

***THE SLAM CONSTRUCTION STEEL
COMPANY LIMITED***

Financial Statements

Year ended March 31, 2015



บริษัท ดีลอยท์ ทูเช่ โทมัทสึ ไทยแลนด์
สอบบัญชี จำกัด
อาคารรัตนาคาร ชั้น 25-26, 28
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REPORT OF THE INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

TO THE SHAREHOLDERS AND THE BOARD OF DIRECTORS THE SIAM CONSTRUCTION STEEL COMPANY LIMITED

We have audited the financial statements of The Siam Construction Steel Company Limited, which comprise the statement of financial position as at March 31, 2015, and the related statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the aforementioned financial statements present fairly, in all material respects, the financial position of The Siam Construction Steel Company Limited as at March 31, 2015, and its financial performance and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards.



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

BANGKOK
April 28, 2015

DELOITTE TOUCHE TOHMATSU JAIYOS AUDIT CO., LTD.

THE SIAM CONSTRUCTION STEEL COMPANY LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2015

UNIT : BAHT

	Notes	2015	2014
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4.1	28,145,088	26,083,058
Trade and other receivables			
Trade account receivable - related party	19	541,257,258	456,036,381
Other receivables - related parties	19	3,087,228	4,159,812
Other receivables - other companies		4,998,842	6,497,877
Short-term loans to parent company	19	1,129,905,446	819,282,082
Inventories	5	716,503,266	1,316,046,260
Other current assets		4,451,191	17,185,551
Total Current Assets		2,428,348,319	2,645,291,021
NON-CURRENT ASSETS			
Other long-term investment	2.2	1,241	1,241
Property, plant and equipment	6	417,014,803	431,651,592
Computer software	7	251,975	365,403
Deferred tax assets	8	6,991,528	5,071,541
Other non-current assets	9	123,909,550	123,949,050
Total Non-current Assets		548,169,097	561,038,827
TOTAL ASSETS		2,976,517,416	3,206,329,848

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

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

UNIT : BAHT

	Notes	2015	2014
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
Short-term borrowings from a financial institution	10	462,933,615	331,229,732
Trade and other payables			
Trade accounts payable - related parties	19	182,690,773	474,799,594
Trade accounts payable - other companies		153,240,419	181,181,134
Other payables - related parties	19	20,723,501	20,787,580
Other payables - other companies		512,600	6,975,046
Accrued expenses		123,678,254	172,106,944
Current income tax payable		4,695,671	19,932,274
Other current liabilities	11	22,770,077	9,757,057
Total Current Liabilities		971,244,910	1,216,769,361
NON-CURRENT LIABILITIES			
Employee benefit obligations	13	32,916,181	22,903,174
Total Non-current Liabilities		32,916,181	22,903,174
TOTAL LIABILITIES		1,004,161,091	1,239,672,535

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

UNIT : BAHT

	Note	2015	2014
LIABILITIES AND SHAREHOLDERS' EQUITY			
(CONTINUED)			
SHAREHOLDERS' EQUITY			
SHARE CAPITAL			
Authorised share capital			
17,500,000 ordinary shares of Baht 100.00 each		1,750,000,000	1,750,000,000
Issued and paid-up share capital			
17,500,000 ordinary shares of Baht 100.00 each, fully paid		1,750,000,000	1,750,000,000
RETAINED EARNINGS			
Appropriated			
Legal reserve	14	146,295,157	141,409,188
Unappropriated		76,061,168	75,248,125
TOTAL SHAREHOLDERS' EQUITY		<u>1,972,356,325</u>	<u>1,966,657,313</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u>2,976,517,416</u>	<u>3,206,329,848</u>

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

THE SIAM CONSTRUCTION STEEL COMPANY LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED MARCH 31, 2015

UNIT : BAHT

	Notes	2015	2014
Revenue from sales		8,524,691,239	9,480,892,814
Cost of sales		8,199,319,844	9,029,727,126
Gross profit		<u>325,371,395</u>	<u>451,165,688</u>
Other income			
Compensation from insurance company		-	26,827,697
Gain on exchange rate - net		9,657,172	-
Dividend received from other long-term investment	19	16,800,000	-
Others		<u>16,502,010</u>	<u>16,328,750</u>
Profit before expenses		<u>368,330,577</u>	<u>494,322,135</u>
Selling expenses		127,532	300,116
Administrative expenses		204,794,757	225,187,565
Loss on exchange rate - net		-	2,249,870
Finance costs		<u>21,913,770</u>	<u>22,232,891</u>
Total expenses		<u>226,836,059</u>	<u>249,970,442</u>
PROFIT BEFORE INCOME TAX EXPENSE		141,494,518	244,351,693
INCOME TAX EXPENSE	8	<u>28,325,558</u>	<u>51,298,795</u>
PROFIT FOR THE YEAR		<u><u>113,168,960</u></u>	<u><u>193,052,898</u></u>
OTHER COMPREHENSIVE INCOME (LOSS)			
Actuarial gain (loss) on defined employee benefit plan		(3,087,435)	1,350,944
Income tax relating to components of other comprehensive income	8	<u>617,487</u>	<u>(270,188)</u>
TOTAL OTHER COMPREHENSIVE INCOME (LOSS) FOR THE YEAR - NET OF TAX		<u>(2,469,948)</u>	<u>1,080,756</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u><u>110,699,012</u></u>	<u><u>194,133,654</u></u>
BASIC EARNINGS PER SHARE	18 BAHT	6.47	11.03
WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES	SHARES	17,500,000	17,500,000

