

THE SIAM IRON AND STEEL (2001) COMPANY LIMITED

FINANCIAL STATEMENTS

31 MARCH 2019



Independent Auditor's Report

To the Shareholders of The Siam Iron and Steel (2001) Company Limited

My opinion

In my opinion, the financial statements of The Siam Iron and Steel (2001) 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 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 management determine 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 management.
- Conclude on the appropriateness of 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 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 Iron and Steel (2001) Company Limited
Statement of Financial Position
As at 31 March 2019

	Notes	2019 Baht	2018 Baht
Assets			
Current assets			
Cash and cash equivalents	7 a)	9,890,819	7,688,102
Trade and other receivables, net	8	431,831,278	344,239,452
Short-term loans to a parent company	22 c)	197,026,567	157,171,851
Inventories, net	9	948,754,578	1,141,667,785
Other current assets		4,670,416	15,204,267
Total current assets		<u>1,592,173,658</u>	<u>1,665,971,457</u>
Non-current assets			
Property, plant and equipment, net	10	322,909,130	269,232,058
Intangible assets, net	11	451,240	732,626
Deferred tax assets, net	12	10,192,655	9,405,529
Other non-current assets		10,394,207	10,354,050
Total non-current assets		<u>343,947,232</u>	<u>289,724,263</u>
Total assets		<u><u>1,936,120,890</u></u>	<u><u>1,955,695,720</u></u>

The accompanying notes on page 9 to 42 are an integral part of the financial statements.

The Siam Iron and Steel (2001) 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	13	188,833,502	283,448,819
Trade and other payables	14	473,672,734	366,113,202
Current income tax payable		-	10,260,567
Other current liabilities		3,460,967	4,830,096
Total current liabilities		665,967,203	664,652,684
Non-current liabilities			
Employee benefit obligations	15	40,860,118	36,994,054
Total non-current liabilities		40,860,118	36,994,054
Total liabilities		706,827,321	701,646,738
Equity			
Share capital			
Authorised share capital			
Ordinary shares, 1,200,000 shares at par value of Baht 100 each		120,000,000	120,000,000
Issued and paid-up share capital			
Ordinary shares, 1,200,000 shares paid-up at par value of Baht 100 each		120,000,000	120,000,000
Retained earnings			
Appropriated - legal reserve	16	12,000,000	12,000,000
Unappropriated		1,097,293,569	1,122,048,982
Total equity		1,229,293,569	1,254,048,982
Total liabilities and equity		1,936,120,890	1,955,695,720

The accompanying notes on page 9 to 42 are an integral part of the financial statements.

The Siam Iron and Steel (2001) Company Limited
Statement of Comprehensive Income
For the year ended 31 March 2019

	Notes	2019 Baht	2018 Baht
Revenue from sales		5,060,826,902	4,635,034,709
Cost of sales		<u>(5,003,878,273)</u>	<u>(4,405,866,619)</u>
Gross profit		56,948,629	229,168,090
Other income	17	33,362,638	33,078,814
Selling expenses		(1,122,790)	(169,540)
Administrative expenses		(106,222,385)	(129,535,800)
Finance costs		<u>(8,071,690)</u>	<u>(9,969,146)</u>
Profit (loss) before income tax expense		(25,105,598)	122,572,418
Income tax expense	19	<u>699,738</u>	<u>(25,677,236)</u>
Profit (loss) for the year		<u>(24,405,860)</u>	<u>96,895,182</u>
Other comprehensive income (expense)			
Items that will not be reclassified to profit or loss			
Remeasurements of post-employment benefit obligations		(436,941)	1,566,912
Income tax on items that will not be reclassified		<u>87,388</u>	<u>(313,382)</u>
Total items that will not be reclassified to profit or loss		<u>(349,553)</u>	<u>1,253,530</u>
Other comprehensive income (expense) for the year, net of tax		<u>(349,553)</u>	<u>1,253,530</u>
Total comprehensive income (expense) for the year		<u>(24,755,413)</u>	<u>98,148,712</u>
Earnings (loss) per share			
Basic earnings (loss) per share (Baht)	20	(20.34)	80.75

The accompanying notes on page 9 to 42 are an integral part of the financial statements.

