u>2,538,902,878</u>

The accompanying notes on page 9 to 46 are an integral part of the financial statements.

The Siam Construction Steel Company Limited

Statement of Cash Flows

For the year ended 31 March 2019

	Notes	2019 Baht	2018 Baht
Cash flows from operating activities			
Profit before income tax expense		127,621,335	526,683,776
Adjustments :			
Dividend income	21	-	(14,400,000)
Depreciation and amortisation charge		71,621,193	75,030,541
Employee benefit obligations		6,023,187	8,832,047
Loss on foreign exchange rate		483,424	2,715,193
Other adjustments from non-cash items	7 b)	(45,578)	(474,502)
Interest income	21	(26,279,298)	(23,850,026)
Interest expense		26,338,368	28,649,082
		<u>205,762,631</u>	<u>603,186,111</u>
Changes in working capital			
Trade and other receivables		470,437,722	(316,338,915)
Inventories		18,128,873	131,244,947
Trade and other payables		(96,369,404)	(36,643,315)
Other cash received (paid) from operating activities	7 c)	(53,523,030)	6,483,404
Cash flows from operating activities			
Cash generated from operations		544,436,792	387,932,232
Adjustment of cash occurred from borrowings	7 d)	(23,930,743)	(29,626,670)
Income tax paid		(75,703,989)	(150,707,697)
		<u>444,802,060</u>	<u>207,597,865</u>
Cash flows from investing activities			
Cash receive from short-term investments		-	21,000,000
Purchases of plant and equipment	7 e)	(24,719,004)	(48,104,297)
Purchases of intangible assets	7 e)	(9,473,908)	(59,000)
Proceeds from disposals of plant and equipment		45,590	158,595
Cash proceeds from (repayments on) short-term borrowings			
to a parent company	26 c)	113,980,838	(166,943,341)
Dividend income	21	-	14,400,000
Interest income		26,573,163	24,035,161
		<u>106,406,679</u>	<u>(155,512,882)</u>
Net cash generated from (used in) investing activities			

The accompanying notes on page 9 to 46 are an integral part of the financial statements.

The Siam Construction Steel Company Limited

Statement of Cash Flows

For the year ended 31 March 2019

	Notes	2019 Baht	2018 Baht
Cash flow from financing activities			
Repayments on short-term borrowings from financial institutions	15	(508,187,015)	(52,644,431)
Repayments on financial lease liabilities		<u>(3,741,396)</u>	<u>-</u>
Net cash used in financing activities		<u>(511,928,411)</u>	<u>(52,644,431)</u>
Net increase (decrease) in cash and cash equivalents		39,280,328	(559,448)
Cash and cash equivalents at the beginning of the year		<u>3,276,508</u>	<u>3,835,956</u>
Cash and cash equivalents at the end of the year	7 a)	<u><u>42,556,836</u></u>	<u><u>3,276,508</u></u>

The accompanying notes on page 9 to 46 are an integral part of the financial statements.

1 General information

The Siam Construction Steel Company Limited ("the Company") is incorporated and domiciled in Thailand. The address of the Company's registered office is as follows:

Head Office: Rasa Tower 2, 20th Floor, 555 Phaholyothin Road, Chatuchak Sub-district, Chatuchak District, Bangkok 10900.

Factory: Plot 1 Map TA Phut Industrial Estate. Mueang Rayong District, Rayong 21150.

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

The Company engages in manufacturing and distribution of construction steel.

The financial statements were authorised for issue by the Board of Directors on 19 April 2019.

2 Accounting policies

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

2.1 Basis of preparation

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

The financial statements have been prepared under the historical cost convention

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

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

2 Accounting policies (Cont'd)

2.2 Revised financial reporting standards and related interpretations

2.2.1 Revised financial reporting standards are effective for annual periods beginning on or after 1 January 2018 which have significant changes and are relevant to the Company.

TAS 7 (revised 2017)	Statement of cash Flows
TAS 12 (revised 2017)	Income taxes
TFRS 12 (revised 2017)	Disclosure of interests in other entities

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

TAS 12 (revised 2017), the amendments clarify the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base. Specifically, the amendments confirm that:

- A temporary difference exists whenever the carrying amount of an asset is less than its tax base at the end of the reporting period.
- An entity can assume that it will recover an amount higher than the carrying amount of an asset to estimate its future taxable profit.
- Where the tax law restricts the source of taxable profits against which particular types of deferred tax assets can be recovered, the recoverability of the deferred tax assets can only be assessed in combination with other deferred tax assets of the same type.
- Tax deductions resulting from the reversal of deferred tax assets are excluded from the estimated future taxable profits.

TFRS 12 (revised 2017), the amendments clarify that the disclosure requirements of TFRS 12 apply to interests in entities that are classified as held for sale in the scope of TFRS 5 (revised 2017), except for the summarised financial information.

The above revised standards do not have a significant impact on the Company.

2 Accounting policies (Cont'd)

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

2.2.2 New and revised financial reporting standards and interpretation which have been issued but not yet effective.

2.2.2.1 The Federation of Accounting Professions has issued new standard, TFRS15 Revenue from contracts with customers. This standard will become effective for annual periods beginning on or after 1 January 2019. The Company has not early adopted this standard.

TFRS 15 provide the requirements for the recognition of revenue. This standard will supersede the following standards:

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

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

An entity recognises revenue in accordance with that core principle by applying the following steps:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Key changes to current practice are:

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

2 Accounting policies (Cont'd)

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

2.2.2 New and revised financial reporting standards and interpretation which have been issued but not yet effective. (Cont'd)

2.2.2.1 The Federation of Accounting Professions has issued new standard, TFRS15 Revenue from contracts with customers. This standard will become effective for annual periods beginning on or after 1 January 2019. The Company has not early adopted this standard. (Cont'd)

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

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

Mandatory for financial years commencing on or after 1 January 2019. The Company intends to adopt the standard using the modified retrospective approach which means that the cumulative impact of the adoption will be recognised in retained earnings as of 1 April 2019 and that comparatives will not be restated.

2.2.2.2 Revised financial reporting standards will become effective for annual periods beginning on or after 1 January 2019 and are relevant to the Company. The Company has not yet adopted these standards.