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

THE SIAM CONSTRUCTION STEEL COMPANY LIMITED
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED MARCH 31, 2015

UNIT : BAHT

	Notes	Issued and paid-up share capital	Retained earnings Appropriated Legal reserve	Unappropriated	Total shareholders' equity
Balance as at April 1, 2013		1,750,000,000	120,674,688	111,848,971	1,982,523,659
Interim dividend	16	-	-	(210,000,000)	(210,000,000)
Appropriated for legal reserve	16	-	20,734,500	(20,734,500)	-
Total comprehensive income for the year		-	-	194,133,654	194,133,654
Balance as at March 31, 2014		<u>1,750,000,000</u>	<u>141,409,188</u>	<u>75,248,125</u>	<u>1,966,657,313</u>
Balance as at April 1, 2014		1,750,000,000	141,409,188	75,248,125	1,966,657,313
Interim dividend	16	-	-	(105,000,000)	(105,000,000)
Appropriated for legal reserve	16	-	4,885,969	(4,885,969)	-
Total comprehensive income for the year		-	-	110,699,012	110,699,012
Balance as at March 31, 2015		<u>1,750,000,000</u>	<u>146,295,157</u>	<u>76,061,168</u>	<u>1,972,356,325</u>

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

THE SIAM CONSTRUCTION STEEL COMPANY LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2015

UNIT : BAHT

	Note	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before income tax expense		141,494,518	244,351,693
Adjustments :			
Dividend received from other long-term investment		(16,800,000)	-
Unrealised loss on foreign exchange rate		1,341,909	4,459,684
Depreciation and amortisation		76,867,355	72,196,416
Amortisation of rolling mill roll		13,666,446	26,760,478
Employee benefit obligation expenses		6,925,572	2,158,814
Other employee benefit expenses		84,931	-
Interest income		(13,095,622)	(11,666,699)
Interest expense		21,913,770	22,232,891
(Gain) loss on sale of property, plant and equipment		(10,122)	1,113,883
		<u>232,388,757</u>	<u>361,607,160</u>
(Increase) decrease in trade account receivable - related party		(85,220,878)	247,526,030
(Increase) decrease in other receivables - related parties		1,072,585	(1,306,963)
Decrease in other receivables - other companies		1,499,035	1,568,505
(Increase) decrease in inventories		585,876,549	(361,945,764)
(Increase) decrease in other current assets		12,734,360	(3,915,493)
(Increase) decrease in other non-current assets		39,500	(47,000)
Increase (decrease) in trade accounts payable - related parties		(27,809,208)	52,781,386
Decrease in trade accounts payable - other companies		(293,582,238)	(28,871,339)
Decrease in other payables - related parties		(64,079)	(1,457,815)
Increase (decrease) in other payables - other companies		(21,274)	17,319
Increase (decrease) in accrued expenses		(48,357,139)	31,852,649
Increase (decrease) in other current liabilities		14,043,576	(16,911,475)
Cash paid for employee benefit obligations		(498,000)	(2,160,000)
Cash received from operating activities		<u>392,101,546</u>	<u>278,737,200</u>
Cash paid for interest		(21,985,322)	(22,249,662)
Cash paid for income tax		(45,482,148)	(46,474,187)
Net cash provided by operating activities		<u>324,634,076</u>	<u>210,013,351</u>

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

UNIT : BAHT

	Note	2015	2014
CASH FLOWS FROM INVESTING ACTIVITIES			
(Increase) decrease in short-term loans to parent company		(310,623,364)	67,437,898
Interest received		13,095,622	11,666,699
Dividend received from other long-term investment		16,800,000	-
Proceeds from sales of property, plant and equipment		64,989	405,896
Cash paid for purchases of property, plant and equipment		(68,613,176)	(33,897,603)
Net cash provided by (used in) investing activities		<u>(349,275,929)</u>	<u>45,612,890</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase (decrease) in short-term borrowings from a financial institution		131,703,883	(23,745,782)
Dividend paid		(105,000,000)	(210,000,000)
Net cash provided by (used in) financing activities		<u>26,703,883</u>	<u>(233,745,782)</u>
Net increase in cash and cash equivalents		2,062,030	21,880,459
Beginning balance of cash and cash equivalents		26,083,058	4,202,599
ENDING BALANCE OF CASH AND CASH EQUIVALENTS	4.1	<u><u>28,145,088</u></u>	<u><u>26,083,058</u></u>

