

**TATA STEEL (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED MARCH 31, 2017**

**1. GENERAL INFORMATION AND THE OPERATION OF THE COMPANY**

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

The Company has three subsidiaries (“the Group”) which were incorporated in Thailand, that manufacture, render manufacturing services, distribute and trading of steel bars, wire rods and small section products. Sales of the subsidiaries are mainly local sales contributing 93% and 90% of the total sales for the years ended March 31, 2017 and 2016, respectively.

Details of the Company’s subsidiaries are as follows:

	Type of business	Shareholding (%)	
		As at March 31, 2017	As at March 31, 2016
The Siam Iron and Steel (2001) Company Limited	Manufacture wire rods and small section products	99.99	99.99
The Siam Construction Steel Company Limited	Manufacture steel bars	99.99	99.99
N.T.S. Steel Group Public Company Limited	Manufacture, render a manufacturing service, distribute and trading of steel bars, wire rods and small section products	99.76	99.76

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

As at March 31, 2017 and 2016, N.T.S. Steel Group Public Company Limited (“N.T.S.”) has total current liabilities exceeding total current assets by Baht 2,573 million and Baht 3,010 million, respectively. However, the amount of current liabilities included the short-term borrowing from the parent company of Baht 2,720 million and Baht 2,166 million, respectively. The parent company will continue its financial support to N.T.S. to enable N.T.S. to continue its operations satisfactorily at least for the next 12 months from the statement of financial position date and the Group’s management has prepared the business plan including initiatives to improve operation and financial results of N.T.S. In addition, the Company manages the liquidity based on a group basis.

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

- 2.1 The Company and its subsidiaries maintain its accounting records in Thai Baht and prepare its statutory financial statements in the Thai language in conformity with Thai Financial Reporting Standards and accounting practices generally accepted in Thailand.
- 2.2 The Company's financial statements have been prepared in accordance with the Thai Accounting Standard (TAS) No. 1 (Revised 2015) "Presentation of Financial Statements" which was effective for financial periods beginning on or after January 1, 2016 onwards, and the Regulation of The Stock Exchange of Thailand (SET) dated January 22, 2001, regarding the preparation and submission of financial statements and reports for the financial position and results of operations of the listed companies B.E. 2544 and the Notification of the Department of Business Development dated September 28, 2011 regarding "The Brief Particulars in the Financial Statements B.E. 2554".
- 2.3 The Federation of Accounting Professions has issued the Notifications regarding Thai Financial Reporting Standards ("TFRSs") which are effective for the financial statements for the financial periods beginning on or after January 1, 2016 onwards, as follows:

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

TAS 1 (Revised 2015)	Presentation of Financial Statements
TAS 2 (Revised 2015)	Inventories
TAS 7 (Revised 2015)	Statement of Cash Flows
TAS 8 (Revised 2015)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (Revised 2015)	Events after the Reporting Period
TAS 11 (Revised 2015)	Construction Contracts
TAS 12 (Revised 2015)	Income Taxes
TAS 16 (Revised 2015)	Property, Plant and Equipment
TAS 17 (Revised 2015)	Leases
TAS 18 (Revised 2015)	Revenue
TAS 19 (Revised 2015)	Employee Benefits
TAS 20 (Revised 2015)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (Revised 2015)	The Effects of Changes in Foreign Exchange Rates
TAS 23 (Revised 2015)	Borrowing Costs
TAS 24 (Revised 2015)	Related Party Disclosures
TAS 26 (Revised 2015)	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (Revised 2015)	Separate Financial Statements
TAS 28 (Revised 2015)	Investments in Associates and Joint Ventures
TAS 29 (Revised 2015)	Financial Reporting in Hyperinflationary Economies
TAS 33 (Revised 2015)	Earnings per Share
TAS 34 (Revised 2015)	Interim Financial Reporting
TAS 36 (Revised 2015)	Impairment of Assets
TAS 37 (Revised 2015)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (Revised 2015)	Intangible assets
TAS 40 (Revised 2015)	Investment Property
TAS 41	Agriculture

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

TFRS 2 (Revised 2015)	Share-based Payments
TFRS 3 (Revised 2015)	Business Combinations
TFRS 4 (Revised 2015)	Insurance Contracts
TFRS 5 (Revised 2015)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6 (Revised 2015)	Exploration for and Evaluation of Mineral Assets
TFRS 8 (Revised 2015)	Operating Segments
TFRS 10 (Revised 2015)	Consolidated Financial Statements
TFRS 11 (Revised 2015)	Joint Arrangements
TFRS 12 (Revised 2015)	Disclosure of Interests in Other Entities
TFRS 13 (Revised 2015)	Fair Value Measurement

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

TSIC 10 (Revised 2015)	Government Assistance - No Specific Relation to Operating Activities
TSIC 15 (Revised 2015)	Operating Leases - Incentives
TSIC 25 (Revised 2015)	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders
TSIC 27 (Revised 2015)	Evaluating the Substance of Transactions Involving the Legal form of a Lease
TSIC 29 (Revised 2015)	Service Concession Arrangements : Disclosures
TSIC 31 (Revised 2015)	Revenue - Barter Transactions Involving Advertising Services
TSIC 32 (Revised 2015)	Intangible Assets - Web Site Costs

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

TFRIC 1 (Revised 2015)	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4 (Revised 2015)	Determining whether an Arrangement Contains a Lease
TFRIC 5 (Revised 2015)	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7 (Revised 2015)	Applying the Restatement Approach under IAS 29 (Revised 2015) Financial Reporting in Hyperinflationary Economies
TFRIC 10 (Revised 2015)	Interim Financial Reporting and Impairment
TFRIC 12 (Revised 2015)	Service Concession Arrangements
TFRIC 13 (Revised 2015)	Customer Loyalty Programmes
TFRIC 14 (Revised 2015)	TAS 19 (Revised 2015) - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction.
TFRIC 15 (Revised 2015)	Agreements for the Construction of Real Estate
TFRIC 17 (Revised 2015)	Distributions of Non-cash Assets to Owners
TFRIC 18 (Revised 2015)	Transfers of Assets from Customers
TFRIC 20 (Revised 2015)	Stripping Costs in the Production Phase of a Surface Mine
TFRIC 21	Levies

**Guideline on Accounting**

Guideline on Accounting regarding Recognition and Measurement of Bearer Plants

Guideline on Accounting for Insurance Business regarding Designation of Financial Instruments at Fair Value through Profit or Loss

In addition, the Federation of Accounting Professions issued the Notification regarding the Conceptual Framework for Financial Reporting (Revised 2015), which was announced in the Royal Gazette and effective from November 6, 2015 onwards to replace the Conceptual Framework for Financial Reporting (Revised 2014). Such Conceptual Framework for Financial Reporting has no material impact on these financial statements.

The adoption of above TFRSs have no material impact on these financial statements.

2.4 Thai Financial Reporting Standards announced in the Royal Gazette but not yet effective.

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 financial periods beginning on or after January 1, 2017 onwards as follows:

**Thai Accounting Standards (“TAS”)**

TAS 1 (Revised 2016)	Presentation of Financial Statements
TAS 2 (Revised 2016)	Inventories
TAS 7 (Revised 2016)	Statement of Cash Flows
TAS 8 (Revised 2016)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (Revised 2016)	Events after the Reporting Period
TAS 11 (Revised 2016)	Construction Contracts
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TAS 17 (Revised 2016)	Leases
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TAS 23 (Revised 2016)	Borrowing Costs
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TAS 28 (Revised 2016)	Investments in Associates and Joint Ventures
TAS 29 (Revised 2016)	Financial Reporting in Hyperinflationary Economies
TAS 33 (Revised 2016)	Earnings per Share
TAS 34 (Revised 2016)	Interim Financial Reporting
TAS 36 (Revised 2016)	Impairment of Assets
TAS 37 (Revised 2016)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (Revised 2016)	Intangible assets
TAS 40 (Revised 2016)	Investment Property
TAS 41 (Revised 2016)	Agriculture
TAS 104 (Revised 2016)	Accounting for Troubled Debt Restructuring
TAS 105 (Revised 2016)	Accounting for Investments in Debt and Equity Securities
TAS 107 (Revised 2016)	Financial Instruments Disclosure and Presentation

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

TFRS 2 (Revised 2016)	Share-based Payment
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TFRS 8 (Revised 2016)	Operating Segments
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TFRIC 5 (Revised 2016)	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7 (Revised 2016)	Applying the Restatement Approach under TAS 29 (Revised 2016) Financial Reporting in Hyperinflationary Economies
TFRIC 10 (Revised 2016)	Interim Financial Reporting and Impairment
TFRIC 12 (Revised 2016)	Service Concession Arrangements
TFRIC 13 (Revised 2016)	Customer Loyalty Programmes
TFRIC 14 (Revised 2016)	TAS 19 (Revised 2016) - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
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TFRIC 17 (Revised 2016)	Distributions of Non-cash Assets to Owners
TFRIC 18 (Revised 2016)	Transfers of Assets from Customers
TFRIC 20 (Revised 2016)	Stripping Costs in the Production Phase of a Surface Mine
TFRIC 21 (Revised 2016)	Levies

**Guideline on Accounting**

Guideline on Accounting regarding Derecognition of Financial Assets and Liabilities

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

- 2.5 The consolidated financial statements for the years ended March 31, 2017 and 2016 did not include investment in Siam Steel Mill Services Company Limited which is held by The Siam Construction Steel Company Limited at 24% of share capital on an equity method because the Company has no significant influence to govern the financial and operating policies of and does not have any authorised director to sign on behalf of Siam Steel Mill Services Company Limited. The Company and the subsidiary, therefore, recorded such investment as other long-term investment at cost of Baht 1,241 (see Note 34).