The Siam Iron and Steel (2001) 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	120,000,000	12,000,000	1,023,900,270	1,155,900,270
Changes in equity for the year	-	-	98,148,712	98,148,712
Total comprehensive income for the year				
Closing balance as at 31 March 2018	120,000,000	12,000,000	1,122,048,982	1,254,048,982
Opening balance as at 1 April 2018	120,000,000	12,000,000	1,122,048,982	1,254,048,982
Changes in equity for the year	-	-	(24,755,413)	(24,755,413)
Total comprehensive expense for the year				
Closing balance as at 31 March 2019	120,000,000	12,000,000	1,097,293,569	1,229,293,569

The accompanying notes on page 9 to 42 are an integral part of the financial statements.

The Siam Iron and Steel (2001) Company Limited
Statement of Cash Flows
For the year ended 31 March 2019

	Notes	2019 Baht	2018 Baht
Cash flows from operating activities			
Profit (loss) before income tax expense		(25,105,598)	122,572,418
Adjustments :			
Depreciation and amortisation charge		48,314,246	47,670,171
Employee benefit obligations		5,298,980	6,300,194
(Gain) loss on foreign exchange rate		(93,853)	3,607
Other adjustments from non-cash items	7 b)	(293,025)	(268,165)
Interest income	17	(2,636,462)	(4,732,560)
Interest expense		8,071,690	9,969,146
		<u>33,555,978</u>	<u>181,514,811</u>
Changes in working capital			
Trade and other receivables		(87,491,460)	(61,027,262)
Inventories		180,088,240	(206,259,006)
Trade and other payables		103,150,035	47,697,280
Other cash received (paid) from operating activities	7 c)	<u>7,132,093</u>	<u>(2,422,340)</u>
Cash flows from operating activities			
Cash generated from (used in) operations		236,434,886	(40,496,517)
Adjustment of cash occurred from borrowings	7 d)	(8,372,095)	(9,978,603)
Income tax paid		<u>(10,137,952)</u>	<u>(21,055,545)</u>
Net cash generated from (used in) operating activities		<u>217,924,839</u>	<u>(71,530,665)</u>
Cash flows from investing activities			
Purchases of intangible assets	7 e)	(32,800)	(283,000)
Purchases of property, plant and equipment	7 e)	(84,049,277)	(34,305,637)
Proceeds from disposals of property, plant and equipment		293,892	312,522
Proceeds from (repayments on) short-term borrowings to a parent company	22 c)	(39,854,716)	241,791,379
Interest received		<u>2,536,096</u>	<u>5,103,561</u>
Net cash generated from (used in) investing activities		<u>(121,106,805)</u>	<u>212,618,825</u>

The accompanying notes on page 9 to 42 are an integral part of the financial statements.

The Siam Iron and Steel (2001) 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	13	<u>(94,615,317)</u>	<u>(157,540,968)</u>
Net cash used in financing activities		<u>(94,615,317)</u>	<u>(157,540,968)</u>
Net increase (decrease) in cash and cash equivalents		2,202,717	(16,452,808)
Cash and cash equivalents at the beginning of the year		<u>7,688,102</u>	<u>24,140,910</u>
Cash and cash equivalents at the end of the year	7 a)	<u><u>9,890,819</u></u>	<u><u>7,688,102</u></u>

The accompanying notes on page 9 to 42 are an integral part of the financial statements.

1 General information

The Siam Iron and Steel (2001) Company Limited ("the Company") is incorporated and domiciled in Thailand, on 3 September 2001. The address of the Company's registered office is as follows:

Head Office : Rasa Tower 2, 20th Floor, 555 Phaholyothin Road, Chatuchak Sub-district, Bangkok 10900
Factory : 49 Moo11, Pattanapong Road, Bang Khamot Subdistrict, Ban Moh District, Saraburi 18270

The major shareholder and the parent company is Tata Steel (Thailand) Public Company Limited which is public company incorporated in Thailand and listed on the Stock Exchange of Thailand which holds 99.99% of the Company's shares. The ultimate parent company of 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 wire rods and small sections products.