TFRS 2 (revised 2018) Share-based Payment
TFRIC 22 Foreign Currency Transactions and Advance Consideration

TFRS 2, the amendments clarify;

- The measurement basis for cash-settled share-based payments, vesting conditions, other than market conditions, shall not be taken into account when estimating the fair value of the cash-settled share-based payment at the measurement date. Instead, vesting conditions, other than market conditions, shall be taken into account by adjusting the number of awards included in the measurement of the liability arising from the transaction.
- Where an employer is obliged to withhold an amount for the employee's tax obligation associated with a share-based payment and pay that amount to the tax authority, the whole award will be treated as if it was equity-settled provided it would have been equity-settled without the net settlement feature, and
- The accounting for modifications that change an award from cash-settled to equity-settled.

The TFRIC 22 interpretation provides guidance for determining the exchange rate to be used on the initial recognition of a related asset, expense or income where an entity pays or receives an advance consideration in a foreign currency. The interpretation requires an entity to use the exchange rate at the date on which an entity recognises the non-monetary assets, such as prepayments and advances, or non-monetary liability, such as deferred income arising from the advance consideration. If there are multiple advance payments or receipts of payments, the exchange rate is to be used on the date when each non-monetary asset or liability is recognised.

2 Accounting policies (Cont'd)

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

2.2.2 New and revised financial reporting standards and interpretation which have been issued but not yet effective. (Cont'd)

2.2.2.3 New financial reporting standards will become effective for annual periods beginning on or after 1 January 2020 and are relevant to the Company. The Company has not yet adopted these standards.

2.2.2.3.1 The group of financial reporting standards related to financial instruments comprise accounting standards and financial reporting standards as shown below. The early application is permitted only for the period beginning on or after 1 January 2019.

TAS 32	Financial instruments: Presentation
TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments
TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

The above new standards and interpretations will supersede the following standards:

TAS 101	Bad and Doubtful Debts
TAS 103	Disclosures in the Financial Statements of Bank and Similar Financial Institutions
TAS 104	Accounting for Troubled Debt Restructuring
TAS 105	Accounting for Investment in Debts and Equity securities
TAS 106	Accounting for Investment Companies
TAS 107	Financial Instruments: Disclosure and Presentation

TAS 32 Financial Instruments: Presentation, provides the requirements for the presentation financial instruments as liabilities or equity and for offsetting financial assets and financial liabilities. It applies to the classification of financial instruments, from the perspective of the issuer, into financial assets, financial liabilities and equity instruments; the classification of related interest, dividends, losses and gains; and the circumstances in which financial assets and financial liabilities should be offset.

TFRS 7 Financial Instruments: Disclosures, provides the requirements for the disclosure that are intended to enable users to evaluate the significance of financial instruments for an entity's financial position and performance, and to understand the nature and extent of risks arising from those financial instruments to which the entity is exposed during the period and at the end of the reporting period, and how the entity manages those risks.

2 Accounting policies (Cont'd)

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

2.2.2 New and revised financial reporting standards and interpretation which have been issued but not yet effective. (Cont'd)

2.2.2.3 New financial reporting standards will become effective for annual periods beginning on or after 1 January 2020 and are relevant to the Company. The Company has not yet adopted these standards. (Cont'd)

2.2.2.3.1 The group of financial reporting standards related to financial instruments comprise accounting standards and financial reporting standards as shown below. The early application is permitted only for the period beginning on or after 1 January 2019. (Cont'd)

IFRS 9 Financial Instruments, establishes principles for the classification, measurement and derecognition of financial assets and financial liabilities, impairment requirement and hedge accounting as follow:

- Classification and measurement:
 - The classification and measurement of debt instrument financial assets has three classification categories, which are amortised cost, fair value through profit or loss and fair value through other comprehensive income. Classification of debt assets will be driven by the entity's business model for managing the financial assets and contractual cash flows characteristics of the financial assets.
 - Equity instrument financial assets shall be measured at fair value through profit or loss. An entity can make an irrevocable election to recognise the fair value change in other comprehensive income without subsequent recycling to profit or loss.
 - Financial liabilities are classified and measured at amortised cost. An entity can choose to measure a liability at fair value through profit or loss when the conditions are met.
 - Derivatives are classified and measured at fair value through profit or loss.

- The impairment requirements relating to the accounting for an entity's expected credit losses on its financial assets measured at amortised cost, investments in debt instruments measured at fair value through other comprehensive income, lease receivables, loan commitments and financial guarantee contracts. It is no longer necessary for a credit event to have occurred before credit losses are recognised. The entity always accounts for expected credit losses which involves a three stage approach. The stage dictates how the entity measures impairment losses and applies the effective interest rate method. Except for trade receivables and contractual assets which apply in IFRS 15 and are no significant financial components and lease receivables, they are permitted to measure by simplified approach for credit impaired consideration.

2 Accounting policies (Cont'd)

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

2.2.2 New and revised financial reporting standards and interpretation which have been issued but not yet effective. (Cont'd)

2.2.2.3 New financial reporting standards will become effective for annual periods beginning on or after 1 January 2020 and are relevant to the Company. The Company has not yet adopted these standards. (Cont'd)

2.2.2.3.1 The group of financial reporting standards related to financial instruments comprise accounting standards and financial reporting standards as shown below. The early application is permitted only for the period beginning on or after 1 January 2019. (Cont'd)

- The objective of hedge accounting is to represent, in the financial statements, the effect of an entity's risk management activities that use financial instruments to manage exposures arising from particular risks that could affect profit or loss (or other comprehensive income, in the case of investments in equity instruments for which an entity has elected to present changes in fair value in other comprehensive income). This approach aims to convey the context of hedging instruments for which hedge accounting is applied in order to allow insight into their purpose and effect.

TFRIC 16 Hedges of a Net Investment in a Foreign Operation, clarifies the accounting treatment in respect of net investment hedging, provides guidance on identifying the foreign currency risks that qualify as a hedged risk. Clarifying that hedging instruments that are hedges of a net investment in a foreign operation may be held anywhere in the group not only by the parent. This includes the guidance on how an entity should determine the amount to be reclassified from equity to profit or loss for both the hedging instrument and the hedged item.

TFRIC 19 Extinguishing financial liabilities with equity instruments, provides the requirements for accounting treatment when the entity issues equity instruments to a creditor to extinguish all or part of a financial liability. The equity instruments issued shall be measured at fair value. The entity shall remove a financial liability (or part of a financial liability) from its statement of financial position when it is extinguished in accordance with TFRS 9. The difference between the carrying amount of the financial liability (or part of a financial liability) extinguished and the fair value of equity instruments issued shall be recognised in profit or loss.