## 2.6 Basis for preparation of consolidated financial statements

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

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

### Subsidiaries

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

## 3. SIGNIFICANT ACCOUNTING POLICIES

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

### 3.1 Cash and cash equivalents

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

### 3.2 Trade and other receivables

Trade receivables are stated at their invoice values less allowance for doubtful accounts, if any.

#### Allowance for doubtful accounts

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

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

### 3.3 Inventories

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

Cost of inventories is calculated using the following method:

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

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

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

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Allowance is made, where necessary for obsolete and slow-moving inventories.

### 3.4 Investments

Temporary investment

Temporary investment consists of time deposits at financial institutions with original maturities later than 3 months but not later than 12 months which is stated at cost and without obligation.

Investments in subsidiaries

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

Available-for-sales investment

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

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

Other long-term investment

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

Disposal of investments

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

### 3.5 Non-current assets held for sale

Non-current assets held for sale represent machinery and equipment which are stated at the lower of its carrying amount or fair value less costs to sell to make the sales. The loss from devaluation of asset is immediately recognised in the statement of profit or loss and other comprehensive income.

Gains or losses on disposal of non-current assets held for sale are recognised as income or expenses when the disposal is made.

### 3.6 Property, plant and equipment

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

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

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

#### Depreciation

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

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

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

### 3.7 Intangible asset

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

#### Amortisation

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

### 3.8 Goodwill

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



## Amortisation

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

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

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

### 3.9 Impairment

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

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

The Group recognises an impairment loss in the statement of profit or loss and other comprehensive income.

#### Reversal of an impairment loss

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

### 3.10 Employee benefits

#### Provident funds

Obligations for contributions to provident fund are recognised as an expense in the statement of profit or loss and other comprehensive income as incurred.

#### Employee benefit obligations

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

The Company recognised expense for defined employee benefit plans as personnel expenses in the statement of profit or loss and other 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.

### 3.11 Long-term lease

#### Operating lease

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

#### Finance lease

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

### 3.12 Recognition of revenue and expense

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



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

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

Other income and expenses are recognised on an accrual basis.

### 3.13 Finance costs

Finance costs such as interest expenses and similar expenses are recognised in the statement of profit or loss and other 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.

### 3.14 Income tax

Income tax (expense) income 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 and multiplied by the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the end of the reporting period.

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

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

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

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

### 3.15 Earnings per share

Basic earnings per share are calculated based on the profit for the year divided by the weighted average number of ordinary shares held by shareholders outstanding during the year.

### 3.16 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 statement of financial position date, 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 income or expense in the statement of profit or loss and other comprehensive income.

The Group 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 Group recognises gains or losses from the adjustment in the value of such forward foreign exchange contracts incurred from the difference between the forward contract rate and marked-to-market rate for the remaining period of forward foreign exchange contracts at the statement of financial position date as income or expense in the statement of profit or loss and other comprehensive income.

### 3.17 Financial instruments

The Group entered into forward foreign exchange contracts in asset and liability management activities to control exposure to fluctuations in foreign exchange rates. Further details of financial instruments are disclosed in Notes 32 and 33.

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

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

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

### 3.18 Fair value measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for leasing transactions that are within the scope of TAS 17 (Revised 2015), and measurements that have some similarities to fair value but are not fair value, such as net realisable value in TAS 2 (Revised 2015) or value in use in TAS 36 (Revised 2015).

In addition, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 inputs are inputs, other than quoted prices included within Level 1, which are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

### 3.19 Use of management's judgements and key sources of estimation uncertainty

#### 1) Management's judgements in applying accounting policies

The preparation of financial statements in conformity with Thai Financial Reporting Standards requires the Group's management to exercise judgments in applying accounting policies that significantly affect the recognition and disclosure in the financial statements. Significant judgements in applying accounting policies are as follows:

##### Impairment

The carrying amount of investment in subsidiaries, goodwill and property, plant and equipment are reviewed at the end of each reporting period. The Group recognises impairment loss when the recoverable amount of an asset is lower than its carrying amount. The recoverable amount is the higher of asset's fair value less costs to sell or its value in use.

The Group determines the value in use by estimating the present value of future cash flow projections expected from perpetual use of the asset, discounted using a pre-tax discount rate under current business conditions using reasonable market estimates. In determining fair value less costs to sell, an appropriate valuation model is used. Details of the impairment loss calculation are set out in Note 3.9.

##### Recognition of deferred tax asset

A deferred tax asset is recognised to the extent that it is probable that it will be utilised in the future. Such an assessment is based upon the probability that the Group will generate future taxable income sufficient to fully utilise the deferred tax assets. The Group's management uses judgments based upon the likely timing and level of estimate future taxable income to determine the amount of deferred tax assets that can be recognised at the end of each reporting period.

## 2) Key sources of estimation uncertainty

The Group has estimates with the assumptions concerning the future. Although these estimates are based on management's reasonable consideration of current events, actual results may differ from these estimates. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next fiscal year are outlined below.

### Impairment

Determining whether investment in subsidiaries and goodwill are impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the Group's management to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value where the actual future cash flows are less than expected, a material impairment loss may arise.

### Fair value measurements and valuation processes

Details of fair value measurements and valuation processes are set out in Notes 3.18 and 34.

## 4. SUPPLEMENTARY DISCLOSURES OF CASH FLOW INFORMATION

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

	Consolidated		Unit : Thousand Baht	
	financial statements	financial statements	Separate	financial statements
	2017	2016	2017	2016
Cash	4	1	-	-
Bank deposits in current accounts	42,108	31,307	1,404	399
Bank deposits in savings accounts	888,181	755,396	784,936	721,581
Time deposits with maturity not more than 3 months	42	400,042	42	400,042
Total	<u>930,335</u>	<u>1,186,746</u>	<u>786,382</u>	<u>1,122,022</u>

As at March 31, 2017 and 2016, bank deposits in saving accounts in the consolidated financial statements carry interest rates from 0.25% to 0.80% per annum and from 0.25% to 0.70% per annum, respectively, and bank deposits in saving accounts in the separate financial statements carry interest rates from 0.50% to 0.80% per annum and from 0.50% to 0.70% per annum, respectively.

As at March 31, 2017 and 2016, time deposits with maturity not more than 3 months in the consolidated financial statements and the separate financial statements carry interest rates at 1.00% per annum and from 0.70% to 1.00% per annum, respectively.

4.2 Other adjustments for non-cash items for the years ended March 31, consist of:

	Consolidated financial statements		Unit : Thousand Baht Separate financial statements	
	2017	2016	2017	2016
Loss from diminution in value of inventory and inventory obsolescence	137,773	9,181	-	-
Loss from impairment of property, plant and equipment	474,211	-	31	-
(Gain) loss on sale of property, plant and equipment	1,700	10,501	(1)	11
Loss from writing-off of inventories	-	2,494	-	-
Loss from writing-off of property, plant and equipment and intangible asset	18,171	1	4	1
Gain from reversal of credit notes	(163)	-	-	-
Total	<u>631,692</u>	<u>22,177</u>	<u>34</u>	<u>12</u>

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

	Consolidated financial statements		Unit : Thousand Baht Separate financial statements	
	2017	2016	2017	2016
(Increase) decrease in other current assets and other non-current assets	47,825	(10,857)	22,659	6,863
Increase (decrease) in other current liabilities and other non-current liabilities	(9,304)	(7,406)	2,132	2,174
Cash paid for employee benefit obligations	(10,887)	(13,655)	(376)	(6,136)
Total	<u>27,634</u>	<u>(31,918)</u>	<u>24,415</u>	<u>2,901</u>

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

	Consolidated financial statements		Unit : Thousand Baht Separate financial statements	
	2017	2016	2017	2016
Interest paid	<u>(104,744)</u>	<u>(125,825)</u>	<u>(64,773)</u>	<u>(70,743)</u>

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

- The recording of investment in available-for-sale securities in the consolidated financial statements at fair value. For the years ended March 31, 2017 and 2016, the Group recorded unrealised gain on such investments of Baht 1.1 million and Baht 1.7 million, respectively as income in the statement of profit or loss and other comprehensive income.
- The reclassification of machinery and spare parts and store supplies of MBF amounting to Baht 521 million from property, plant and equipment to non-current assets held for sale as at March 31, 2017.



- Non-cash item from purchase of property, plant and equipment and intangible asset as at March 31, are as follows:

	<b>Consolidated financial statements</b>		<b>Unit : Thousand Baht Separate financial statements</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
Payables for property, plant and equipment and intangible asset brought forward	13,215	12,271	2,644	201
<u>Add</u> Purchase during the years	276,157	198,878	36,881	9,259
<u>Less</u> Payment during the years	(252,058)	(197,934)	(28,163)	(6,816)
Payable for property, plant and equipment and intangible asset carried forward	<u>37,314</u>	<u>13,215</u>	<u>11,362</u>	<u>2,644</u>

## 5. TEMPORARY INVESTMENT

As at March 31, 2017, temporary investment is time deposit at a financial institution, carrying interest rate at 0.50% per annum and has maturity date on November 21, 2017. The Group used such deposit as collateral as at March 31, 2016 as disclosed in Note 35(b).