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

THE SIAM CONSTRUCTION STEEL COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2015

1. GENERAL INFORMATION

The Siam Construction Steel Company Limited (“the Company”) was incorporated in Thailand on October 4, 1989. The head office and factory of the Company are located:

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

Factory: I-23, I-7 Road, Map Ta Phut Industrial Estate, Muang District, Rayong, 21150

The Company engages in manufacture and distribute of construction steel.

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

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

2. BASIS FOR PREPARATION AND PRESENTATION OF THE FINANCIAL STATEMENTS

2.1 The Company maintains its accounting records in Thai Baht and prepares its statutory financial statements in Thai language in conformity with Thai Financial Reporting Standards and accounting practices generally accepted in Thailand.

2.2 The Company’s financial statements have been prepared in accordance with the Thai Accounting Standard (TAS) No. 1 (Revised 2012) “Presentation of Financial Statements” and the Notification of the Department of Business Development dated September 28, 2011 regarding “The Brief Particulars in the Financial Statement B.E. 2554”.

For the financial statements for the years ended March 31, 2015 and 2014, the Company did not record investment in Siam Steel Mill Services Company Limited on an equity method because the Company has no significant influence on such company. The Company records such investment at cost of Baht 1,241 as other long-term investment.

2.3 Since April 1, 2014, the Company adopted the new and revised Thai Financial Reporting Standards (“TFRSs”) issued by the Federation of Accounting Professions, which are effective for the financial statements for the accounting periods beginning on or after January 1, 2014 onwards, in preparation and presentation of the financial statements as follows:

Thai Accounting Standards (“TAS”)

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

Thai Financial Reporting Standards (“TFRS”)

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

Thai Accounting Standard Interpretations (“TSIC”)

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

Thai Financial Reporting Interpretations (“TFRIC”)

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

Guideline on accounting

Guideline on accounting regarding stock dividend

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

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

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

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

Thai Accounting Standards ("TAS")

TAS 1 (Revised 2014)	Presentation of Financial Statements
TAS 2 (Revised 2014)	Inventories
TAS 7 (Revised 2014)	Statement of Cash Flows
TAS 8 (Revised 2014)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (Revised 2014)	Events after the Reporting Period
TAS 11 (Revised 2014)	Construction Contracts
TAS 12 (Revised 2014)	Income Taxes
TAS 16 (Revised 2014)	Property, Plant and Equipment
TAS 17 (Revised 2014)	Leases
TAS 18 (Revised 2014)	Revenue
TAS 19 (Revised 2014)	Employee Benefits
TAS 20 (Revised 2014)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (Revised 2014)	The Effects of Changes in Foreign Exchange Rates
TAS 23 (Revised 2014)	Borrowing Costs
TAS 24 (Revised 2014)	Related Party Disclosures
TAS 26 (Revised 2014)	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (Revised 2014)	Separate Financial Statements
TAS 28 (Revised 2014)	Investments in Associates and Joint Venture
TAS 29 (Revised 2014)	Financial Reporting in Hyperinflationary Economics
TAS 33 (Revised 2014)	Earnings per Share
TAS 34 (Revised 2014)	Interim Financial Reporting
TAS 36 (Revised 2014)	Impairment of Assets
TAS 37 (Revised 2014)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (Revised 2014)	Intangible Assets
TAS 40 (Revised 2014)	Investment Property

Thai Financial Reporting Standards ("TFRS")

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

Thai Accounting Standard Interpretations (“TSIC”)

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

Thai Financial Reporting Interpretations (“TFRIC”)

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

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

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

Thai Financial Reporting Standard (TFRS)

TFRS 4 (Revised 2014)	Insurance Contracts
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The Company’s management has assessed the above Thai Financial Reporting Standard. Such TFRS is not applicable to the Company’s business activities.

3. SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Cash and cash equivalents

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

3.2 Trade and other receivables

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

Allowance for doubtful accounts

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

3.3 Inventories

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

Cost of inventories is calculated using the following method:

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

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

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

3.4 Other long-term investment

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

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

3.5 Property, plant and equipment

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

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

Depreciation

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

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

The Company does not calculate depreciation for assets under construction and installation.

3.6 Computer software

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

Amortisation

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

3.7 Impairment

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

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

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

Reversal of an impairment loss

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

3.8 Employee benefits

Provident funds

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

Employee benefit obligations

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

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

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

3.9 Long-term lease

Operating lease

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

3.10 Recognition of revenue and expense

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

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

Other income and expense are recognised on an accrual basis.