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 the 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 company 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 January 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)

TFRS 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 TFRS 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 adopted of these standards.

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) Transactions 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 and bank overdrafts. In the statements of financial position, bank overdrafts are shown 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 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 Property, plant and equipment

All property, 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.

Land is not depreciated. 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:

Buildings and structures	20 years
Machinery and equipment	5, 10 years
Office equipment, furniture and fixtures	5 years
Vehicles	5 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 2.9).

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

2.8 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 recognised as assets are amortised over their estimated useful lives, which does not exceed 3 years to 10 years.

2 Accounting policies (Cont'd)

2.9 Impairment of assets

Assets that have an indefinite useful life for example Goodwill, 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.

2.10 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.

2.11 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)

2.12 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.

2.13 Employee benefits

2.13.1 Post-employment

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

2.13.1.1 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 Accounting policies (Cont'd)

2.13 Employee benefits (Cont'd)

2.13.1 Post-employment (Cont'd)

2.13.1.2 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.

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

2.13.2 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.

2.13.3 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 Accounting policies (Cont'd)

2.14 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.

2.15 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
- Scrap income is recognised when the scrap is actually sold.

2.16 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.

2.17 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 (Company treasury) 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.

- Interest rate risk

The Company's income and operating cash flows are substantially independent 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 and marketable securities, 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 aims at maintaining flexibility in funding.

- Foreign exchange risk

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

3 Risk management (Cont'd)

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 statements of comprehensive income.

Disclosures about derivative financial instruments to which the Company is a party are provided in Note 21.

3.3 Fair value estimation

The following table presents the Company's financial assets and liabilities that are measured at fair value.

- 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, and short-term loans to the parent company. Financial liabilities carried on the statement of financial position included short-term loans from financial institutions, and trade and other payables.

Financial assets include cash and cash equivalents, trade and other receivables and financial liabilities include short-term loans from financial institutions, trade and other payables. Fair value 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.

4.1 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.

1) Allowance for doubtful accounts.

The Company has established the allowance for doubtful to reflect the impairment of trade receivables, related to the provision in loss from unbillable customer. The allowance for doubtful is the effect from the Company's estimation of inflow future cash flow, based up on the experience in pressed the claim, reputation, and default, and market trend.

2) Allowance for diminution in value of inventories

The Company has established the allowance for diminution in value of inventories to reflect the net realise value from inventories. The allowance for diminution in value of inventories is the effect from the Company's analysis of obsolete and slow-moving inventories and sale forecast in the future. The balance of inventories will be written-off once they are obsoleted and unable to sell out.

3) Buildings 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 are mainly local sales. 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 1 customer which contributed over 10.00% of the Company's total revenue (2018 : 1 customer). The revenue from sales to this customers is Baht 5,036.19 million (2018 : Baht 4,615.91 million).

For the years ended 31 March	2019 Thousand Baht	2018 Thousand Baht
Segment revenue - Local	5,060,827	4,635,035
	<u>5,060,827</u>	<u>4,635,035</u>

7 Cash and cash equivalents

a) Cash and cash equivalents consist of:

	2019 Thousand Baht	2018 Thousand Baht
Cash on hand	1	1
Deposits at banks - current accounts	7,064	4,875
- savings accounts	2,826	2,812
	<u>9,891</u>	<u>7,688</u>
	2019 %	2018 %
<u>Interest rate</u>		
Deposits at banks - savings accounts	0.05 - 0.38	0.05 - 0.50

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

	2019 Thousand Baht	2018 Thousand Baht
Gain on disposal of plant and equipment and intangible asset	(293)	(308)
Loss from write-off of plant and equipment	-	40
	<u>(293)</u>	<u>(268)</u>

7 Cash and cash equivalents (Cont'd)

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

	2019	2018
	Thousand	Thousand
	Baht	Baht
Decrease in other current assets and other non-current assets	10,493	874
Increase (decrease) in other current liabilities and other non-current liabilities	(1,498)	352
Employee benefit obligations paid	(1,863)	(3,648)
	<u>7,132</u>	<u>(2,422)</u>

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

	2019	2018
	Thousand	Thousand
	Baht	Baht
Interest paid	<u>(8,372)</u>	<u>(9,979)</u>