## 6. TRADE AND OTHER RECEIVABLES

Trade and other receivables as at March 31, consist of:

	<b>Consolidated financial statements</b>		<b>Unit : Thousand Baht Separate financial statements</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
Trade receivable - related parties (see Note 29)	236,845	175,368	-	-
Trade receivable - other companies (see Note 7)	713,897	460,774	-	-
Other receivables - related parties (see Note 29)	754	950	116,922	35,739
Other receivables - other companies	492	12,329	2	2,819
Prepaid expenses	11,942	17,972	9,874	10,657
Total	<u>963,930</u>	<u>667,393</u>	<u>126,798</u>	<u>49,215</u>

## 7. TRADE RECEIVABLE - OTHER COMPANIES

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

	<b>Consolidated financial statements</b>		<b>Unit : Thousand Baht Separate financial statements</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
Within credit terms	691,225	442,720	-	-
Overdue:				
Not over 3 months	21,851	13,393	-	-
Over 3 months to 6 months	-	307	-	-
Over 6 months to 12 months	-	3,585	-	-
Over 12 months	18,456	22,644	-	-
Total	<u>731,532</u>	<u>482,649</u>	<u>-</u>	<u>-</u>
<u>Less</u> Allowance for doubtful accounts	(17,635)	(21,875)	-	-
Total	<u>713,897</u>	<u>460,774</u>	<u>-</u>	<u>-</u>

During the year ended March 31, 2017, N.T.S. Steel Group Public Company Limited has written-off Baht 4.24 million of trade receivable - other company. The allowance for doubtful accounts has been fully provided.

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

For the years ended March 31, 2017 and 2016, the Group had sold trade receivables to the financial institution amounting to Baht 7,890 million and Baht 6,700 million, respectively.

## 8. SHORT-TERM LOANS

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

	Consolidated		Unit : Thousand Baht	
	financial statements	financial statements	Separate	Separate
	2017	2016	2017	2016
Short-term loans to related parties (see Note 29)	-	-	2,719,634	1,965,744
Current portion of long-term loans to a related party (see Note 29)	-	-	-	200,000
Total	<u>-</u>	<u>-</u>	<u>2,719,634</u>	<u>2,165,744</u>

## 9. INVENTORIES

Inventories as at March 31, consist of:

	Consolidated		Unit : Thousand Baht	
	financial statements	financial statements	Separate	Separate
	2017	2016	2017	2016
Finished goods	1,219,927	496,370	-	-
Work in process	399,281	156,228	-	-
Raw materials	644,340	498,536	-	-
Spare parts	541,996	659,269	-	-
Supplies and others	315,094	400,926	-	-
Raw materials in transit	147,231	123,687	-	-
Total	<u>3,267,869</u>	<u>2,335,016</u>	<u>-</u>	<u>-</u>
<u>Less</u> Allowance for diminution in value of inventory, and inventory obsolescence	<u>(155,953)</u>	<u>(38,601)</u>	<u>-</u>	<u>-</u>
Total	<u>3,111,916</u>	<u>2,296,415</u>	<u>-</u>	<u>-</u>

For the year ended March 31, 2017, the allowance for diminution in value of inventory and inventory obsolescence recognised in previous year of Baht 21 million had been reversed and the allowance for diminution in value of raw materials of Baht 65 million and inventory obsolescence of Baht 10 million were recorded as part of cost of sales. The allowance for diminution in value of spare parts and store supplies of Mini Blast Furnace of Baht 63 million were recorded in full as part of other expenses as the Group management plans to dispose MBF and its spare parts and store supplies that mentioned in Note 13 and classified such aforementioned items to non-current assets held for sale.

For the year ended March 31, 2016, the allowance for diminution in value of inventory and inventory obsolescence recognised in previous year of Baht 7 million had been reversed and the allowance for diminution in value of inventory and inventory obsolescence were recorded as part of cost of sales amounting to Baht 9 million.

The amounts of inventories recognised as an expense in the consolidated financial statements for the years ended March 31, 2017 and 2016 were Baht 17,628 million and Baht 15,783 million, respectively.

## 10. OTHER CURRENT ASSETS

Other current assets as at March 31, consist of:

	Consolidated financial statements		Unit : Thousand Baht Separate financial statements	
	2017	2016	2017	2016
Value added tax refundable	11,360	10,444	-	-
Other current assets	32,099	17,033	2,059	1,832
Total	43,459	27,477	2,059	1,832

## 11. NON-CURRENT ASSETS HELD FOR SALE

The Group's management plans to dispose Mini Blast Furnace ("MBF") machinery and its spare parts and store supplies. The Group had active programme to locate buyers, which expected to dispose such assets within 1 year (see Note 13). Accordingly, the Group classified MBF machinery and its spare part and store supplies from property, plant and equipment category and inventories category as non-current assets held for sale category as at March 31, are as follows:

	Consolidated financial statements		Unit : Thousand Baht Separate financial statements	
	2017	2016	2017	2016
Machinery, spare parts and store supplies	521,000	-	-	-

## 12. INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries as at March 31, consist of:

	Ownership interest (%)		Separate financial statements				Unit : Thousand Baht	
			Paid-up capital		Investments at cost		Dividend income	
	2017	2016	2017	2016	2017	2016	2017	2016
<b>Investment in equity</b>								
The Siam Iron and Steel (2001) Company Limited	99.99	99.99	120,000	120,000	2,554,386	2,554,386	101,999	101,999
The Siam Construction Steel Company Limited	99.99	99.99	1,750,000	1,750,000	3,656,874	3,656,874	437,500	175,000
N.T.S. Steel Group Public Company Limited	99.76	99.76	4,627,965	4,627,965	9,181,787	9,181,787	-	-
Total			6,497,965	6,497,965	15,393,047	15,393,047	539,499	276,999
<u>Less</u> Allowance for impairment of investment			-	-	(3,380,000)	(3,380,000)	-	-
Total			6,497,965	6,497,965	12,013,047	12,013,047	539,499	276,999

As at March 31, 2017 and 2016, the Group has made an assessment of impairment loss on investment in subsidiaries and considered that the recoverable amount was not lower than its carrying amount, so no additional impairment was necessary.

### 13. PROPERTY, PLANT AND EQUIPMENT

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

As at March 31, 2017

	Unit : Thousand Baht					
	Balance as at April 1, 2016	Addition	Consolidated financial statements			Balance as at March 31, 2017
			Disposal	Transfer	Reclassification	
<b>Cost</b>						
Land	714,611	84,083	-	-	-	798,694
Land improvement, building and structure	4,492,013	95	(3,403)	11,832	-	4,500,537
Machinery and equipment	15,038,438	26,961	(295,369)	105,903	(2,395,713)	12,480,220
Vehicles	3,355	75	(213)	-	-	3,217
Furniture, fixtures and office equipment	201,464	5,638	(14,794)	10,603	-	202,911
Total cost	<u>20,449,881</u>	<u>116,852</u>	<u>(313,779)</u>	<u>128,338</u>	<u>(2,395,713)</u>	<u>17,985,579</u>
<b>Accumulated depreciation</b>						
Land improvement, building and structure	(2,668,377)	(81,284)	3,020	-	-	(2,746,641)
Machinery and equipment	(9,899,497)	(366,943)	203,270	-	538,164	(9,525,006)
Vehicles	(3,306)	(17)	213	-	-	(3,110)
Furniture, fixtures and office equipment	(163,118)	(13,339)	14,395	-	-	(162,062)
Total accumulated depreciation	<u>(12,734,298)</u>	<u>(461,583)</u>	<u>220,898</u>	<u>-</u>	<u>538,164</u>	<u>(12,436,819)</u>
	7,715,583					5,548,760
<b>Less</b> Allowance for impairment on plant, machinery and equipment	(2,917,381)	(474,211)	71,983	-	1,336,549	(1,983,060)
	4,798,202					3,565,700
Construction in progress, machinery and equipment under installation	43,395	152,998	-	(128,338)	(911)	67,144
Property, plant and equipment	<u>4,841,597</u>					<u>3,632,844</u>

As at March 31, 2016

	Unit : Thousand Baht				
	Balance as at April 1, 2015	Addition	Disposal	Transfer	Balance as at March 31, 2016
<b>Cost</b>					
Land	714,611	-	-	-	714,611
Land improvement, building and structure	4,481,291	-	(2,420)	13,142	4,492,013
Machinery and equipment	14,902,648	11,268	(45,548)	170,070	15,038,438
Vehicles	3,327	-	(23)	51	3,355
Furniture, fixtures and office equipment	192,828	7,916	(5,490)	6,210	201,464
Total cost	<u>20,294,705</u>	<u>19,184</u>	<u>(53,481)</u>	<u>189,473</u>	<u>20,449,881</u>
<b>Accumulated depreciation</b>					
Land improvement, building and structure	(2,589,053)	(81,206)	1,882	-	(2,668,377)
Machinery and equipment	(9,567,037)	(364,049)	31,589	-	(9,899,497)
Vehicles	(3,327)	(2)	23	-	(3,306)
Furniture, fixtures and office equipment	(156,869)	(11,696)	5,447	-	(163,118)
Total accumulated depreciation	<u>(12,316,286)</u>	<u>(456,953)</u>	<u>38,941</u>	<u>-</u>	<u>(12,734,298)</u>
	7,978,419				7,715,583
<b>Less</b> Allowance for impairment on plant, machinery and equipment	(2,917,381)	-	-	-	(2,917,381)
	5,061,038				4,798,202
Construction in progress, machinery and equipment under installation	53,238	179,630	-	(189,473)	43,395
Property, plant and equipment	<u>5,114,276</u>				<u>4,841,597</u>
<b>Depreciation for the years ended March 31,</b>					
2017					<u>461,583</u>
2016					<u>456,953</u>

On August 30, 2016, The Siam Iron and Steel (2001) Co., Ltd. terminated Land Lease agreement dated June 26, 2007, which was made between The Siam Iron and Steel (2001) Co., Ltd. and the Property Value Plus Company Limited and purchased such land of Baht 84 million, which is currently used as manufacturing plant.