The Company's management is currently assessing the impact of initial adoption of these standards.

2 Accounting policies (Cont'd)

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

2.2.2 New and revised financial reporting standards and interpretation which have been issued but not yet effective. (Cont'd)

2.2.2.3 New financial reporting standards will become effective for annual periods beginning on or after 1 January 2020 and are relevant to the Company. The Company has not yet adopted these standards. (Cont'd)

2.2.2.3.2 TFRS 16 Leases, the earlier application is permitted for entities that apply TFRS 15 Revenue from Contracts with Customers at or before the date of initial application of this Standard.

The new standard will supersede the following standards:

TAS 17	Leases
TFRIC 4	Determining whether an arrangement contains a lease
TSIC 15	Operating leases - Incentives
TSIC 27	Evaluating the substance of transactions in the legal form of a lease

TFRS16 Leases, a lessee shall recognise a right-of-use asset and a lease liability for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

Key changes to current practice are:

- The standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases.
- The total expense is typically higher in the earlier years of a lease and lower in later years. Additionally, operating expense will be replaced with interest and depreciation.
- Operating cash flows will be higher as cash payments for the principal portion of the lease liability are classified within financing activities. Only the part of the payments that reflects interest can continue to be presented as operating cash flows.
- The accounting by lessors will not significantly change. Some differences may arise as a result of the new guidance on the definition of a lease, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

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

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

2 Accounting policies (Cont'd)

2.3 Foreign currency translation

(a) Functional and presentation currency

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

(b) Transaction and balances

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

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

2.4 Cash and cash equivalents

In the statements of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less. Deposits pledged at bank are not included in cash and cash equivalents balance. In the statements of financial position, bank overdrafts are shown within loans in current liabilities.

2.5 Trade accounts receivable

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

2.6 Inventories

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

2 Accounting policies (Cont'd)

2.7 Investments

Investments other than investments in subsidiaries, associates and joint ventures are classified into the following four categories: (1) trading investments; (2) held-to-maturity investments; (3) available-for-sale investments; and (4) general investments. The classification is dependent on the purpose for which the investments were acquired. Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.

1. Investments that are acquired principally for the purpose of generating a profit from short-term fluctuations in price are classified as trading investments and included in current assets.
2. Investments with fixed maturity that the management has the intent and ability to hold to maturity are classified as held-to-maturity.
3. Investments intended to be held for an indefinite period of time, which may be sold in response to liquidity needs or changes in interest rates, are classified as available-for-sale;
4. Investments in non-marketable equity securities are classified as general investments.

All categories of investment are initially recognised at cost, which is equal to the fair value of consideration paid plus transaction cost.

Trading investments and available for sale investments are subsequently measured at fair value. The unrealised gains and losses of trading investments are recognised in profit or loss. The unrealised gains and losses of available for sale investments are recognised in other comprehensive income.

Held-to-maturity investments are carried at amortised cost using the effective yield method less impairment loss.

General investments are carried at cost less impairment loss.

A test for impairment is carried out when there is a factor indicating that an investment might be impaired. If the carrying value of the investment is higher than its recoverable amount, impairment loss is charged to profit or loss.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the profit or loss. When disposing of part of the Company's holding of a particular investment in debt or equity securities, the carrying amount of the disposed part is determined by the weighted average carrying amount of the total holding of the investment method.

2.8 Plant and equipment

All plant and equipment are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items, and bringing it to the location and condition necessary of its intended use.

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

2 Accounting policies (Cont'd)

2.8 Plant and equipment (Cont'd)

Depreciation on other assets is calculated using the straight line method to allocate their cost to their residual values over their estimated useful lives, as follows:

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

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

The asset's carrying amount is written-down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.10).

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

2.9 Intangible assets

Computer software

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

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

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

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

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

2 Accounting policies (Cont'd)

2.10 Impairment of assets

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

2.11 Leases

Leases - where the Company is the lessee

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

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

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

2.12 Borrowings

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

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

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the end of reporting date.

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

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

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

2 Accounting policies (Cont'd)

2.13 Current and deferred income taxes

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

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

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

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

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

2 Accounting policies (Cont'd)

2.14 Employee benefits

2.14.1 Post-employment

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

2.14.1.1 Defined contribution

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

2.14.1.2 Retirement benefits

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

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

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

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

2 Accounting policies (Cont'd)

2.14 Employee benefits (Cont'd)

2.14.2 Other long-term employee benefits

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

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

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

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

2.14.3 Bonus plans

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

2.15 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of recognised for future operating losses resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses. Restructuring provisions comprise lease termination penalties and employee termination payments.

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

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

2 Accounting policies (Cont'd)

2.16 Revenue recognition

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

Other revenues are recognised on the following bases:

- Interest income is recognised using the effective interest method
- Dividend income is recognised when the right to received payment is established
- Scrap income is recognised when the scrap is actually sold.

2.17 Dividend distribution

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

2.18 Segment reporting

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

3 Risk management

3.1 Financial risk management

Financial risk factors

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

Risk management is carried out by a central treasury department under policies approved by the board of directors. The Company treasury identifies, evaluates and hedges financial risks in close co-operation with the Company's operating units.

3 Risk management (Cont'd)

3.1 Financial risk management (Cont'd)

Financial risk factors (Cont'd)

- Interest rate risk

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

The Company borrows money for business operation at floating rates. However, the Company implemented risk counter-measures for managing interest rate risk by setting operation plans in advance so that the Company could have sufficient time to seek proper sources of credit lines with reasonable interest rates.

- Credit risk

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

- Liquidity risk

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

- Foreign exchange risk

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

3.2 Accounting for derivative financial instruments and hedging activities

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

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

Disclosures about derivative financial instruments to which the Company is a party are provided in Note 25.

3 Financial risk management (Cont'd)

3.3 Fair value estimation

The different levels of financial instruments carried at fair value, by valuation method have been defined as follows:

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

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

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

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

There were no change in valuation techniques during the year.