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

	2019	2018
	Thousand	Thousand
	Baht	Baht
Payables for plant and equipment and intangible assets brought forward	6,252	900
<u>Add</u> Purchases during the years	88,886	39,940
<u>Less</u> Payments during the years	<u>(84,082)</u>	<u>(34,588)</u>
Payables for plant and equipment and intangible assets carried forward	<u>11,056</u>	<u>6,252</u>

8 Trade and other receivables, net

	2019	2018
	Thousand	Thousand
	Baht	Baht
Trade receivables - other parties	3,679	3,679
- related parties (Note 22 b))	427,818	339,902
<u>Less</u> Allowance for doubtful accounts	<u>(3,679)</u>	<u>(3,679)</u>
Trade receivables, net	427,818	339,902
Other receivables - other parties	658	290
- related parties (Note 22 b))	2,221	410
Prepayments	1,134	3,637
	<u>431,831</u>	<u>344,239</u>

8 Trade and other receivables, net (Cont'd)

The credit term for trade receivable normally requires 15 days (31 March 2018 : 15 days).

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

	2019 Thousand Baht	2018 Thousand Baht
Not yet due	337,943	266,646
Overdue:		
Under 3 months	89,875	73,256
3 - 6 months	-	-
6 - 12 months	-	-
Over 12 months	3,679	3,679
	431,497	343,581
<u>Less</u> Allowance for doubtful accounts	(3,679)	(3,679)
	<u>427,818</u>	<u>339,902</u>

9 Inventories, net

	2019 Thousand Baht	2018 Thousand Baht
Raw materials	210,530	215,517
Work in progress	118,764	219,788
Finished goods	292,553	371,404
Spare parts	178,749	180,119
Supplies and others	137,690	130,209
	938,286	1,117,037
<u>Less</u> Allowance for diminution in value of inventories and obsolete inventories		
- Spare parts	(4,420)	(4,420)
- Supplies and others	(116)	(116)
	933,750	1,112,501
<u>Add</u> Goods in transit	15,005	29,167
	<u>948,755</u>	<u>1,141,668</u>

The cost of inventories recognised as expense and included in cost of sales in the statement of comprehensive income amounting to Baht 5,004 million (2018: Baht 4,413 million).

During the year ended 31 March 2019, amortisation of rolling mill which was categorised in supplies and others amounting to Baht 13 million (2018: Baht 15 million) included in cost of sales in the statement of comprehensive income.

During the year ended 31 March 2019, the Company have no record of allowance for diminution in value of inventories and obsolete inventories to the statement of comprehensive income (2018 : the Company recorded allowance for diminution in value of inventories and obsolete inventories of Baht 7 million to the statement of comprehensive income).

The Siam Iron and Steel (2001) Company Limited
Notes to the Financial Statements
For the year ended 31 March 2019

10 Property, plant and equipment, net

	Land Thousand Baht	Buildings and structures Thousand Baht	Machinery and equipment Thousand Baht	Furniture, Fixtures, and equipment Thousand Baht	Vehicles Thousand Baht	Construction in progress Thousand Baht	Total Thousand Baht
As at 1 April 2017							
Cost	84,084	109,030	1,878,329	22,620	1,106	3,408	2,098,577
Less Accumulated depreciation	-	(73,553)	(1,747,324)	(14,432)	(1,096)	-	(1,836,405)
Allowance for decrease in value of asset	-	-	(71)	(26)	-	-	(97)
Net book amount	84,084	35,477	130,934	8,162	10	3,408	262,075
For the year ended 31 March 2018							
Opening net book amount	84,084	35,477	130,934	8,162	10	3,408	262,075
Additions	-	-	469	1,989	10	37,156	39,624
Transfers	-	88	24,969	1,955	10	(27,022)	-
Disposals - cost	-	-	(5,747)	(967)	-	-	(6,714)
- accumulated depreciation	-	-	5,676	937	-	-	6,613
- allowance for decrease in value of asset	-	-	71	26	-	-	97
Write off - cost	-	(180)	(6,491)	(30)	-	-	(6,701)
- accumulated depreciation	-	140	6,491	30	-	-	6,661
Depreciation charge	-	(5,444)	(24,070)	(2,904)	(5)	-	(32,423)
Closing net book amount	84,084	30,081	132,302	9,198	25	13,542	269,232
As at 31 March 2018							
Cost	84,084	108,938	1,891,529	25,567	1,126	13,542	2,124,786
Less Accumulated depreciation	-	(78,857)	(1,759,227)	(16,369)	(1,101)	-	(1,855,554)
Net book amount	84,084	30,081	132,302	9,198	25	13,542	269,232