Since August 2011, the Group's management had decided to temporarily cease operation of the Mini Blast Furnace ("MBF") at N.T.S, the Company's subsidiary in view of the high volatility of MBF raw material prices and the prices being relatively higher than scrap prices, thereby adversely impacting the viability of costs of steel produced through the MBF route. MBF remained mothballed until September 2017. For the years ended March 31, 2017 and 2016, depreciation and other expenses of MBF incurred during the mothball period were Baht 10 million and Baht 15 million respectively.

As at March 31, 2017, in consistent with Thai Accounting Standard No. 36 (Revised 2015) "Impairment of Assets", the Group has assessed the recoverable amount of MBF by using the asset's fair value which is the price proposed by a potential buyer less costs to sell which considered that the recoverable amount was lower than its carrying amount, so the Group recognised additional allowance for impairment on MBF machinery amounting to Baht 465 million. The total allowance for impairment of MBF machinery of Baht 1,336 million which was including allowance for impairment which was recognised in 2013 of Baht 871 million, so the net realisable value of MBF was Baht 521 million.

The Group's management plans to dispose MBF machinery and its spare parts and store supplies. The Group had active programme to locate buyers, which expected to dispose such assets within 1 year. Accordingly, the Group classified MBF machinery as non-current assets held for sale as at March 31, 2017 (see Note 11).

For the year ended March 31, 2017, the Group recorded allowance for impairment on obsolete machinery and equipment of Baht 9 million and reversed the allowance for impairment which was recognised in 2013 of Baht 72 million due to write-off and sale of such machinery and equipment.

For the year ended March 31, 2016, N.T.S. wrote-off machinery and equipment damaged from fire with net book value of Baht 14.49 million as at April 17, 2015.

As at March 31, 2017

	Balance as at April 1, 2016	Addition	Separate financial statements			Balance as at March 31, 2017
			Disposal	Transfer	Reclassification	
Furniture, fixtures and office equipment	78,719	916	(4,106)	8,801	-	84,330
<u>Less</u> Accumulated depreciation	<u>(71,412)</u>	<u>(3,980)</u>	<u>4,078</u>	<u>-</u>	<u>-</u>	<u>(71,314)</u>
	7,307					13,016
<u>Less</u> Allowance for impairment on furniture, fixtures and office equipment	<u>-</u>	<u>(31)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(31)</u>
	7,307					12,985
Furniture, fixtures and office equipment during installation	7,495	29,664	-	(8,801)	(911)	27,447
Property, plant and equipment	<u>14,802</u>					<u>40,432</u>

As at March 31, 2016

	Separate financial statements				Unit : Thousand Baht
	Balance as at April 1, 2015	Addition	Disposal	Transfer	Balance as at March 31, 2016
Furniture, fixtures and office equipment	79,234	1,700	(2,215)	-	78,719
<u>Less</u> Accumulated depreciation	(70,303)	(3,294)	2,185	-	(71,412)
	<u>8,931</u>				<u>7,307</u>
Furniture, fixtures and office equipment during installation.	-	7,495	-	-	7,495
Property, plant and equipment	<u>8,931</u>				<u>14,802</u>
<b>Depreciation for the years ended March 31,</b>					
2017					<u>3,980</u>
2016					<u>3,294</u>

For the year ended March 31, 2017, the Company recorded allowance for impairment on obsolete office equipment of Baht 0.03 million in the separate financial statements.

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

	Consolidated		Unit : Thousand Baht	
	Financial statements 2017	2016	Separate financial statements 2017	2016
Costs of fully depreciated building, structure, machinery and equipment	<u>5,717,914</u>	<u>5,582,035</u>	<u>63,354</u>	<u>62,789</u>

Office equipment under finance lease agreements of the Group included in the property, plant and equipment as at March 31, are as follows:

	Consolidated		Unit : Thousand Baht	
	Financial statements 2017	2016	Separate financial statements 2017	2016
Cost of asset under finance lease agreements	41,897	42,884	41,487	42,339
<u>Less</u> Accumulated depreciation	(41,897)	(42,884)	(41,487)	(42,339)
Asset under finance lease agreements	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

As at March 31, 2016, property, plant and equipment of The Siam Iron and Steel (2001) Co., Ltd., The Siam Construction Steel Co., Ltd. and N.T.S. Steel Group Public Company Limited of Baht 3,551 million are used as collateral for the borrowings comprising long-term borrowings from two financial institutions. During the year ended March 31, 2017, the Company has fully repaid the long-term loans to financial institutions and the Company has already withdrawn mortgage which were used as collateral for loans (see Note 18.2).



## 14. INTANGIBLE ASSET

Intangible asset as at March 31, consists of:

As at March 31, 2017

	Consolidated financial statements					Unit : Thousand Baht
	Balance as at April 1, 2016	Addition	Disposal	Transfer	Reclassification	Balance as at March 31, 2017
Computer software	247,963	759	(1,321)	5,548	911	253,860
<u>Less</u> Accumulated amortisation	(182,836)	(24,322)	1,321	-	-	(205,837)
	65,127					48,023
Computer software during installation	-	5,548	-	(5,548)	-	-
Intangible asset	65,127					48,023

As at March 31, 2016

	Consolidated financial statements					Unit : Thousand Baht
	Balance as at April 1, 2015	Addition	Disposal	Transfer		Balance as at March 31, 2016
Computer software	247,988	64	(89)	-		247,963
<u>Less</u> Accumulated amortisation	(158,604)	(24,306)	74	-		(182,836)
	89,384					65,127
Computer software during installation	-	-	-	-		-
Intangible asset	89,384					65,127
<b>Amortisation for the years ended March 31,</b>						
2017						24,322
2016						24,306

As at March 31, 2017

	Separate financial statements					Unit : Thousand Baht
	Balance as at April 1, 2016	Addition	Disposal	Transfer	Reclassification	Balance as at March 31, 2017
Computer software	238,641	753	-	5,548	911	245,853
<u>Less</u> Accumulated amortisation	(174,721)	(23,887)	-	-	-	(198,608)
	63,920					47,245
Computer software during installation	-	5,548	-	(5,548)	-	-
Intangible asset	63,920					47,245

As at March 31, 2016

	Separate financial statements				Balance as at March 31, 2016
	Balance as at April 1, 2015	Addition	Disposal	Transfer	
Computer software	238,577	64	-	-	238,641
<u>Less</u> Accumulated amortisation	(150,901)	(23,820)	-	-	(174,721)
	87,676				63,920
Computer software during installation Intangible asset	-	-	-	-	-
	87,676				63,920
<b>Amortisation for the years ended March 31,</b>					
2017					23,887
2016					23,820

Costs of fully amortised intangible asset that are still in use as at March 31, are as follows:

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Costs of fully amortised intangible asset	7,467	6,158	2,426	1,644

## 15. GOODWILL

Goodwill as at March 31, are as follows:

	Unit : Thousand Baht Consolidated financial statements
Cost	5,607,769
<u>Less</u> Accumulated amortisation (up to March 31, 2008)	(1,491,432)
	4,116,337
<u>Less</u> Impairment loss of goodwill	(660,323)
As at March 31, 2016	3,456,014
As at March 31, 2017	3,456,014

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

Since April 1, 2008, the Group has ceased amortisation of goodwill and has changed to test of impairment of goodwill instead resulting in no amortisation expense being incurred on such goodwill in the consolidated financial statements for the years ended March 31, 2017 and 2016.

As at March 31, 2017 and 2016, the Group has made an assessment of impairment loss on goodwill and resulted that the recoverable amount was not lower than the carrying amount, so no additional impairment was necessary.