4 Critical accounting estimates, assumption and judgements

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

Critical accounting estimates and assumptions

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

(a) Plant and equipment and intangible assets

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

5 Capital risk management

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

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

6 Segment information

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

The Company's operations involve the single business segment of the manufacture and distribution of long steel products, which is located in Thailand. Sales of the subsidiaries are mainly local sales whereas an export sales is not significant. As a result, all the revenues from sales of goods, cost of sales, gross margin, profit for the year and assets of segment are in accordance with the presentation of the financial statements.

During the year ended 31 March 2019, the Company has revenue from 2 customers (2018 : 1 customer) which contributed equal or over 10.00% of the Company's total revenue. The revenue from sales to customer 1 is Baht 7,879.90 million and customer 2 is Baht 1,270.36 million (2018 : Baht 8,481.10 million).

For the year ended 31 March

	2019 Thousand Baht	2018 Thousand Baht
Segment revenue		
Local	8,099,799	8,961,371
Export	1,273,289	611,662
	<u>9,373,088</u>	<u>9,573,033</u>

7 Cash and cash equivalents

a) Cash and cash equivalents consist of:

	2019 Thousand Baht	2018 Thousand Baht
Deposits at banks		
- current accounts	5,319	2,435
- savings accounts	37,238	842
	<u>42,557</u>	<u>3,277</u>
	<u>2019</u>	<u>2018</u>
	<u>%</u>	<u>%</u>
<u>Interest rate</u>		
Deposits at banks - savings accounts	0.05 - 0.38	0.05 - 0.50

7 Cash and cash equivalents (Cont'd)

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

	2019 Thousand Baht	2018 Thousand Baht
Reversal of income tax expense	-	(303)
Gain on disposal of plant and equipment	(45)	(172)
	<u>(45)</u>	<u>(475)</u>

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

	2019 Thousand Baht	2018 Thousand Baht
(Increase) decrease in other current assets and other non-current assets	(57,891)	9,723
Increase (decrease) in other current liabilities and other non-current liabilities	6,081	(920)
Employee benefit obligations paid	(1,713)	(2,320)
	<u>(53,523)</u>	<u>6,483</u>

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

	2019 Thousand Baht	2018 Thousand Baht
Interest paid	(23,930)	(29,627)

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

	2019 Thousand Baht	2018 Thousand Baht
Payables for plant and equipment and intangible assets brought forward	5,578	20,366
<u>Add</u> Purchases during the year	66,918	33,376
<u>Less</u> Payments during the year	(34,193)	(48,163)
Payables for plant and equipment and intangible assets carried forward	<u>38,303</u>	<u>5,579</u>
Purchase of plant and equipment under finance lease liabilities	<u>42,975</u>	<u>-</u>

The Siam Construction Steel Company Limited
Notes to the Financial Statements
For the year ended 31 March 2019

8 Trade and other receivables

	2019	2018
	Thousand	Thousand
	Baht	Baht
Trade receivables - related parties (Note 26 b))	539,794	1,006,519
Other receivables - other parties	660	626
- related parties (Note 26 b))	3,102	2,735
Prepayments	1,483	5,891
	<u>545,039</u>	<u>1,015,771</u>

The credit term for trade receivable normally requires 15 days to 30 days (2018 : 15 days to 30 days).

As at 31 March, the outstanding trade receivables can be analysed as follows:

	2019	2018
	Thousand	Thousand
	Baht	Baht
Not yet due	422,865	836,893
Overdue:		
Under 3 months	116,929	169,626
	<u>539,794</u>	<u>1,006,519</u>

9 Inventories

	2019	2018
	Thousand	Thousand
	Baht	Baht
Raw materials	390,931	277,310
Work in progress	26,424	15,494
Finished goods	147,541	329,536
Spare parts	57,611	53,986
Supplies and others	131,572	115,558
	<u>754,079</u>	<u>791,884</u>
<u>Add</u> Goods in transit	16,681	6,387
	<u>770,760</u>	<u>798,271</u>

The cost of inventories recognised as expense and included in cost of sales in statement of comprehensive income amounting to Baht 9,067 million (2018 : Baht 8,835 million).

During the year ended 31 March 2019, amortisation of rolling mill which were categorised in supplies and others amounting to Baht 9.4 million (2018 : Baht 11 million) is included in cost of sales in statement of comprehensive income.

10 Other long-term investments

As at 31 March 2019 and 2018, the Company did not include investment in Siam Steel Mill services Company Limited which held by the Company at 24% of share capital on an equity method. The Company has no significant influence to determine the financial and operating policies of and does not have any authorised director to sign on behalf of Siam Steel Mill Service Company Limited. The Company, therefore, recorded such investment as other long-term investment at cost of Baht 1,241 in the statement of financial position.

As at 31 March 2019, fair value of other long-term investment amounting to Baht 176.40 million (2018 : Baht 125.52 million). The fair value of other long-term investment is determined using valuation techniques, discounted cash flow which assessed by independent valuer and are within level 3 of the fair value hierarchy.

The Siam Construction Steel Company Limited
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11 Plant and equipment, net

	Land improvement	Buildings and structures	Machinery and equipment	Furniture, fixtures and office equipment	Vehicles	Construction in progress	Total
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
As at 1 April 2017							
Cost	157,186	1,434,764	2,788,511	38,746	31	30,848	4,450,086
Less Accumulated depreciation	(157,186)	(1,342,013)	(2,579,514)	(31,858)	(31)	-	(4,110,602)
Allowance for decrease in value of assets	-	(934)	-	(10)	-	-	(944)
Net book amount	-	91,817	208,997	6,878	-	30,848	338,540
For the year ended 31 March 2018							
Opening net book amount	-	91,817	208,997	6,878	-	30,848	338,540
Additions	-	-	754	978	-	31,568	33,300
Transfer in (out)	-	-	60,576	431	-	(61,007)	-
Disposals - Cost	-	(1,824)	(24,745)	(546)	-	-	(27,115)
- Accumulated depreciation	-	901	24,745	537	-	-	26,183
- Allowance for decrease in value of assets	-	934	-	10	-	-	944
Write-off - Cost	-	-	-	(575)	-	-	(575)
- Accumulated depreciation	-	-	-	575	-	-	575
Depreciation charge	-	(8,484)	(53,082)	(2,493)	-	-	(64,059)
Closing net book amount	-	83,344	217,245	5,795	-	1,409	307,793
As at 31 March 2018							
Cost	157,186	1,432,940	2,825,096	39,034	31	1,409	4,455,696
Less Accumulated depreciation	(157,186)	(1,349,596)	(2,607,851)	(33,239)	(31)	-	(4,147,903)
Net book amount	-	83,344	217,245	5,795	-	1,409	307,793