The Siam Iron and Steel (2001) Company Limited
Notes to the Financial Statements
For the year ended 31 March 2019

10 Property, plant and equipment, net (Cont'd)

	Land and structures Thousand Baht	Buildings and structures Thousand Baht	Machinery and equipment Thousand Baht	Furniture, Fixtures, and equipment Thousand Baht	Vehicles Thousand Baht	Construction in progress Thousand Baht	Total Thousand Baht
As at 1 April 2018							
Cost	84,084	108,938	1,891,529	25,567	1,126	13,542	2,124,786
Less: Accumulated depreciation	-	(78,857)	(1,759,227)	(16,369)	(1,101)	-	(1,855,554)
Net book amount	84,084	30,081	132,302	9,198	25	13,542	269,232
For the year ended 31 March 2019							
Opening net book amount	84,084	30,081	132,302	9,198	25	13,542	269,232
Additions	-	-	3,926	1,979	-	82,981	88,886
Transfers	-	8,509	58,977	8,668	-	(76,154)	-
Disposals - cost	-	-	(18,243)	(8)	-	-	(18,251)
- accumulated depreciation	-	-	18,243	7	-	-	18,250
Depreciation charge	-	(5,767)	(25,192)	(4,242)	(7)	-	(35,208)
Closing net book amount	84,084	32,823	170,013	15,602	18	20,369	322,909
As at 31 March 2019							
Cost	84,084	117,447	1,936,189	36,206	1,126	20,369	2,195,421
Less: Accumulated depreciation	-	(84,624)	(1,766,176)	(20,604)	(1,108)	-	(1,872,512)
Net book amount	84,084	32,823	170,013	15,602	18	20,369	322,909

On 14 June 2017, there was a fire occurred at the power sub-station of the Company. From this incident, building, machinery and equipment, fully depreciated, were partially damaged. During the year 2019, the Company received for damage claim total payment from insurance companies amounting to Baht 24.39 million which were recorded as other income in statement of comprehensive income (Note 17) (2018: 25.00 million).

11 Intangible assets, net

	Computer software Thousand Baht	Software under installation Thousand Baht	Total Thousand Baht
As at 1 April 2017			
Cost	3,810	-	3,810
<u>Less</u> Accumulated amortisation	(3,136)	-	(3,136)
Net book amount	<u>674</u>	<u>-</u>	<u>674</u>
For the year ended 31 March 2018			
Opening net book amount	674	-	674
Additions	33	283	316
Transfers	283	(283)	-
Write off - cost	(525)	-	(525)
- accumulated amortisation	525	-	525
Amortisation charge	(257)	-	(257)
Closing net book amount	<u>733</u>	<u>-</u>	<u>733</u>
As at 31 March 2018			
Cost	3,601	-	3,601
<u>Less</u> Accumulated amortisation	(2,868)	-	(2,868)
Net book amount	<u>733</u>	<u>-</u>	<u>733</u>
As at 1 April 2018			
Cost	3,601	-	3,601
<u>Less</u> Accumulated amortisation	(2,868)	-	(2,868)
Net book amount	<u>733</u>	<u>-</u>	<u>733</u>
For the year ended 31 March 2019			
Opening net book amount	733	-	733
Amortisation charge	(282)	-	(282)
Closing net book amount	<u>451</u>	<u>-</u>	<u>451</u>
As at 31 March 2019			
Cost	3,601	-	3,601
<u>Less</u> Accumulated amortisation	(3,150)	-	(3,150)
Net book amount	<u>451</u>	<u>-</u>	<u>451</u>

The Siam Iron and Steel (2001) Company Limited
Notes to the Financial Statements
For the year ended 31 March 2019