## 16. INCOME TAX EXPENSE AND DEFERRED TAX ASSETS

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

	Consolidated financial statements		Unit : Thousand Baht Separate financial statements	
	2017	2016	2017	2016
Current income tax per tax return form	132,092	68,052	-	-
Deferred tax				
Movements in temporary differences	(5,138)	1,140	(1,784)	(239)
Writing-off of refundable income tax	99,981	-	17,138	-
Income tax expense (income) as included in statements of profit or loss and other comprehensive income	<u>226,935</u>	<u>69,192</u>	<u>15,354</u>	<u>(239)</u>

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

	Unit : Thousand Baht Consolidated financial statements	
	2017	2016
Profit (loss) before income tax		
- Promoted sector, exempted from income tax	(456,013)	43,578
- Non-promoted sector	896,698	179,803
Total profit (loss) before income tax	<u>440,685</u>	<u>223,381</u>
Income tax for non-promoted sector at 20%	179,340	35,961
Effect of non-deductible expenses or incomes tax purpose:		
- Temporary differences and unused tax losses not accounted for as deferred tax assets and elimination entries	(12,994)	51,227
- Permanent differences	8,912	1,933
Utilisation of tax loss carried forward which was not recognised as deferred tax asset	(48,304)	(19,929)
Writing-off of refundable income tax of previous years	99,981	-
Income tax expense as included in statements of profit or loss and other comprehensive income <sup>(1)</sup>	<u>226,935</u>	<u>69,192</u>

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

Temporary differences not accounted for as deferred tax assets resulted from the loss from the Group's operations in previous years and depreciation arising from impaired assets which was deductible expenses for tax purpose because it is uncertain about the probability that the Group can utilise the deferred tax assets arising from such loss and depreciation.

For the years ended March 31, 2017 and 2016, the Group utilised tax loss carried forward which was not recognised as deferred tax asset amounting to Baht 48.30 million and Baht 19.93 million, respectively.

For the year ended March 31, 2017, the income tax expense in the consolidated financial statements included the amount written-off of Baht 99.98 million of the income tax of previous years which was previously requested for the refund from the Revenue Department (see Note 17).



	<b>Unit : Thousand Baht</b>	
	<b>Separate</b>	
	<b>financial statements</b>	
	<b>2017</b>	<b>2016</b>
Profit before income tax	543,078	53,936
Income tax at 20%	108,616	10,787
Effect of non-deductible expenses or incomes for tax purpose:		
- Temporary differences and unused tax losses not accounted for as deferred tax assets	-	43,210
- Permanent differences such as dividend income	(106,593)	(54,236)
Utilisation of tax loss carried forward which was not recognised as deferred tax asset	(3,807)	-
Writing-off of refundable income tax of previous years	17,138	-
Income tax expense (income) as included in statements of profit or loss and other comprehensive income	<u>15,354</u>	<u>(239)</u>
	<b>Tax rate</b>	<b>Tax rate</b>
	<b>%</b>	<b>%</b>
Effective Tax Rate	3	(0)

For the years ended March 31, 2017 and 2016, the effective tax rate is lower than the statutory tax rate resulted from the dividend income which is exempted from corporate income tax.

For the year ended March 31, 2017, the income tax expense in the separate financial statement included the amount written-off of Baht 17.14 million of the income tax of previous years which was previously requested for the refund from the Revenue Department.

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

	<b>Unit : Thousand Baht</b>			
	<b>Consolidated financial statements</b>			
	<b>Balance as at</b>	<b>Recognised</b>	<b>Recognised in</b>	<b>Balance as at</b>
	<b>April 1,</b>	<b>in profit or</b>	<b>other</b>	<b>March 31,</b>
	<b>2016</b>	<b>loss</b>	<b>comprehensive</b>	<b>2017</b>
			<b>income</b>	
Deferred tax assets resulted from				
Employee benefit obligations	32,382	2,132	388	34,902
Allowance for diminution in value of inventory and inventory obsolescence	1,761	491	-	2,252
Allowance for doubtful accounts	736	-	-	736
Allowance for impairment on plant, machinery and equipment	-	215	-	215
Deferred tax assets	<u>34,879</u>	<u>2,838</u>	<u>388</u>	<u>38,105</u>
Deferred tax liabilities resulted from				
Available-for-sales investments	(340)	-	(220)	(560)
Profit from derivatives assets	(2,602)	2,300	-	(302)
Deferred tax liabilities	<u>(2,942)</u>	<u>2,300</u>	<u>(220)</u>	<u>(862)</u>
Deferred tax assets	<u>31,937</u>	<u>5,138</u>	<u>168</u>	<u>37,243</u>

Unit : Thousand Baht				
Consolidated financial statements				
	Balance as at March 31, 2015	Recognised in profit or loss	Recognised in other comprehensive income	Balance as at March 31, 2016
Deferred tax assets resulted from				
Employee benefit obligations	30,723	1,659	-	32,382
Allowance for diminution in value of inventory and inventory obsolescence	1,958	(197)	-	1,761
Allowance for doubtful accounts	736	-	-	736
Deferred tax assets	<u>33,417</u>	<u>1,462</u>	<u>-</u>	<u>34,879</u>
Deferred tax liabilities resulted from				
Available-for-sales investments	-	-	(340)	(340)
Profit from derivatives assets	-	(2,602)	-	(2,602)
Deferred tax liabilities	-	(2,602)	(340)	(2,942)
Deferred tax assets	<u>33,417</u>	<u>(1,140)</u>	<u>(340)</u>	<u>31,937</u>

As at March 31, 2017 and 2016, the Group had unused tax losses of Baht 5,655 million and Baht 5,729 million, respectively, which was not recognised as deferred tax assets. Such tax losses will gradually expire from March 2017 to November 2022.

Unit : Thousand Baht				
Separate financial statements				
	Balance as at March 31, 2016	Recognised in profit or loss	Recognised in other comprehensive income	Balance as at March 31, 2017
Deferred tax assets resulted from				
Employee benefit obligations	10,854	1,477	(156)	12,175
Allowance for plant and equipment obsolescence	-	6	-	6
Deferred tax assets	<u>10,854</u>	<u>1,483</u>	<u>(156)</u>	<u>12,181</u>
Deferred tax liabilities resulted from				
Profit from derivatives assets	(301)	301	-	-
Deferred tax assets	<u>10,553</u>	<u>1,784</u>	<u>(156)</u>	<u>12,181</u>

Unit : Thousand Baht				
Separate financial statements				
	Balance as at March 31, 2015	Recognised in profit or loss	Recognised in other comprehensive income	Balance as at March 31, 2016
Deferred tax assets resulted from				
Employee benefit obligations	10,314	540	-	10,854
Deferred tax liabilities resulted from				
Profit from derivatives assets	-	(301)	-	(301)
Deferred tax assets	<u>10,314</u>	<u>239</u>	<u>-</u>	<u>10,553</u>

As at March 31, 2017 and 2016, the Company had unused tax losses of Baht 316 million and Baht 335 million, respectively, which were not recognised as deferred tax assets. Such tax losses will gradually expire from March 2019 to March 2022.

The Company used tax rate of 20% for income tax and deferred tax calculation for profit from non-promoted sector for the years ended March 31, 2017 and 2016. Income tax expense is calculated from income before tax, added back transactions which are non-deductible expenses and deducted income or expense exempted under the Revenue Code. As a result, the effective tax rate is different from the tax rate under Revenue Code.

## 17. OTHER NON-CURRENT ASSETS

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

	Consolidated		Unit : Thousand Baht	
	financial statements		Separate	
	2017	2016	2017	2016
Income tax refundable	88,409	209,890	32,064	51,004
Other long-term receivable				
- T S Global Holdings Pte. Ltd. (see Note 29)	71,220	71,220	71,220	71,220
Others	8,220	40,915	3,827	11,713
Total	<u>167,849</u>	<u>322,025</u>	<u>107,111</u>	<u>133,937</u>

In December 2009, a subsidiary had a dispute regarding the interpretation of tax computation and the propriety of tax loss carried forward for promoted sector and its utilisation, amounting to a tax element inclusive of surcharge of Baht 103 million and filed an appeal to the Board of Tax Appeal on September 13, 2010. Subsequently in June 2016, the Group management had decided to write-off the refundable income tax including surcharge amounting to Baht 103 million based on legal advice as expenses in the statements of profit or loss and other comprehensive income for the year ended March 31, 2017.

## 18. BORROWINGS FROM FINANCIAL INSTITUTIONS

### 18.1 Short-term borrowings

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

Purpose of Borrowings	Interest Rate	Credit Limit	Unit : Million Baht			
			Consolidated		Separate	
			financial statements		financial statements	
			Utilisation	Utilisation	Utilisation	Utilisation
			2017	2016	2017	2016
Scrap purchasing	BIBOR+2% per annum	1,800	1,145	793	-	-
Other raw materials and utilities	BIBOR+2% per annum	1,416	900	705	-	-
Working capital	2.66% per annum	See 18.1.1	150	-	150	-
Trust receipt for billet purchasing	LIBOR per annum	See 18.1.1	-	546	-	-
Total			<u>2,195</u>	<u>2,044</u>	<u>150</u>	<u>-</u>

18.1.1 As at March 31, 2017 and 2016, the Group has agreements with financial institutions to obtain unsecured credit facilities limit of Baht 4,244 million and Baht 5,484 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)	London Interbank Offered Rate (LIBOR)
3) Promissory note	Money Market Rate (MMR) or interest rate as specified in agreement

As at March 31, 2017 and 2016, the Group has utilised credit facilities for letters of credit totaling Baht 486 million and Baht 1,534 million, respectively.