The Siam Construction Steel Company Limited
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11 Plant and equipment, net (Cont'd)

	Land improvement Thousand Baht	Buildings and structures Thousand Baht	Machinery and equipment Thousand Baht	Furniture, fixtures and office equipment Thousand Baht	Vehicles Thousand Baht	Construction in progress Thousand Baht	Total Thousand Baht
As at 1 April 2018							
Cost	157,186	1,432,940	2,825,096	39,034	31	1,409	4,455,696
Less Accumulated depreciation	(157,186)	(1,349,596)	(2,607,851)	(33,239)	(31)	-	(4,147,903)
Net book amount	-	83,344	217,245	5,795	-	1,409	307,793
For the year ended 31 March 2019							
Opening net book amount	-	83,344	217,245	5,795	-	1,409	307,793
Additions	-	42,975	936	773	-	54,446	99,130
Transfer in (out)	-	-	29,065	2,569	-	(31,634)	-
Disposals - Cost	-	-	(10,013)	(154)	-	-	(10,167)
- Accumulated depreciation	-	-	10,013	154	-	-	10,167
Write-off - Cost	-	(8,363)	-	-	-	-	(8,363)
- Accumulated depreciation	-	8,363	-	-	-	-	8,363
Depreciation charge	-	(8,394)	(51,338)	(2,385)	-	-	(62,117)
Closing net book amount	-	117,925	195,908	6,752	-	24,221	344,806
As at 31 March 2019							
Cost	157,186	1,467,552	2,845,084	42,222	31	24,221	4,536,296
Less Accumulated depreciation	(157,186)	(1,349,627)	(2,649,176)	(35,470)	(31)	-	(4,191,490)
Net book amount	-	117,925	195,908	6,752	-	24,221	344,806

11 Plant and equipment, net (Cont'd)

Additions included Baht 42.98 million assets leased under finance leases (where the company is the lessee) (2018 : Nil).

On 6 October 2018, there was an explosion of electric are finance at the Company. The incident partially damaged buildings, machinery and equipment that were mainly fully depreciated. For the year ended 31 March 2019, the Company received partial of claim payment from the insurance company amounting to Baht 16.84 million which were recorded as other income in comprehensive income (Note 21). The Company has already submitted the claim and awaiting for the settlement.

Leased assets included above as at 31 March, where the Company is a leasee under finance lease agreement, comprise factory equipment.

	2019	2018
	Thousand	Thousand
	Baht	Baht
Cost	42,975	-
<u>Less</u> Accumulated depreciation	<u>(2,102)</u>	<u>-</u>
Net book amount	<u>40,873</u>	<u>-</u>

12 Intangible assets, net

	Computer software Thousand Baht	Software under installation Thousand Baht	Total Thousand Baht
As at 1 April 2017			
Cost	1,304	-	1,304
<u>Less</u> Accumulated amortisation	(1,263)	-	(1,263)
Net book amount	41	-	41
For the year ended 31 March 2018			
Opening net book amount	41	-	41
Additions	76	-	76
Disposals - cost	(205)	-	(205)
- accumulated amortisation	205	-	205
Amortisation charge	(33)	-	(33)
Closing net book amount	84	-	84
As At 31 March 2018			
Cost	1,175	-	1,175
Accumulated amortisation	(1,091)	-	(1,091)
Net book amount	84	-	84
For the year ended 31 March 2019			
Opening net book amount	84	-	84
Additions	-	10,763	10,763
Transfer in (out)	10,202	(10,202)	-
Amortisation charge	(122)	-	(122)
Closing net book amount	10,164	561	10,725
As At 31 March 2019			
Cost	11,377	561	11,938
<u>Less</u> Accumulated amortisation	(1,213)	-	(1,213)
Net book amount	10,164	561	10,725

13 Deferred tax assets, net

Deferred tax assets, net as at 31 March 2019 and 2018 comprise the following:

	2019 Thousand Baht	2018 Thousand Baht
Deferred tax assets		
- To be recovered within 12 months	709	511
- To be recovered more than 12 months	18,925	9,175
	19,634	9,686
Deferred tax liabilities		
- To be recovered within 12 months	(487)	(394)
- To be recovered more than 12 months	(7,745)	-
	(8,232)	(394)
Deferred tax assets, net	11,402	9,292

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13 Deferred tax assets, net (Cont'd)

The gross movements in the deferred tax assets, net for the years ended 31 March 2019 and 2018 comprise the following:

	2019	2018
	Thousand	Thousand
	Baht	Baht
Opening balance for the year	9,292	8,710
Increase to profit or loss	1,379	897
Increase (decrease) to other comprehensive income	731	(315)
Closing balance for the year	<u>11,402</u>	<u>9,292</u>

The movements of deferred tax assets, net as at 31 March 2019 and 2018 are as follows:

	1 April	Credited	(charged) to other	31 March
	2018	(charged) to	comprehensive	2019
	Thousand	profit or loss	income	Thousand
	Baht	Thousand	Thousand	Baht
	Baht	Baht	Baht	Baht
Deferred tax assets				
Finance lease liabilities	-	8,374	-	8,374
Employee benefit obligations	9,686	843	731	11,260
	<u>9,686</u>	<u>9,217</u>	<u>731</u>	<u>19,634</u>
Deferred tax liabilities				
Derivative assets	(394)	337	-	(57)
Asset under finance lease liabilities	-	(8,175)	-	(8,175)
	<u>(394)</u>	<u>(7,838)</u>	<u>-</u>	<u>(8,232)</u>
Deferred tax assets, net	<u>9,292</u>	<u>1,379</u>	<u>731</u>	<u>11,402</u>
	1 April	Credited	(charged) to other	31 March
	2017	(charged) to	comprehensive	2018
	Thousand	profit or loss	income	Thousand
	Baht	Thousand	Thousand	Baht
	Baht	Baht	Baht	Baht
Deferred tax assets				
Allowance for decrease in value of plant, machinery and equipment	189	(189)	-	-
Employee benefit obligations	8,767	1,234	(315)	9,686
	<u>8,956</u>	<u>1,045</u>	<u>(315)</u>	<u>9,686</u>
Deferred tax liabilities				
Derivative assets	(246)	(148)	-	(394)
	<u>(246)</u>	<u>(148)</u>	<u>-</u>	<u>(394)</u>
Deferred tax assets, net	<u>8,710</u>	<u>897</u>	<u>(315)</u>	<u>9,292</u>