12 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	2,023	2,022
- To be recovered more than 12 months	8,172	7,399
	<u>10,195</u>	<u>9,421</u>
Deferred tax liabilities		
- To be recovered within 12 months	(2)	(15)
- To be recovered more than 12 months	-	-
	<u>(2)</u>	<u>(15)</u>
Deferred tax assets, net	<u>10,193</u>	<u>9,406</u>

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

	2019 Thousand Baht	2018 Thousand Baht
Opening balance for the year	9,406	10,548
Increase (decrease) to profit or loss	700	(829)
Increase (decrease) to other comprehensive income	87	(313)
Closing balance for the year	<u>10,193</u>	<u>9,406</u>

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

	1 April 2018 Thousand Baht	Credited (charged) to profit or loss Thousand Baht	Credited (charged) to other comprehensive income Thousand Baht	31 March 2019 Thousand Baht
Deferred tax assets				
Allowance for doubtful accounts	736	-	-	736
Allowance for diminution in value of inventories and obsolete inventories	907	-	-	907
Employee benefit obligations	7,778	687	87	8,552
	<u>9,421</u>	<u>687</u>	<u>87</u>	<u>10,195</u>
Deferred tax liabilities				
Derivative assets	(15)	13	-	(2)
	<u>(15)</u>	<u>13</u>	<u>-</u>	<u>(2)</u>
Deferred tax assets, net	<u>9,406</u>	<u>700</u>	<u>87</u>	<u>10,193</u>

12 Deferred tax assets, net (Cont'd)

	1 April 2017 Thousand Baht	Credited (charged) to profit or loss Thousand Baht	Credited (charged) to other comprehensive income Thousand Baht	31 March 2018 Thousand Baht
Deferred tax assets				
Allowance for doubtful accounts	736	-	-	736
Allowance for diminution in value of inventories and obsolete inventories	2,235	(1,328)	-	907
Allowance for decrease in value of assets	19	(19)	-	-
Employee benefit obligations	7,560	531	(313)	7,778
	10,550	(816)	(313)	9,421
Deferred tax liabilities				
Derivative assets	(2)	(13)	-	(15)
	(2)	(13)	-	(15)
Deferred tax assets, net	10,548	(829)	(313)	9,406

13 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	283,449	440,990
Additions during the year	1,135,371	1,301,223
Repayments during the year	(1,229,986)	(1,458,764)
Closing balance for the year	188,834	283,449

As at 31 March 2019, short-term borrowings from financial institutions in amount of Baht 188.83 million (2018 : Baht 283.45 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 3 June 2019 (2018 : from 2 April 2018 to 28 May 2018).

14 Trade and other payables

	2019 Thousand Baht	2018 Thousand Baht
Trade payables - other companies	179,979	220,731
- related parties (Note 22 b))	207,912	46,123
Other payables - other companies	11,056	6,252
- related parties (Note 22 b))	478	8,330
Advance received from customers	32	22
Accrued expenses	74,216	84,655
	473,673	366,113

15 Employee benefit obligations

	2019 Thousand Baht	2018 Thousand Baht
Statement of financial position:		
Retirement benefits	35,474	32,072
Other long-term benefits	5,386	4,922
Liability in the statement of financial position	<u>40,860</u>	<u>36,994</u>
Loss charge included in operating profit for:		
Retirement benefits	4,329	4,072
Other long-term benefits	963	2,088
	<u>5,292</u>	<u>6,160</u>
Remeasurement for in other comprehensive (income) expense	437	(1,567)
	<u>437</u>	<u>(1,567)</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		Other long-term benefits	
	2019 Thousand Baht	2018 Thousand Baht	2019 Thousand Baht	2018 Thousand Baht
Opening balance for the year	32,072	32,959	4,922	3,090
Current service cost	3,367	3,197	819	892
Past service cost	-	-	-	1,077
Interest cost	962	875	141	119
Remeasurements:				
Loss from change in demographic assumptions	575	912	255	347
Gain from change in financial assumptions	(580)	(2,023)	(191)	(160)
Experience (gain) loss	442	(559)	(61)	(84)
Employee benefit paid	(1,364)	(3,289)	(499)	(359)
Closing balance for the year	<u>35,474</u>	<u>32,072</u>	<u>5,386</u>	<u>4,922</u>