3.11 Finance costs

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

3.12 Income tax

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

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

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

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

Deferred tax expenses (income) are charged or credited in the statement of comprehensive income, except when the temporary differences relate to items credited or charged directly to equity, in which case the deferred tax is also recorded in shareholders' equity.

3.13 Basic earnings per share

The calculations of basic earnings per share for the year were based on the net profit for the year divided by the weighted average number of ordinary shares held by shareholder outstanding during the year. In case of a capital increase, the number of ordinary shares is weighted according to time of subscription received.

3.14 Foreign currency transactions

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

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

3.15 Financial instruments

The Company entered into forward foreign exchange contracts in asset and liability management activities to control exposure to fluctuations in foreign exchange rates. Further details of financial instruments are disclosed in Notes 20 and 21.

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

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

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

3.16 Use of accounting estimates

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

4. SUPPLEMENTARY DISCLOSURES OF CASH FLOW INFORMATION

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

	2015	2014
	Baht	Baht
Bank deposits in current accounts	2,181,961	813,948
Bank deposits in savings accounts	25,963,127	25,269,110
Total	<u>28,145,088</u>	<u>26,083,058</u>

4.2 Non-cash items from purchases and increase of property, plant and equipment for the years ended March 31, are as follows:

	2015	2014
	Baht	Baht
Payables for property, plant and equipment brought forward	6,953,772	14,598,870
<u>Add</u> Purchase during the years	62,172,004	26,252,505
<u>Less</u> Cash payment during the years	<u>(68,613,176)</u>	<u>(33,897,603)</u>
Payables for property, plant and equipment carried forward	<u>512,600</u>	<u>6,953,772</u>

5. INVENTORIES

Inventories as at March 31, consist of:

	2015	2014
	Baht	Baht
Finished goods	206,851,339	528,887,831
Work in process	66,751,525	99,598,367
Raw materials	129,113,888	297,728,479
Spare parts	93,527,957	99,008,504
Supplies and others	148,497,014	198,519,512
Raw materials in transit	71,761,543	92,303,567
Total	<u>716,503,266</u>	<u>1,316,046,260</u>

The amounts of inventories recognised as an expense in the financial statements for the years ended March 31, 2015 and 2014 were Baht 8,199 million and Baht 9,030 million, respectively.

6. PROPERTY, PLANT AND EQUIPMENT

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

As at March 31, 2015

	Balance as at April 1, 2014 Baht	Additions Baht	Disposals/ Write-off Baht	Transfer Baht	Balance as at March 31, 2015 Baht
Cost					
Land improvements	157,185,810	-	-	-	157,185,810
Buildings and structures	1,418,612,637	12,533,751	-	3,617,099	1,434,763,487
Machinery and equipment	2,712,134,163	47,429,016	(372,944)	11,509,117	2,770,699,352
Vehicles	164,150	-	(133,150)	-	31,000
Furniture, fixtures and office equipment	33,741,077	2,209,238	(838,128)	97,733	35,209,920
Total cost	<u>4,321,837,837</u>	<u>62,172,005</u>	<u>(1,344,222)</u>	<u>15,223,949</u>	<u>4,397,889,569</u>
Accumulated depreciation					
Land improvements	(157,185,790)	-	-	-	(157,185,790)
Buildings and structures	(1,306,953,247)	(12,487,274)	-	-	(1,319,440,521)
Machinery and equipment	(2,413,499,969)	(62,261,019)	372,933	-	(2,475,388,055)
Vehicles	(164,147)	-	133,148	-	(30,999)
Furniture, fixtures and office equipment	(27,607,041)	(2,005,634)	783,274	-	(28,829,401)
Total accumulated depreciation	<u>(3,905,410,194)</u>	<u>(76,753,927)</u>	<u>1,289,355</u>	<u>-</u>	<u>(3,980,874,766)</u>
Construction in progress and machinery and equipment under installation	15,223,949	-	-	(15,223,949)	-
Property, plant and equipment	<u>431,651,592</u>				<u>417,014,803</u>