14 Other non-current assets

	2019 Thousand Baht	2018 Thousand Baht
Corporate income tax refundable	6,097	-
Others	2,745	2,369
	<u>8,842</u>	<u>2,369</u>

15 Short-term borrowings from financial institutions

The movements of short-term borrowings from financial institutions for the years ended 31 March 2019 and 2018 comprise the following:

	2019 Thousand Baht	2018 Thousand Baht
Opening balance for the year	943,218	995,862
Additions during the year	2,994,759	4,084,443
Repayments during the year	(3,502,946)	(4,137,087)
Closing balance for the year	<u>435,031</u>	<u>943,218</u>

As at 31 March 2019, short-term borrowings from financial institutions in amount of Baht 435 million (2018 : Baht 943 million) bear interest rate at BIBOR+2% - BIBOR+2.1% per annum (2018 : at BIBOR+2% - BIBOR+2.1% per annum) and due from 1 April 2019 to 18 June 2019 (2018 : from 2 April 2018 to 18 June 2018).

16 Trade and other payables

	2019 Thousand Baht	2018 Thousand Baht
Trade payables - other companies	187,408	232,910
- related parties (Note 26 b))	35,022	25,117
Other payables - other companies	38,303	5,578
- related parties (Note 26 b))	1,847	25,612
Advance received from customers	1,847	1,064
Accrued expenses	119,402	156,937
	<u>383,829</u>	<u>447,218</u>

17 Finance lease liabilities, net

Liabilities under finance lease agreements - minimum lease payments:

	2019 Thousand Baht	2018 Thousand Baht
Not later than 1 year	3,713	-
Later than 1 year but not later than 5 years	14,586	-
Later than 5 years	54,965	-
<u>Less</u> Future finance charges on finance leases	(31,395)	-
Present value of finance lease liabilities	<u>41,869</u>	<u>-</u>
Representing lease liabilities:		
- Current	1,087	-
- Non-current	40,782	-
Present value of finance lease liabilities	<u>41,869</u>	<u>-</u>

The present value of finance lease liabilities is as follows:

	2019 Thousand Baht	2018 Thousand Baht
Not later than 1 year	1,087	-
Later than 1 year but not later than 5 years	4,814	-
Later than 5 years	35,968	-
	<u>41,869</u>	<u>-</u>

18 Other current liabilities

	2019 Thousand Baht	2018 Thousand Baht
Value added tax payable	9,462	-
Withholding tax payable	910	1,790
Other	1,419	3,967
	<u>11,791</u>	<u>5,757</u>

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19 Employee benefit obligations

	2019	2018
	Thousand	Thousand
	Baht	Baht
Statement of financial position:		
Retirement benefits	48,679	41,177
Other long-term benefits	5,163	4,699
Liability in the statement of financial position	<u>53,842</u>	<u>45,876</u>
Loss charge included in operating profit for:		
Retirement benefits	5,138	4,703
Other long-term benefits	885	3,618
	<u>6,023</u>	<u>8,321</u>
Remeasurement in other comprehensive (income) expense	<u>(3,656)</u>	<u>1,577</u>

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

The movements of employee benefit obligations for the years ended 31 March 2019 and 2018 comprise the following:

	Retirement benefits		Long service awards	
	2019	2018	2019	2018
	Thousand	Thousand	Thousand	Thousand
	Baht	Baht	Baht	Baht
Opening balance for the year	41,177	39,038	4,699	2,414
Current service cost	3,793	3,589	729	1,004
Past service cost	-	-	-	2,479
Interest cost	1,345	1,114	139	135
Remeasurements:				
Loss from change in demographic assumptions	4,447	35	259	32
Gain from change in financial assumptions	(18)	(1,903)	(153)	(69)
Experience (gain) loss	(773)	421	(89)	(93)
Employee benefit paid	<u>(1,292)</u>	<u>(1,117)</u>	<u>(421)</u>	<u>(1,203)</u>
Closing balance for the year	<u>48,679</u>	<u>41,177</u>	<u>5,163</u>	<u>4,699</u>

The principal actuarial assumptions used were as follows:

	2019	2018
	%	%
Discount rates	3.02	2.99
Salary growth rate	5.03	5.00
Staff turnover rate	0.00 - 13.00	0.00 - 16.00

19 Employee benefit obligations (Cont'd)

Sensitivity analysis for each significant assumption as at 31 March 2019 and 2018 are as follows:

	Change in assumption		Increase (decrease) to employee benefit obligations			
			Increase in assumption		Decrease in assumption	
	2019 %	2018 %	2019 Thousand Baht	2018 Thousand Baht	2019 Thousand Baht	2018 Thousand Baht
Discount rate	1.00	1.00	(5,510)	(4,778)	6,363	5,530
Salary growth rate	1.00	1.00	5,836	5,050	(5,144)	(4,440)
Staff turnover rate	1.00	1.00	(5,823)	(5,084)	2,864	2,634

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method has been applied as when calculating the retirement benefits recognised within the statement of financial position.

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

The weighted average duration of the defined benefit obligation is 12.25 years (2018 : 12.52 years).

20 Legal reserve

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

21 Other income

	2019 Thousand Baht	2018 Thousand Baht
Gain on exchange rate	5,566	286
Dividend received from other long-term investment	-	14,400
Interest income	26,279	23,850
Compensation from insurance company	16,845	-
Other	5,058	3,755
Total	53,748	42,291

22 Expense by nature

The following expenditure items for the year, classified by nature, have been charged in arriving at the operating profit:

	2019	2018
	Thousand	Thousand
	Baht	Baht
Changes in inventories of finished goods and work in process	171,065	167,497
Raw material and consumables used	6,693,843	6,518,504
Store and supplies used	468,532	305,297
Fuel	229,144	206,570
Depreciation and amortisation and amortisation of rolling mill expense	71,621	75,031
Employee benefit expense	206,097	215,887
Utilities expense	895,113	1,010,939
Repair and maintenance expenses	204,899	215,173
Management fees	158,265	178,620
Contractor fees	67,626	65,226