The principal actuarial assumptions used were as follows:

	2019 %	2018 %
Discount rates	2.99	2.87
Salary growth rate	5.02	5.00
Staff turnover rate	0.00 - 8.00	0.00 - 10.00

15 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	2018	2019	2018
	%	%	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Discount rate	1.00	1.00	(4,577)	(4,193)	5,455	5,007
Salary growth rate	1.00	1.00	4,896	4,489	(4,173)	(3,820)
Staff turnover rate	1.00	1.00	(4,854)	(4,442)	2,930	2,732

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 13.51 years (2018 : 12.81 years).

16 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.

17 Other income

	2019	2018
	Thousand Baht	Thousand Baht
Gain on exchange rate, net	384	1,935
Interest income	2,636	4,733
Compensation from insurance company	24,395	25,000
Others	5,948	1,411
	33,363	33,079

18 Expenses by nature

	2019	2018
	Thousand Baht	Thousand Baht
Change in finished goods and work in process	179,874	(101,358)
Raw materials and consumables used	3,344,214	3,110,210
Store and supplies	339,676	272,012
Fuel	169,098	155,802
Depreciation, amortisation and amortisation of rolling mill	48,314	47,670
Utility expenses	462,011	465,343
Repair and maintenance expenses	192,517	185,727
Contractor fees	58,109	60,306
Management fees	85,241	94,410
Rental expenses	2,639	2,625
Employee benefits expenses	174,131	185,025
Reversal of loss on diminution in value of inventory and obsolete inventories	-	(6,639)

19 Income tax expense

Income tax expense (income) for the years ended 31 March comprise of

	2019 Thousand Baht	2018 Thousand Baht
Current tax:		
Current tax on profits for the year	-	24,848
Total current tax	-	24,848
Decrease (increase) in deferred tax assets (Note 12)	(687)	816
(Decrease) increase in deferred tax liabilities (Note 12)	(13)	13
Total deferred tax	(700)	829
Total income tax expense	(700)	25,677

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 follows:

	2019 Thousand Baht	2018 Thousand Baht
Profit before income tax	(25,106)	122,572
Tax calculated at a tax rate of 20% (2018 : 20%)	(5,021)	24,514
Tax effect of:		
- Temporary differences and unused tax losses not accounted for as deferred tax assets	4,287	(2)
- Expenses not deductible for tax purpose	34	1,165
Tax charge	(700)	25,677
	2019 Tax rate %	2018 Tax rate %
Effective tax rate	(2.79)	20.95

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

	2019			2018		
	Before tax Thousand Baht	Tax (charge)/ credit Thousand Baht	After tax Thousand Baht	Before tax Thousand Baht	Tax (charge)/ credit Thousand Baht	After tax Thousand Baht
Remeasurement on retirement benefit obligations	(437)	87	(350)	1,567	(313)	1,254
Other comprehensive income	(437)	87	(350)	1,567	(313)	1,254
Current tax		-			-	
Deferred tax (Note 12)		87			(313)	
		87			(313)	

20 Earnings (loss) per share

The basic earnings per share is calculated by dividing the profit (loss) for the period 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 years ended 31 March		
Net profit attributable to ordinary shareholders of the Company (Thousand Baht)	(24,406)	96,895
Weighted average number of ordinary shares outstanding (Share)	1,200,000	1,200,000
Basic earnings (loss) per share (Baht per share)	<u>(20.34)</u>	<u>80.75</u>

21 Fair value measurement

21.1 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	402	6,716	31.81	394	39,525	31.23
Euro	-	2,525	35.72	-	1,798	38.44
Pound Sterling	-	312	41.61	-	19	43.83
Japanese Yen	-	43	0.29	-	39	0.29
Singapore Dollar	5	-	23.47	5	-	23.82

21.2 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 4 months (2018 : 2 months) as follows:

	2019		2018	
	Foreign (unfavourable) currency amounts	Fair values favourable Thousand Baht	Foreign (unfavourable) Currency amounts	Fair values favourable Thousand Baht
Foreign exchange forward contracts				
US Dollars	140,000	(6)	500,000	(84)

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.