## 18.2 Long-term borrowings

The long-term borrowings comprising of 2 loan agreements, the first dated November 29, 2006 for Baht 5,000 million with interest rate at MLR-1.25% p.a., and the second dated November 9, 2007 for Baht 3,500 million with interest rate at MLR-2.00% p.a. and their amendments thereto. The loans are secured by the property, plant and equipment of all subsidiaries as mentioned in Note 13. For the year ended March 31, 2017, the Company had repaid the remaining long-term borrowings of Baht 200 million to the financial institution in full and the Company has already withdrawn mortgage which was used as collateral for such borrowings.

## 19. TRADE AND OTHER PAYABLES

Trade and other payables as at March 31, consist of:

	Consolidated		Unit : Thousand Baht	
	financial statements	financial statements	Separate	Separate
	2017	2016	2017	2016
Trade payable - related parties (see Note 29)	19,691	459,311	-	-
Trade payable - other companies	669,709	387,278	-	-
Other payables - related parties (see Note 29)	28,959	12,405	31,202	15,247
Other payables - other companies	41,188	18,856	15,236	8,285
Advance received from customer	50,452	102,507	-	-
Accrued expenses	558,377	362,898	91,845	57,235
Total	<u>1,368,376</u>	<u>1,343,255</u>	<u>138,283</u>	<u>80,767</u>



## 20. CURRENT PORTION OF LONG-TERM LIABILITIES

Current portion of long-term liabilities as at March 31, consist of:

	Consolidated		Unit : Thousand Baht	
	financial statements	financial statements	Separate	financial statements
	2017	2016	2017	2016
Trade payable of a subsidiary arising from restructuring	6,327	6,327	-	-
Long-term borrowings from financial institutions (see Note 18.2)	-	200,000	-	200,000
Long-term borrowings from a related party (see Note 29)	270,596	-	270,596	-
Total	<u>276,923</u>	<u>206,327</u>	<u>270,596</u>	<u>200,000</u>

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

As at March 31, 2017 and 2016, the Company is in the process of contacting creditors for such payables. Therefore, it is classified as current liabilities which was included under current portion of long-term liabilities.

## 21. PROVIDENT FUND

The defined contribution plan comprise provident fund for its employees of the Group. Membership to the fund is on a voluntary basis. Contributions are made monthly by the employees at rates ranging from 2% to 15% of their basic salaries and by the Group at the rates from 3% to 10% of the employees' basic salaries. The provident fund is registered with the Ministry of Finance as juristic entity and is managed by an authorised Fund Manager.

For the years ended March 31, 2017 and 2016, the contribution of the Group recognised as expenses included in the consolidated statement of profit or loss and other comprehensive income amounting to Baht 42.24 million and Baht 40.97 million, respectively, and in the separate statement of profit or loss and other comprehensive income amounting to Baht 13.49 million and Baht 13.08 million, respectively.

## 22. EMPLOYEE BENEFIT OBLIGATIONS

As at March 31, 2017 and 2016, the Group recorded a provision for employee benefit obligations totaling Baht 191 million and Baht 171 million, respectively. The estimated liability was calculated based on the Projected Unit Credit method by a qualified independent actuary.

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

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Discount rate (%)	2.30 - 2.54	3.02 - 3.33	2.38	3.02
Average expected rate of salary increase (%)	4.95	5.05	4.95	5.05
Voluntarily resignation Rate (%)	0 - 27.00	0 - 27.00	0 - 23.00	0 - 27.00
Employee retirement age (year)	55 - 60	55 - 60	55 - 60	55 - 60
Mortality rate	TMO2008*	TMO2008*	TMO2008*	TMO2008*

\* Reference from TMO2008 : Thai Mortality Ordinary Tables of 2008.

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

	Consolidated financial statements		Unit : Thousand Baht Separate financial statements	
	2017	2016	2017	2016
Current service cost	22,275	22,106	6,077	7,147
Interest cost	4,216	4,936	1,176	1,443
Net actuarial (gain) loss recognised during the years	4,546	-	(780)	-
Total	<u>31,037</u>	<u>27,042</u>	<u>6,473</u>	<u>8,590</u>

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

	Consolidated financial statements		Unit : Thousand Baht Separate financial statements	
	2017	2016	2017	2016
Present value of unfunded obligations	<u>191,419</u>	<u>171,269</u>	<u>56,401</u>	<u>50,304</u>
Beginning of provision for employee benefit obligations	171,269	157,881	50,304	47,850
Current service cost	22,275	22,107	6,077	7,147
Interest cost	4,216	4,936	1,176	1,443
Actuarial (gain) loss recognised during the years				
arising from experience adjustments	(11,572)	-	(2,895)	-
arising from demographic assumptions	3,742	-	(734)	-
arising from financial assumptions	12,376	-	2,849	-
Severance paid during the years	<u>(10,887)</u>	<u>(13,655)</u>	<u>(376)</u>	<u>(6,136)</u>
Ending of provision for employee benefit obligations	<u>191,419</u>	<u>171,269</u>	<u>56,401</u>	<u>50,304</u>

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate and expected salary increase rate. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumption occurring at the end of the reporting period, while holding all other assumptions constant. The sensitivity analysis of the above actuarial assumptions impacted on increase (decrease) in present value of the employee benefit obligations as at March 31, are as follows:

	<b>Unit : Thousand Baht</b>			
	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
Discount rate				
Discount rate, decrease of 1 percent	23,280	20,076	6,116	5,645
Discount rate, increase of 1 percent	(19,859)	(17,205)	(5,265)	(4,870)
Salary increased rate				
Salary increased rate, decrease of 1 percent	(18,975)	(16,620)	(5,161)	(4,808)
Salary increased rate, increase of 1 percent	21,817	19,036	5,871	5,463

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

### **23. LEGAL RESERVE**

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

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

## 24. CAPITAL MANAGEMENT

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

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

## 25. OTHER INCOME

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

	Consolidated		Unit : Thousand Baht	
	financial statements		Separate	
	2017	2016	2017	2016
Gain on exchange rate - net	15,685	15,080	2,146	-
Dividend income from subsidiaries (see Note 29)	-	-	539,499	276,999
Dividend income from other long-term investment	-	52,560	-	-
Interest income	4,151	3,700	58,498	49,007
Compensation from insurance company	6,683	34,689	-	-
Others	26,664	33,436	6,264	749
Total	<u>53,183</u>	<u>139,465</u>	<u>606,407</u>	<u>326,755</u>

## 26. OTHER EXPENSES

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

	Consolidated		Unit : Thousand Baht	
	financial statements		Separate	
	2017	2016	2017	2016
Loss on diminution in value of inventory (see Note 9)	62,886	-	-	-
Loss on impairment of machinery and equipment (see Note 13)	474,211	-	31	-
Loss on exchange rate - net	-	-	-	1,514
Total	<u>537,097</u>	<u>-</u>	<u>31</u>	<u>1,514</u>

## 27. EXPENSES BY NATURE

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

	Consolidated financial statements		Unit : Thousand Baht	
			Separate financial statements	
	2017	2016	2017	2016
Change in finished goods and work in process	(966,610)	667,006	-	-
Raw materials and consumables used	13,394,975	10,196,164	-	-
Store and supplies used	571,522	558,302	-	-
Fuel	619,254	591,872	-	-
Depreciation, amortisation and amortisation of rolling mill expenses	533,949	522,865	27,867	27,114
Employee benefits expenses	926,224	828,032	265,832	236,182
Utilities expenses	1,963,338	1,789,639	1,020	1,046
Repair and maintenance expenses	609,492	547,521	238	271
Contractor	197,876	186,489	-	-
Delivery and selling expenses	230,943	159,744	-	-
Bank charges	49,882	47,459	86	70
Premium on forward foreign exchange contract	8,359	14,689	1,560	2,200
Rental expense	44,835	49,632	27,702	27,623
Loss on diminution in value of inventory and inventory obsolescence	117,352	2,322	-	-
Loss on impairment on machinery and equipment obsolescence	474,211	-	31	-

## 28. EARNINGS PER SHARE

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

		Consolidated financial statements		Unit : Thousand Baht	
				Separate financial statements	
		2017	2016	2017	2016
<b>Basic earnings per share</b>					
Profit for the years		213,750	154,189	527,724	54,175
Net loss attributable to non-controlling interest		727	34	-	-
Net profit attributable to the owners of the parent		214,477	154,223	527,724	54,175
Weighted average number of ordinary shares	<b>Shares</b>	8,421,540,848	8,421,540,848	8,421,540,848	8,421,540,848
<b>Basic earnings per share</b>	<b>Baht</b>	0.03	0.02	0.06	0.01

## 29. RELATED PARTY TRANSACTIONS AND BALANCES

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

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

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

The major related parties as at March 31, 2017 are as follows:

Type	Name	Type of Business	Relationship
Ultimate parent company	Tata Steel Limited	Manufacture steel	Ultimate parent company
Major shareholder	T S Global Holdings Pte. Ltd.	Investing	Major shareholder
Subsidiaries	The Siam Iron and Steel (2001) Co., Ltd.	Manufacture wire rods and small section products	Common shareholders and managements
	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 shareholders and managements
Other parties	The Siam Industrial Wire Co., Ltd.	Manufacture steel wire	Same group of shareholders
	NatSteel Trade International Pte. Ltd.	Trading	Same group of shareholders
	NatSteel Recycling Pte. Ltd.	Trading	Same group of shareholders
	Tata International Metals Trading Asia Ltd.	Trading	Same group of shareholders
	Tata Steel Asia (Hong Kong) Ltd.	Trading	Same group of shareholders
	Tata Refractories Ltd.	Manufacture refractory	Same group of shareholders
	NatSteel Holdings Pte. Ltd.	Manufacture steel	Same group of shareholders
	Tata Steel UK Ltd.	Manufacture steel	Same group of shareholders
	Tata International Singapore Pte. Ltd.	Trading	Same group of shareholders
	Tata Steel Ijmuiden BV	Manufacture steel	Same group of shareholders
	Tata Consultancy Services (Thailand) Ltd.	Software services	Same group of shareholders
	Tata Consultancy Services Ltd.	Software services	Same group of shareholders
	Tata Services Limited	Training services	Same group of shareholders
	Tata Sons Limited	Investment holdings and consultancy services	Same group of shareholders
	Tata Steel Resources Australia Pte. Ltd.	Procurement	Same group of shareholders
	Tata NYK Shipping Pte. Ltd.	Shipping	Same group of shareholders
	Mjunction Services Limited	Trading and procurement	Same group of shareholders
	Siam Steel Mill Services Co., Ltd.	Recycling and reprocessing steel scrap	Indirect shareholding by subsidiary
	Tata Steel Global Procurement Co. Pte. Ltd.	Trading	Same group of shareholders
	Tata Steel International (UK) Ltd.	Shipping	Same group of shareholders
	Tata Steel Nederland Services B.V.	Manufacture steel	Same group of shareholders
	Tata South East Asia Limited	Manufacture steel	Same group of shareholders
	TSN Wires Co., Ltd.	Manufacture galvanized steel wire	Same group of shareholders
Tata International Limited	Trading	Same group of shareholders	
Tata Steel Processing and Distribution Limited	Processing and distribution steel	Same group of shareholders	
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	



The long-term loans to a related party are non-collateralised loan according to the loan agreement dated November 9, 2007. In November 2011, the Company made the supplement to the long-term loan agreement in order to extend the first installment repayment to November 30, 2012 and the last installment repayment is on August 31, 2016 with carrying interest rate of MLR-2.00% per annum.

During the years ended March 31, 2017 and 2016, there was no additional long-term loan granted to a related party. The Company received the long-term loan repayment from a related party of Baht 200 million and Baht 865 million, respectively. On August 31, 2016, the related party made repayment of such long-term loan in full.

	Consolidated		Unit : Thousand Baht	
	financial statements	financial statements	Separate	Separate
	2017	2016	2017	2016
<b>Other non-current asset</b>				
T S Global Holdings Pte. Ltd. <sup>(2)</sup>	71,220	71,220	71,220	71,220

<sup>(2)</sup> The Company had paid for the advance payment for Brand Promotion fee of Tata Sons Limited of Baht 71.22 million in 2008. During the year 2014, the receivable was changed from Tata Sons Limited to T S Global Holdings Pte. Ltd.

	Consolidated		Unit : Thousand Baht	
	financial statements	financial statements	Separate	Separate
	2017	2016	2017	2016
<b>Trade payable - related parties</b>				
Tata Steel Limited	2,493	-	-	-
NatSteel Recycling Pte. Ltd.	-	(498)	-	-
Tata International Metals Trading Asia Ltd.	-	436,940	-	-
Tata International Singapore Pte. Ltd.	-	5,340	-	-
Siam Steel Mill Services Co., Ltd.	17,198	17,529	-	-
Total	19,691	459,311	-	-
<b>Other payables - related parties</b>				
Tata Steel Limited	3,978	326	3,978	326
The Siam Iron and Steel (2001) Co., Ltd.	-	-	627	825
The Siam Construction Steel Co., Ltd.	-	-	2,552	2,206
N.T.S. Steel Group Public Company Limited	-	-	14	117
Tata Sons Limited	23,361	11,773	23,361	11,773
Siam Steel Mill Services Co., Ltd.	950	306	-	-
Tata South East Asia (Cambodia) Ltd.	670	-	670	-
Total	28,959	12,405	31,202	15,247
<b>Advance received from customer</b>				
The Siam Industrial Wire Co., Ltd.	-	46,100	-	-



	Consolidated financial statements		Unit : Thousand Baht Separate financial statements	
	2017	2016	2017	2016
<b>Short-term borrowings from related parties</b>				
T S Global Holdings Pte. Ltd. (Interest at LIBOR + 2.5% p.a.)	-	201,822	-	201,822
The Siam Iron and Steel (2001) Co., Ltd. <sup>(3)</sup>	-	-	398,963	532,352
The Siam Construction Steel Co., Ltd. <sup>(3)</sup>	-	-	1,589,835	1,519,414
Total	-	201,822	1,988,798	2,253,588

<sup>(3)</sup> Short-term borrowings from related parties are non-collateralised which are not specified maturity date are, carrying interest rate as at March 31, 2016 at 1.5% per annum. For April 1, 2016, onwards, the Company adjusted the interest rates to 1.5% - 2% per annum.

	Consolidated financial statements		Unit : Thousand Baht Separate financial statements	
	2017	2016	2017	2016
<b>Current portion of long-term borrowing from a related party</b>				
T S Global Holdings Pte. Ltd.	270,596	-	270,596	-
<b>Long-term borrowing from a related party</b>				
T S Global Holdings Pte. Ltd.	-	270,596	-	270,596

The Company requested for the extension of long-term borrowing repayment from a related party that falls due on August 31, 2016 to December 31, 2017 and obtained a confirmation letter from such related party. The long-term borrowing from a related party carries no interest.

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

	Consolidated financial statements		Unit : Thousand Baht Separate financial statements	
	2017	2016	2017	2016
<b>Revenues</b>				
Sales				
Tata Steel Limited	450,145	666,183	-	-
The Siam Industrial Wire Co., Ltd.	472,033	464,640	-	-
TSN Wires Co., Ltd.	104,967	36,154	-	-
Total	1,027,145	1,166,977	-	-
Interest income				
N.T.S. Steel Group Public Company Limited	-	-	54,547	45,636
Management fees income <sup>(4)</sup>				
The Siam Iron and Steel (2001) Co., Ltd.	-	-	94,640	67,699
The Siam Construction Steel Co., Ltd.	-	-	184,320	131,918
N.T.S. Steel Group Public Company Limited	-	-	192,160	12,009
Total	-	-	471,120	211,626

<sup>(4)</sup> In 2010, the parent company made the agreement for management fee by determining based on 2.0% of the annual net sales. In case that subsidiaries have the annual loss excluding management fee, the parent company shall charge such management fee not exceeding Baht 1 million per month. This agreement is effective on April 1, 2010. Subsequently in 2016, the parent company has renewed the agreement for management fee which charges at cost plus method. Such agreement is effective on April 1, 2016, onwards.

	Consolidated financial statements		Unit : Thousand Baht Separate financial statements	
	2017	2016	2017	2016
Dividend received				
The Siam Iron and Steel (2001) Co., Ltd.	-	-	101,999	101,999
The Siam Construction Steel Co., Ltd.	-	-	437,500	175,000
Siam Steel Mill Services Co., Ltd.	-	52,560	-	-
Total	-	52,560	539,499	276,999
Other income				
Siam Steel Mill Services Co., Ltd.	8,319	8,059	-	-
<b>Expenses</b>				
Purchases				
Tata Steel Limited	6,530	-	-	-
NatSteel Recycling Pte. Ltd.	235,384	239	-	-
Tata International Metals Trading Asia Ltd.	950,531	1,917,153	-	-
Tata International Singapore Pte. Ltd.	16,378	24,243	-	-
Siam Steel Mill Services Co., Ltd.	187,381	182,971	-	-
Tata International Limited	4,677	22,790	-	-
Total	1,400,881	2,147,396	-	-
Purchases of assets				
Tata Steel Limited	5,449	720	5,449	720
Natsteel (Xiamen) Ltd.	2,317	-	-	-
Total	7,766	720	5,449	720
Interest expenses				
T S Global Holdings Pte. Ltd.	1,520	6,880	1,520	6,880
The Siam Iron and Steel (2001) Co., Ltd.	-	-	8,079	5,062
The Siam Construction Steel Co., Ltd.	-	-	28,390	20,076
Total	1,520	6,880	37,989	32,018
Other expenses				
The Siam Industrial Wire Co., Ltd.	42	240	5	-
NatSteel Holdings Pte. Ltd.	22	60	-	20
Tata Sons Limited	890	754	890	754
Mjunction Services Limited	58	489	-	-
Siam Steel Mill Services Co., Ltd.	8,541	9,000	-	-
Tata South East Asia (Cambodia) Ltd.	3,448	-	3,448	-
Total	13,001	10,543	4,343	774
Key management compensation				
Short-term employee benefits	62,474	56,095	62,474	56,095
Post-employment benefits	16,433	14,046	16,433	14,046
Total	78,907	70,141	78,907	70,141