As at March 31, 2014

	Balance as at April 1, 2013 Baht	Additions Baht	Disposals/ Write-off Baht	Transfer Baht	Balance as at March 31, 2014 Baht
Cost					
Land improvements	157,185,810	-	-	-	157,185,810
Buildings and structures	1,418,612,637	-	-	-	1,418,612,637
Machinery and equipment	2,698,301,034	9,486,480	(31,419,199)	35,765,848	2,712,134,163
Vehicles	164,150	-	-	-	164,150
Furniture, fixtures and office equipment	32,611,093	1,542,076	(1,045,592)	633,500	33,741,077
Total cost	<u>4,306,874,724</u>	<u>11,028,556</u>	<u>(32,464,791)</u>	<u>36,399,348</u>	<u>4,321,837,837</u>
Accumulated depreciation					
Land improvements	(157,185,790)	-	-	-	(157,185,790)
Buildings and structures	(1,294,802,171)	(12,151,076)	-	-	(1,306,953,247)
Machinery and equipment	(2,385,484,425)	(57,999,933)	29,984,389	-	(2,413,499,969)
Vehicles	(164,147)	-	-	-	(164,147)
Furniture, fixtures and office equipment	(26,635,909)	(1,931,755)	960,623	-	(27,607,041)
Total accumulated depreciation	<u>(3,864,272,442)</u>	<u>(72,082,764)</u>	<u>30,945,012</u>	<u>-</u>	<u>(3,905,410,194)</u>
Construction in progress and machinery and equipment under installation	36,399,348	15,223,949	-	(36,399,348)	15,223,949
Property, plant and equipment	<u>479,001,630</u>				<u>431,651,592</u>

Depreciation for the years

2015

Baht

76,753,927

2014

Baht

72,082,764

Costs of fully depreciated plant and equipment that are still in use as at March 31, 2015 and 2014, are Baht 3,509 million and Baht 3,496 million, respectively.

As at March 31, 2015 and 2014, plant and equipment of the Company with net book value of Baht 12 million and Baht 17 million, respectively, are used as a part of collateral for long-term borrowings from two financial institutions of Baht 5,000 million and Baht 3,500 million of the parent company.

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

7. COMPUTER SOFTWARE

Computer software as at March 31, consists of:

As at March 31, 2015

	Balance as at April 1, 2014 Baht	Addition Baht	Disposal/ Write-off Baht	Balance as at March 31, 2015 Baht
Computer software	2,714,024	-	-	2,714,024
<u>Less Accumulated amortisation</u>	<u>(2,348,621)</u>	<u>(113,428)</u>	<u>-</u>	<u>(2,462,049)</u>
Computer software	<u>365,403</u>			<u>251,975</u>

As at March 31, 2014

	Balance as at April 1, 2013 Baht	Addition Baht	Disposal/ Write-off Baht	Balance as at March 31, 2014 Baht
Computer software	2,714,024	-	-	2,714,024
<u>Less Accumulated amortisation</u>	<u>(2,234,969)</u>	<u>(113,652)</u>	<u>-</u>	<u>(2,348,621)</u>
Computer software	<u>479,055</u>			<u>365,403</u>

Amortisation for the years

2015			Baht	<u>113,428</u>
2014			Baht	<u>113,652</u>

Costs of fully amortised computer software that is still in use as at March 31, 2015 and 2014, are Baht 1.61 million of each year.

8. INCOME TAX EXPENSE AND DEFERRED TAX ASSETS

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

	2015	2014
	Baht	Baht
Current income tax per tax return form	29,628,059	51,493,680
Deferred tax		
Movements in temporary differences	<u>(1,302,501)</u>	<u>(194,885)</u>
Income tax expense as included in the statements of comprehensive income	<u>28,325,558</u>	<u>51,298,795</u>

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

	2015	2014
	Baht	Baht
Profit before income taxes	<u>141,494,518</u>	<u>244,351,693</u>
Income tax at 20%	28,298,904	48,870,339
Effect of non-deductible expenses (income) for tax purpose:		
- Temporary differences not accounted for deferred tax assets	130,622	536,550
- Permanent differences	<u>(103,968)</u>	<u>1,891,906</u>
Income tax expense	<u>28,325,558</u>	<u>51,298,795</u>
	Tax rate	Tax rate
	%	%
Effective tax rate	20.02	20.99

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

	Balance as at April 1, 2014	Recognised in profit or loss	Recognised in other comprehensive income Actuarial loss on defined employee benefit plan	Balance as at March 31, 2015
	Baht	Baht	Baht	Baht
Deferred tax assets resulted from Employee benefit obligations	<u>5,071,541</u>	<u>1,302,500</u>	<u>617,487</u>	<u>6,991,528</u>

	Balance as at April 1, 2013	Recognised in profit or loss	Recognised in other comprehensive income Actuarial gain on defined employee benefit plan	Balance as at March 31, 2014
	Baht	Baht	Baht	Baht
Deferred tax assets resulted from				
Employee benefit obligations	4,927,525	414,204	(270,188)	5,071,541
Allowance for inventory obsolescence	219,319	(219,319)	-	-
Total deferred tax assets	<u>5,146,844</u>	<u>194,885</u>	<u>(270,188)</u>	<u>5,071,541</u>

Income tax rate reduction

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

9. OTHER NON-CURRENT ASSETS

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

	2015 Baht	2014 Baht
Income tax refundable	123,847,050	123,847,050
Others	62,500	102,000
Total	<u>123,909,550</u>	<u>123,949,050</u>