23 Income tax expense

	2019	2018
	Thousand	Thousand
	Baht	Baht
Current tax:		
Current tax on profits for the year	25,282	107,372
Total current tax	25,282	107,372
Increase in deferred tax assets (Note 13)	(9,217)	(1,045)
Increase in deferred tax liabilities (Note 13)	7,838	148
Total deferred tax	(1,379)	(897)
Total income tax expense	23,903	106,475

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23 Income tax expense (Cont'd)

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

	2019	2018
	Thousand Baht	Thousand Baht
Profit before income tax	127,621	526,684
Tax calculated at a tax rate of 20% (2018 : 20%)	25,524	105,337
Tax effect of:		
- Expenses not deductible for tax purpose	153	2,569
- Double tax expense deductible	(1,774)	(1,431)
Tax charge	23,903	106,475
	2019	2018
	Tax rate	Tax rate
	%	%
Effective tax rate	18.73	20.22

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

	2019			2018		
	Before tax	Tax (charge)/	After tax	Before tax	Tax (charge)/	After tax
	Thousand	credit	Thousand	Thousand	credit	Thousand
	Baht	Thousand	Baht	Baht	Thousand	Baht
	Baht	Baht	Baht	Baht	Baht	Baht
Remeasurement on retirement benefit obligations	(3,656)	731	(2,925)	1,577	(315)	1,262
Other comprehensive income	(3,656)	731	(2,925)	1,577	(315)	1,262
Current tax		-			-	
Deferred tax (Note 13)		731			(315)	
		731			(315)	

24 Earnings per share

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

	2019	2018
For the year ended 31 March		
Net profit attributable to ordinary shareholders of the Company (Thousand Baht)	103,718	420,209
Weighted average number of ordinary shares outstanding (Share)	17,500,000	17,500,000
Basic earnings per share (Baht per share)	5.93	24.01

25 Financial instruments

25.1 Financial assets and liabilities in foreign currency

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

Currency	2019			2018		
	Amount		Average exchange rate as at 31 March	Amount		Average exchange rate as at 31 March
	Financial assets Thousand Baht	Financial liabilities Thousand Baht		Financial assets Thousand Baht	Financial liabilities Thousand Baht	
US dollars	37,209	26,739	31.81	447,971	33,749	31.23
Euro	-	5,600	35.71	-	2,362	38.44
Pound sterling	-	124	41.61	-	-	43.83
Japanese Yen	-	-	0.29	-	78	0.29
Indian Rupee	-	41	0.46	-	-	0.48
Swedish Krona	-	59	3.42	-	-	3.74

25.2 Foreign exchange forward contracts

As at 31 March 2019, the Company has foreign exchange forward contracts due to purchase of goods with maturity contracts not over 8 months (2018 : Nil) as follows:

	2019		2018	
	Foreign currency Amounts	Fair values favourable (unfavourable) Thousand Baht	Foreign currency amounts	Fair values favourable (unfavourable) Thousand Baht
Foreign exchange forward contracts				
US Dollars	290,000	106	-	-
Euro	300,000	32	-	-

As at 31 March 2019, the Company has no foreign exchange forward contracts due to sell of goods with maturity contracts (2018 : The Company has exchange forward contracts due to sell of goods with maturity contract not over 3 months) as follows:

	2019		2018	
	Foreign currency Amounts	Fair values favourable (unfavourable) Thousand Baht	Foreign currency amounts	Fair values favourable (unfavourable) Thousand Baht
Foreign exchange forward contracts US Dollars	-	-	8,200,000	1,047

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

26 Related party transactions

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

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

Relationship between company and related parties:

Name	Type of Business	Relationship
Tata Steel Limited	Manufacture steel	Ultimate parent company
Tata Steel (Thailand) Public Company Limited	Investing	Major shareholder
The Siam Iron and Steel (2001) Co., Ltd.	Manufacture wire rods and small section products	Common shareholders and management
N.T.S. Steel Group Public Company Limited	Manufacture, render a manufacturing service, distributions and trading of steel bars, wire rods and small section products	Common shareholder and management
The Siam Industrial Wire Co., Ltd.	Manufacture steel wire	Same group of shareholders
NatSteel Trade International Pte. Ltd.	Trading	Same group of shareholders
NatSteel Recycling Pte. Ltd.	Trading	Same group of shareholders
Tata International Metals Trading Asia Ltd.	Trading	Same group of shareholders
T S Asia (Hong Kong) Ltd.	Trading	Same group of shareholders
Tata Refractories Ltd.	Manufacture refractory	Same group of shareholders
NatSteel Holdings Pte. Ltd.	Manufacture steel	Same group of shareholders
Tata Steel UK Ltd.	Manufacture steel	Same group of shareholders
Tata International Singapore Pte. Ltd.	Trading	Same group of shareholders
Tata Steel IJmuiden BV	Manufacture steel	Same group of shareholders
Tata Consultancy Services (Thailand) Ltd.	Software services	Same group of shareholders
Tata Consultancy Services Ltd.	Software services	Same group of shareholders
Tata Services Limited	Training services	Same group of shareholders
Tata Sons Limited	Investment holdings and consultancy services	Same group of shareholders
Tata Steel Resources Australia Pte. Ltd.	Procurement	Same group of shareholders
Tata NYK Shipping Pte. Ltd.	Shipping	Same group of shareholders
Mjunction Services Limited	Trading and procurement	Same group of shareholders
T S Global Procurement Co. Pte. Ltd.	Trading	Same group of shareholders
Tata Steel International (UK) Ltd.	Shipping	Same group of shareholders
Tata Steel Nederland Services B.V.	Manufacture steel	Same group of shareholders
Tata South East Asia Limited	Manufacture steel	Same group of shareholders
TSN Wires Co., Ltd.	Manufacture galvanized steel wire	Same group of shareholders
Tata International Limited	Trading	Same group of shareholders
Tata Steel Processing and Distribution Limited	Processing and distribution steel	Same group of shareholders
Tata Projects Limited	Infrastructure projects	Same group of shareholders
Tata South East Asia (Cambodia) Ltd.	Trading	Same group of shareholders
Natsteel (Xiamen) Ltd.	Manufacture steel	Same group of shareholders
Tata Technologies (Thailand) Co., Ltd.	IT Services	Same group of shareholders
Tata Technologies Pte. Ltd.	IT Services	Same group of shareholders
Tata Communications (Thailand) Co., Ltd.	IT and Telecommunication Service	Same group of shareholders
Tata International West Asia DMCC	Trading	Same group of shareholders
Tata AIG General Insurance Co., Ltd	Insurance	Same group of shareholders
Tata Power Co., Ltd.	Generate, transmit and distribute electricity	Same group of shareholders
Tata Motors (Thailand) Co., Ltd.	Manufacture automobile	Same group of shareholders