22 Related party transactions

Individuals and entities that directly or indirectly control or are controlled by or are under common control with the Company 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 Construction Steel Co., Ltd.	Manufacture steel bars	Common shareholders and managements
N.T.S. Steel Group Public Company Limited	Manufacture, render a manufacturing service, distributions and trading of steel bars, wire rods and small section products	Common 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 Motors (Thailand) Co.,Ltd.	Manufacture automobile	Same group of shareholders
Tata Communications (Thailand) Co.,Ltd.	IT and Telecommunication Services	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

The Siam Iron and Steel (2001) Company Limited
Notes to the Financial Statements
For the year ended 31 March 2019

22 Related party transactions (Cont'd)

The following transactions were carried out with related parties:

a) Related party transactions for the years 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	5,036,190	4,615,905
The Siam Construction Steel Co., Ltd.	11,278	11,292
Total	5,047,468	4,627,197
Interest income		
Tata Steel (Thailand) Public Company Limited	2,627	4,710
Other income		
NatSteel Holdings Pte. Ltd.	-	80
	2019	2018
	Thousand	Thousand
	Baht	Baht
Expenses		
Purchases		
N.T.S. Steel Group Public Company Limited	289,963	6,590
The Siam Construction Steel Co., Ltd.	207,659	444,121
Tata Steel Limited		24,065
Tata International Limited	13,976	6,874
Tata International West Asia DMCC	5,264	-
Total	516,862	481,650
Interest expenses		
Tata Steel (Thailand) Public Company Limited	4	-
Management fee expenses		
Tata Steel (Thailand) Public Company Limited	85,241	94,410

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

22 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		
N.T.S. Steel Group Public Company Limited	426,537	339,223
The Siam Construction Steel Co., Ltd.	1,281	679
Total	427,818	339,902
Other receivables - related parties		
Tata Steel (Thailand) Public Company Limited	399	278
N.T.S. Steel Group Public Company Limited	1,811	58
The Siam Construction Steel Co., Ltd.	11	74
Total	2,221	410
Trade payable - related parties		
Tata Steel (Thailand) Public Company Limited	1,877	8,260
N.T.S. Steel Group Public Company Limited	189,104	3,393
The Siam Construction Steel Co., Ltd.	16,931	34,470
Total	207,912	46,123
Other payables - related parties		
Tata Steel (Thailand) Public Company Limited	7	5,795
The Siam Construction Steel Co., Ltd.	16	345
N.T.S. Steel Group Public Company Limited	455	2,190
Total	478	8,330

- c) Short-term loans to the parent company

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

	2019 Thousand Baht	2018 Thousand Baht
Opening balance for the year	157,172	398,963
Net addition (repayment) of borrowings	39,855	(241,791)
Closing balance for the year	197,027	157,172

As at 31 March 2019, short-term loans to the parent company in the amount of Baht 197.03 million (2018 : Baht 157.17 million) bear interest rate at 1.50% per annum (2018 : 1.50% per annum), are non-collateralised loans and not specified maturity date.

23 Commitments

23.1 Letter of guarantee

Letters of guarantee issued by the financial institutions to the Electricity Generating Authority of Thailand, Provincial Electricity Authority, and the Rental of equipments as at 31 March 2019 amounting to Baht 143.60 million (2018 : Baht 145.49 million) in the normal courses of business.

23.2 Capital commitments

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

	2019 Thousand Baht	2018 Thousand Baht
Buildings machinery and equipment	8,125	24,316
Computer software	3,402	-

23.3 Operating lease commitments - where the Company is the lessee

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

The Company leases various 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	892	1,372
Later than 1 year but not later than 5 years	1,816	1,609
	<u>2,708</u>	<u>2,981</u>

23.4 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	187	-
EUR	-	44

24 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		Hierarchy	Valuation techniques and key inputs for fair value measurement
	31 March 2019	31 March 2018		
	(Thousand Baht)			
Financial liabilities				
1. Foreign currency forward contracts (including in other current liabilities)	6	84	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.

25 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 10.47 million.