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

10. SHORT-TERM BORROWINGS FROM A FINANCIAL INSTITUTION

As at March 31, 2015, the Company has short-term borrowing from two financial institutions of Baht 122 million, bearing the interest rate at BIBOR+2% per annum. The Group which consisted of the parent company, the Company and the parent company's two subsidiaries, entered into an agreement to obtain short-term credit facilities limit totaling of Baht 1,998 million, for scrap purchasing. (2014 : nil)

As at March 31, 2015 and 2014, the Company has short-borrowing from another financial institution of Baht 303 million and Baht 331 million, respectively, bearing the interest rate at BIBOR+2% per annum. The Group entered into an agreement to obtain short-term credit facilities limit in previous term totaling of Baht 968 million, for utilities financing. Subsequently, on August 29, 2014, the Group increased such credit limit totaling of Baht 1,068 million.

As at March 31, 2015, the Company has short-term borrowing from a financial institution of Baht 38 million, bearing the interest rate at BIBOR+2% per annum which was an agreement for short-term credit facilities limit totaling of Baht 150 million, for other raw materials. (2014 : nil)

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

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

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

11. OTHER CURRENT LIABILITIES

Other current liabilities as at March 31, consist of the following:

	2015 Baht	2014 Baht
Value-added tax payable	17,086,983	1,572,855
Withholding tax payable	1,723,854	1,500,328
Others	3,959,240	6,683,874
	<u>22,770,077</u>	<u>9,757,057</u>

12. PROVIDENT FUNDS

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

For the years ended March 31, 2015 and 2014, the contribution of the Company recognised as expenses amounting to Baht 7.9 million and Baht 7.7 million, respectively.

13. EMPLOYEE BENEFIT OBLIGATIONS

As at March 31, 2015 and 2014, the Company recorded a provision for employee benefit obligations totaling Baht 32.92 million and Baht 22.90 million, respectively. The estimated liability was calculated based on the projected unit credit method by a qualified independent actuary.

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

	2015	2014
Discount rate (%)	3.33	3.71
Average expected rate of salary increase (%)	5.05	5.00
Voluntarily resignation rate (%)	0 - 18.00	0 - 17.00
Retirement age (year)	55 - 60	55 - 60

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

	2015 Baht	2014 Baht
Past service cost	3,070,081	-
Current service cost	2,827,876	1,309,062
Interest cost	1,027,615	849,752
Total	<u>6,925,572</u>	<u>2,158,814</u>

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

	2015 Baht	2014 Baht
Present value of unfunded obligations	<u>32,916,181</u>	<u>22,903,174</u>
Beginning of provision for employee benefit obligations	22,903,174	24,255,304
Other long-term employee benefit	498,000	-
Revised the beginning of provision for employee benefit obligations ⁽¹⁾	23,401,174	24,255,304
Past service cost	3,070,081	-
Current service cost	2,827,876	1,309,062
Interest cost	1,027,615	849,752
Net actuarial loss (gain) recognised during the years	3,087,435	(1,350,944)
Severance paid during the years	(498,000)	(2,160,000)
Ending of provision for employee benefit obligations	<u>32,916,181</u>	<u>22,903,174</u>

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

14. LEGAL RESERVE

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

15. CAPITAL MANAGEMENT

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

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

16. DIVIDEND PAID

On December 25, 2013, the Board of Directors' meeting of the Company passed a resolution to distribute an interim dividend from profit for the retained earnings as at November 30, 2013 at Baht 6 per share totaling of Baht 105 million and passed a resolution for appropriation of profit for legal reserve of Baht 12.70 million. The dividend was paid on December 27, 2013.

On March 3, 2014, the Board of Directors' meeting of the Company passed a resolution to distribute an interim dividend from profit for the retained earnings as at February 28, 2014 at Baht 6 per share totaling of Baht 105 million and passed a resolution for appropriation of profit for legal reserve of Baht 8.03 million. The dividend was paid on March 31, 2014.

On March 20, 2015, the Board of Directors' meeting of the Company passed a resolution to distribute an interim dividend from profit for the retained earnings as at February 28, 2015 at Baht 6 per share totaling of Baht 105 million and passed a resolution for appropriation of profit for legal reserve of Baht 4.89 million. The dividend was paid on March 27, 2015.