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26 Related party transactions (Cont'd)

The following transactions were carried out with related parties:

a) Related party transactions for the year ended 31 March 2019 and 2018

For the years ended 31 March	2019	2018
	Thousand	Thousand
	Baht	Baht
Revenues		
Sales		
N.T.S. Steel Group Public Company Limited	7,879,897	8,488,938
The Siam Iron and Steel (2001) Co., Ltd.	207,659	444,121
Tata Steel Limited	1,270,363	610,013
Total	9,357,919	9,543,072
Interest income		
Tata Steel (Thailand) Public Company Limited	26,254	23,732
Expenses		
Purchases		
The Siam Iron and Steel (2001) Co., Ltd.	11,278	11,292
N.T.S. Steel Group Public Company Limited	120,923	123,687
NatSteel Recycling Pte. Ltd.	62,409	538,136
Tata International Metals Trading Asia Ltd.	151,036	-
Tata International Singapore Pte. Ltd.	-	14,514
Tata International West Asia DMCC	4,970	34,842
Total	350,616	722,471
Management fee expenses		
Tata Steel (Thailand) Public Company Limited	158,265	178,620

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

26 Related party transactions (Cont'd)

- b) Outstanding balance arising from sale/purchases of goods, services and others as at 31 March 2019 and 2018 are as follows:

	2019 Thousand Baht	2018 Thousand Baht
Trade receivable - related parties		
The Siam Iron and Steel (2001) Co., Ltd.	16,931	34,469
N.T.S. Steel Group Public Company Limited	522,863	524,568
Tata Steel Limited	-	447,482
Total	<u>539,794</u>	<u>1,006,519</u>
Other receivables - related parties		
Tata Steel (Thailand) Public Company Limited	2,034	2,338
The Siam Iron and Steel (2001) Co., Ltd.	16	345
N.T.S. Steel Group Public Company Limited	1,052	52
Total	<u>3,102</u>	<u>2,735</u>
Trade payable - related parties		
Tata Steel (Thailand) Public Company Limited	3,485	15,633
The Siam Iron and Steel (2001) Co., Ltd.	1,281	679
N.T.S. Steel Group Public Company Limited	30,256	8,103
Tata International Singapore Pte. Ltd.	-	702
Total	<u>35,022</u>	<u>25,117</u>
Other payables - related parties		
Tata Steel (Thailand) Public Company Limited	44	13,085
The Siam Iron and Steel (2001) Co., Ltd.	11	73
N.T.S. Steel Group Public Company Limited	1,792	12,454
Total	<u>1,847</u>	<u>25,612</u>

- c) Short-term loans to the parent company

The movements of short-term loans to the parent company for the year ended 31 March 2019 and 2018 comprise the following:

	2019 Thousand Baht	2018 Thousand Baht
Opening balance	1,756,778	1,589,835
Net additions (deductions) of loans during the year	(113,981)	166,943
Closing balance	<u>1,642,797</u>	<u>1,756,778</u>

As at 31 March 2019, short-term loans to a subsidiary in amount of Baht 1,643 million (2018 : Baht 1,757 million) bear interest rate at 1.50% per annum (2018 : at 1.50% per annum), are non-collateralised loans and not specified maturity date.

27 Commitments

27.1 Letter of guarantee

Letters of guarantee issued by the financial institutions to the Revenue Department, Electricity Generating Authority of Thailand, Provincial Electricity Authority Industrial, Estate Authority of Thailand and Bureau of Indian Standards as at 31 March 2019 amounting to Baht 125.46 million (2018 : Baht 106.30 million) in the normal courses of business.

27.2 Capital commitments

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

	2019 Thousand Baht	2018 Thousand Baht
Machinery and equipment	-	10,156
Computer software	397	-

27.3 Operating lease commitments

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

The Company leases various land, office building, vehicles and office equipment. The minimum lease payments under these non-cancellable operating lease agreements are as follows:

	2019 Thousand Baht	2018 Thousand Baht
Not later than 1 year	6,462	6,312
Later than 1 year but not later than 5 years	3,860	7,822
	<u>10,322</u>	<u>14,134</u>

27.4 Commitments from letter of credit

Letters of credit opened but are not qualified as liabilities as at 31 March 2019 and 2018 are as follows:

	2019 Thousand	2018 Thousand
Currency		
USD	473	-
Euro	355	-

28 Contingent liabilities

For fiscal year ended 31 March 2014, The Company received the notifications from the Revenue Department informing the assessments of additional surcharge of Baht 16 million in respect of the half-year corporate income tax filing for the year ended 31 March 2008 which the Company under-estimated the net profit for that year by an amount exceeding 25 percent of the actual net profit. The Company considered that there was a reasonable event occurred in the second half of that year that caused the net-profit under-estimated. The Company has made the appeal to the Revenue Department.

On 15 August 2018, Board of Appeal denied the subsidiary's appeal. However, the subsidiary has Made the appeal to the Central tax court and expected that there would not be additional surcharge to be paid.

As at 31 March 2019, the result of this assessment has not been finalised. However, the Company expected that there would not be additional payment and has not recorded any provisions in the financial statements.

29 Fair value measurement

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

Financial assets and financial liabilities	Fair value as at		Fair value hierarchy	Valuation techniques and key inputs for fair value measurement
	31 March 2019 Thousand Baht	31 March 2018 Thousand Baht		
Financial assets				
1. Foreign currency forward contracts (including in other current assets)	138	1,047	Level 2	Discounted cash flows The estimated future cash flows is from foreign currency exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

30 Subsequent events

On 5 April 2019, an amendment bill to the Labour Protection Law was published in the Government Gazette. The amended law will become effective 30 days after its publication. The main amendment is that the compensation for employees who have retired and have more than or equal to 20 years of service has changed from 300 day's pay to 400 day's pay. The Company's management has assessed the effects of the amendment on the Company's financial statements and expects the impact to be the loss and liability for the Company of Baht 14.61 million.