17. EXPENSES BY NATURE

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

	2015	2014
	Baht	Baht
Change in finished goods and work in process	354,883,334	(276,702,984)
Raw materials and consumables used	5,883,169,864	7,073,317,368
Employee benefits expenses	176,512,565	170,057,490
Depreciation, amortisation and amortisation of rolling mill expenses	90,533,801	98,956,894
Reversal of allowance for inventory obsolescence	-	(1,096,600)
Utilities expenses	842,282,632	970,277,705
Repair and maintenance expenses	213,766,006	265,003,885
Management fees	170,505,670	185,516,975
Premium on forward foreign exchange contract	7,031,021	12,128,436
Fuel	271,748,492	334,249,320
Store and supplies used	238,801,467	276,237,121
Contractor	57,962,390	50,108,408
Rent	7,187,801	6,788,084

18. BASIC EARNINGS PER SHARE

Basic earnings per share for the years ended March 31, are as follows:

		2015	2014
Net profit for the years	Baht	113,168,960	193,052,898
Weighted average number of ordinary shares	Shares	17,500,000	17,500,000
Basic earnings per share	Baht	6.47	11.03

19. RELATED PARTY TRANSACTIONS AND BALANCES

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

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

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

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

Type	Name	Type of Business	Relationship
Ultimate parent company	Tata Steel Limited	Manufacture steel	Ultimate parent company
Parent company	Tata Steel (Thailand) Public Company Limited	Holding company	Parent company
Related party	The Siam Iron and Steel (2001) Co., Ltd.	Manufacture wire rods and small section products	Common shareholders and directors
Related party	N.T.S. Steel Group Plc.	Manufacture, distributions and trading of steel bars, wire rods and small section products	Common shareholders and directors
Related party	The Siam Industrial Wire Co., Ltd.	Manufacture steel wire	Common shareholders
Related party	NatSteel Trade International Pte. Ltd.	Trading	Common shareholders
Related party	Tata Steel International (UK) Ltd.	Shipping.	Common shareholders
Related party	NatSteel Recycling Pte. Ltd.	Trading	Common shareholders
Related party	Tata Steel Asia (Hong Kong) Limited	Trading	Common shareholders
Related party	Tata Steel International Metals (Asia) Limited (Formerly Tata Steel International (Hong Kong) Ltd.)	Trading	Common shareholders
Related party	Tata Steel International (Singapore) Pte. Ltd.	Trading	Common shareholders
Related party	Siam Steel Mill Services Co., Ltd.	Recycling and reprocessing steel scrap	Common shareholders
Related party	Mjunction Services Limited	Trading and procurement	Common shareholders

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

	2015 Baht	2014 Baht
Trade account receivable - related party		
N.T.S. Steel Group Plc.	<u>541,257,258</u>	<u>456,036,381</u>

As at March 31, trade account receivable from related party aged are as follows:

	2015 Baht	2014 Baht
Within credit terms	541,257,258	454,763,307
Overdue : not over 3 months	-	1,273,074
Total	<u>541,257,258</u>	<u>456,036,381</u>

Other receivables - related parties

Tata Steel (Thailand) Public Company Limited	1,483,303	1,143,628
The Siam Iron and Steel (2001) Co., Ltd.	3,692	-
N.T.S. Steel Group Plc.	857,418	2,375,105
Siam Steel Mill Services Co., Ltd.	742,815	641,079
Total	<u>3,087,228</u>	<u>4,159,812</u>

	2015	2014
	Baht	Baht
Short-term loans to parent company		
Tata Steel (Thailand) Public Company Limited (Unsecured loan and no maturity date carrying interest rate at 1.50% p.a.)	<u>1,129,905,446</u>	<u>819,282,082</u>
Trade accounts payable - related parties		
The Siam Iron and Steel (2001) Co., Ltd.	3,489,974	696,680
N.T.S. Steel Group Plc.	73,166,972	79,619,093
NatSteel Recycling Pte. Ltd.	38,405,339	367,889,766
Tata Steel International Metals (Asia) Limited	59,789,712	-
Tata Steel International (Singapore) Pte. Ltd.	386,155	16,017,725
Siam Steel Mill Services Co., Ltd.	<u>7,452,621</u>	<u>10,576,330</u>
Total	<u>182,690,773</u>	<u>474,799,594</u>
Other payables - related parties		
Tata Steel (Thailand) Public Company Limited	17,607,123	20,418,723
The Siam Iron and Steel (2001) Co., Ltd.	257,377	64,153
N.T.S. Steel Group Plc.	2,034,280	13,308
Siam Steel Mill Services Co., Ltd.	<u>824,721</u>	<u>291,396</u>
Total	<u>20,723,501</u>	<u>20,787,580</u>

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

	2015	2014
	Baht	Baht
Revenues		
Sales		
The Siam Iron and Steel (2001) Co., Ltd.	38,668	4,217,288
N.T.S. Steel Group Plc.	<u>8,482,227,052</u>	<u>9,405,513,640</u>
Total	<u>8,482,265,720</u>	<u>9,409,730,928</u>
Interest income		
Tata Steel (Thailand) Public Company Limited	<u>12,703,400</u>	<u>11,654,303</u>
Dividend income		
Siam Steel Mill Services Co., Ltd.	<u>16,800,000</u>	<u>-</u>

	2015 Baht	2014 Baht
Expenses		
Purchases		
The Siam Iron and Steel (2001) Co., Ltd.	21,231,396	15,282,042
N.T.S. Steel Group Plc.	3,778,570,074	4,040,688,171
NatSteel Recycling Pte. Ltd.	137,932,085	1,296,935,882
Tata Steel International Metals (Asia) Limited	60,432,716	53,782,041
Tata Steel International (Singapore) Pte. Ltd.	3,862,338	-
Siam Steel Mill Services Co., Ltd.	95,424,412	83,290,554
Total	<u>4,097,453,021</u>	<u>5,489,978,690</u>
Management fee		
Tata Steel (Thailand) Public Company Limited	<u>170,505,670</u>	<u>185,516,975</u>
Dividend paid		
Tata Steel (Thailand) Public Company Limited	<u>104,999,964</u>	<u>209,999,928</u>
Other expenses		
Tata Steel (Thailand) Public Company Limited	-	1,132,663
Siam Steel Mill Services Co., Ltd.	5,268,185	5,259,071
The Siam Industrial Wire Co., Ltd	-	5,577
Total	<u>5,268,185</u>	<u>6,397,311</u>

The Company has the trading policy, which the price and term with related parties are similar to the third parties.

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

20. FINANCIAL INSTRUMENTS

Credit risk

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

Interest Rate Risk and Foreign Exchange Risk

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

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

In addition, in order to manage risk from fluctuation in foreign exchange currency, the Company has entered into forward exchange contracts to hedge its debts as disclosed in Note 21.

Fair value

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

Cash and cash equivalents, trade and other receivables, short-term loans to a parent company, other current assets, value-added tax refundable, short-term borrowings from a financial institution, trade and other payables, current income tax payable, and other current liabilities - the carrying values approximate to their fair values due to the relative short-term maturity of these financial instruments.

21. FORWARD FOREIGN EXCHANGE CONTRACTS

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

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

As at March 31, 2015					
Currency	Contract amount	Forward exchange rate per contract (Baht per Currency)	Maturity date	Value per forward rate (Thousand Baht)	Fair Value gain (loss) (Thousand Baht)
USD	2,119,586	32.67 - 33.00	April 30, 2015 - September 30, 2015	69,581	(210)
SGD	1,400,000	24.74	September 30, 2015	34,636	(1,411)
As at March 31, 2014					
Currency	Contract amount	Forward exchange rate per contract (Baht per Currency)	Maturity date	Value per forward rate (Thousand Baht)	Fair Value gain (loss) (Thousand Baht)
USD	10,995,211	31.53 - 33.42	April 21, 2014 - November 13, 2014	359,261	861
SGD	2,000,000	26.42	August 29, 2014	52,840	1,034
EUR	520,000	45.19	August 29, 2014	23,496	151

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

	Unit :Thousand Baht	
	2015	2014
Derivative assets	-	2,046
Derivative liabilities	<u>(1,611)</u>	<u>-</u>
Net gain (loss)	<u>(1,611)</u>	<u>2,046</u>

22. COMMITMENTS

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

22.1 Letter of credit opened but are not qualified as liabilities as at March 31, are as follows:

Currencies	Unit :Thousand	
	2015	2014
USD	29	211
EUR	-	576

22.2 Letter of guarantee issued by the financial institutions to the Revenue Department, Provincial Electricity Authority and Industrial Estate Authority of Thailand and others amounting to Baht 138.65 million and Baht 133.72 million, respectively, in the normal course of business.

22.3 As at March 31, 2014, the Company has commitments on purchase and installation of machinery amounting to Euro 0.58 million. (2015 : Nil)

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

	2015	2014
	Baht	Baht
Within one year	6,167,549	5,975,726
After one year but not over five years	20,811,568	20,839,905
After five years	-	4,793,726
Total	<u>26,979,117</u>	<u>31,609,357</u>

For the years ended March 31, 2015 and 2014, rentals applicable to long-term lease and service have been recorded as expenses in the statements of comprehensive income of Baht 6.47 million and Baht 6.33 million, respectively.

22.4 For the years ended March 31, 2015 and 2014, the Company has a lease agreement for land with the Industrial Estate Authority of Thailand with the rental fee amounting to Baht 4.80 million per year. Such agreement shall have the term for 30 years commencing on April 3, 1990 to April 2, 2020.

- 22.5 As at March 31, 2015 and 2014, the Company and the Siam Iron and Steel (2001) Co., Ltd. have been acted as guarantors for repayment of trade accounts payable arising from debt restructuring for N.T.S. Steel Group Plc. amounting to Baht 6.33 million.

23. CONTINGENT LIABILITIES

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

24. SEGMENT INFORMATION

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

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

25. APPROVAL FOR THE FINANCIAL STATEMENTS

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