### 30. INVESTMENT PROMOTIONAL PRIVILEGES

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

Subsidiary	Promoted Business	Exemption from corporate income tax
N.T.S. Steel Group Public Company Limited	Manufacturing of steel wire rods	April 2006 - April 2014
N.T.S. Steel Group Public Company Limited	Manufacturing of steel hot metal, pig iron and steel billet	November 2009 - November 2017
The Siam Iron and Steel (2001) Co., Ltd.	Manufacturing of steel sections and wire rods	December 2015 - November 2018

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

### 31. REVENUES REPORTING OF A PROMOTED INDUSTRY

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

	Unit : Million Baht		
	Consolidated Financial Statement		
	For the year ended March 31, 2017		
	Promoted Sector	Non-promoted sector	Total
Revenues			
Revenue from domestic sales	-	18,393	18,393
Revenue from export sales	-	1,308	1,308
Total revenues from sales	-	19,701	19,701
Other income	-	53	53
Total revenues	-	19,754	19,754

	Unit : Million Baht		
	Consolidated Financial Statement		
	For the year ended March 31, 2016		
	Promoted Sector	Non-promoted sector	Total
Revenues			
Revenue from domestic sales	-	15,008	15,008
Revenue from export sales	-	1,725	1,725
Total revenues from sales	-	16,733	16,733
Other income	-	139	139
Total revenues	-	16,872	16,872

## **32. FINANCIAL INSTRUMENTS**

### **Credit Risk**

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

### **Interest Rate Risk and Foreign Exchange Rate**

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

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

In addition, in order to manage risk from fluctuation in foreign exchange currency, the Group has entered into forward foreign exchange contracts to hedge its debts as disclosed in Note 33.

### **Liquidity Risk**

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

## **33. FORWARD FOREIGN EXCHANGE CONTRACTS**

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

Forward foreign exchange contracts - bought/sold in the consolidated and separate financial statements are as follows:

Consolidated financial statements					
As at March 31, 2017					
Currency	Contract Amount	Forward exchange rate per contract (Baht per currency)	Maturity date	Value per forward contract (Thousand Baht)	Fair Value gain (loss) (Thousand Baht)
<b>Forward exchange contracts - bought</b>					
USD	1,010,000	34.46	May 30 - September 15, 2017	34,803	9
USD	4,298,109	34.55 - 36.08	April 28 - August 15, 2017	149,858	(1,761)
<b>Forward exchange contracts - sold</b>					
USD	2,000,000	35.14	May 15, 2017	70,280	1,353
USD	2,000,000	34.42	July 17, 2017	68,838	(102)

Consolidated financial statements					
As at March 31, 2016					
Currency	Contract Amount	Forward exchange rate per contract (Baht per currency)	Maturity date	Value per forward contract (Thousand Baht)	Fair Value gain (loss) (Thousand Baht)
<b>Forward exchange contracts - bought</b>					
USD	12,256,000	34.97 - 35.30	May 31 - November 15, 2016	431,056	1,923
USD	34,778,000	35.60 - 36.37	April 29 - October 28, 2016	1,252,394	(23,359)
EUR	194,190	39.44 - 40.02	May 31 - July 29, 2016	7,695	100
<b>Forward exchange contracts - sold</b>					
USD	4,000,000	35.00	June 30, 2016	140,000	(1,227)

As at March 31, 2017, no forward foreign exchange contracts - bought/sold in the separate financial statement.

Separate financial statements					
As at March 31, 2016					
Currency	Contract Amount	Forward exchange rate per contract (Baht per currency)	Maturity date	Value per forward contract (Thousand Baht)	Fair Value loss (Thousand Baht)
<b>Forward exchange contracts - bought</b>					
USD	5,700,000	35.83	September 30, 2016	204,245	(2,837)

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

	Consolidated financial statements		Unit : Thousand Baht Separate financial statements	
	2017	2016	2017	2016
Derivative assets (recognised as other current assets)	1,362	2,023	-	-
Derivative liabilities (recognised as other current liabilities)	(1,863)	(24,586)	-	(2,837)
Net loss	(501)	(22,563)	-	(2,837)

### 34. DETERMINATION OF FAIR VALUES

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. The fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

#### Financial assets and financial liabilities measured at fair value

Fair value of financial assets and financial liabilities are measured at fair value and fair value hierarchy level classification as at March 31, are summarised as follows:

Financial assets and financial liabilities	Consolidated financial statements		Separate financial statements		Fair value hierarchy	Valuation techniques and key inputs for fair value Measurement
	Fair value as at March 31,		Fair value as at March 31,			
	2017	2016	2017	2016		
	(Thousand Baht)		(Thousand Baht)			
<u>Financial assets</u>						
1. Foreign currency forward contracts	1,362	2,023	-	-	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.
2. Available-for-sale investment	3,300	2,200	-	-	Level 1	Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Financial assets and financial liabilities	Consolidated financial statements		Separate financial statements		Fair value hierarchy	Valuation techniques and key inputs for fair value Measurement
	Fair value as at March 31,		Fair value as at March 31,			
	2017	2016	2017	2016		
	(Thousand Baht)		(Thousand Baht)			
<u>Financial liability</u>						
1. Foreign currency forward contracts	1,863	24,586	-	2,837	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.

#### Financial assets and financial liabilities not measured at fair value

Valuation technique for financial assets and financial liabilities not measured at fair value of the Group and the Company as at March 31, 2017 and 2016, are as follows:

The carrying amounts of cash and cash equivalents, temporary investment, trade and other receivables, short-term loans to related parties, current portion of long-term loan to a related party and other current assets are approximately to their fair values because of the relatively short-term maturity of these financial instruments.

The carrying amounts of short-term loans from financial institutions, trade and other payables, short-term borrowing from related parties, current portion of long-term borrowings from financial institutions and other current liabilities are approximately to their fair values

because of the relatively short-term maturity of these financial instruments.

For consolidated and separate financial statements, financial assets and financial liabilities which are not measured at fair value and their fair value hierarchy level classifications as at March 31, are summarised as follows:

Financial assets and financial liabilities	Consolidated financial statements				Fair value hierarchy	Valuation techniques and key inputs for fair value Measurement
	As at March 31, 2017		As at March 31, 2016			
	Carrying amount (Thousand Baht)	Fair value	Carrying amount (Thousand Baht)	Fair value		
<u>Financial asset</u>						
1. Other long-term investment	1	109,440	1	104,160	Level 3	Discounted cash flows The estimated future cash flow calculated by income approach, discounted at weighted average cost of capital which was appraised by the independent appraiser.
<u>Financial liability</u>						
1. Current portion of long-term borrowing from a related party	270,596	260,382	270,596	247,417	Level 3	Discounted cash flows Fair value of long-term borrowings from a related party bearing no interest rate are determined by discounted cash flows method and discounted by using the weight average effective interest rate of borrowing cost from the financial institutions of the Group

### Non-financial asset measured at fair value

Non-current assets held for sale have fair value of Baht 521 million which is measured fair value by fair value hierarchy level 3, using fair value proposed by a potential buyer less costs to sell to make the sales.

## 35. COMMITMENTS

As at March 31, 2017 and 2016, the Group had commitments as follows:

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

Currency	Unit : Thousand Consolidated financial statements	
	2017	2016
USD	4,527	19,907
EUR	96	27

- (b) Letters of guarantee issued by the financial institutions to the Revenue Department, Electricity Generating Authority of Thailand, Provincial Electricity Authority Industrial, Estate Authority of Thailand and Bureau of Indian Standards as at March 31, 2017 and 2016 amounting to Baht 305 million and Baht 386 million, respectively, in the normal courses of business. As at March 31, 2016, the Group had the deposit at financial institutions used as collateral of Baht 32.11 million. Subsequently in 2017, the Group has withdrawn such collateral from the financial institutions.

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

	Consolidated		Unit : Thousand	
	financial statements		Separate	
	2017	2016	2017	2016
<b>Currency</b>				
THB	22,988	670	880	-
USD	950	-	950	-

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

	Consolidated		Unit : Thousand Baht	
	financial statements		Separate	
	2017	2016	2017	2016
Within one year	32,375	28,330	23,384	13,149
After one year but not over five years	48,664	33,960	31,736	14,252
Total	<u>81,039</u>	<u>62,290</u>	<u>55,120</u>	<u>27,401</u>

For the years ended March 31, 2017 and 2016, rentals applicable to long-term lease and service which have been recorded as expenses in the statements of profit or loss and other comprehensive income for the consolidated financial statements are Baht 44.84 million and Baht 49.63 million, respectively and for the separate financial statements are Baht 27.70 million and Baht 27.62 million, respectively.

### 36. CONTINGENT LIABILITIES

For fiscal year ended March 31, 2014, The Siam Construction Steel Company Limited received the notifications from the Revenue Department informing the assessments of additional surcharge of Baht 16.29 million in respect of the half-year corporate income tax filing for the year ended March 31, 2008 which the subsidiary under-estimated the net profit for that year by an amount exceeding 25 percent of the actual net profit. The subsidiary considered that there was a reasonable event occurred in the second half of that year that caused the net-profit under-estimated. As of March 31, 2017, the subsidiary has made the appeal to the Revenue Department and the result of this assessment has not been finalised. However, the subsidiary expected that there would not be additional surcharge to be paid and has not recorded the provisions in the financial statements.

### 37. SEGMENT INFORMATION

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

The Group's operations involve the single business segment of the manufacture and distribution of long steel products, which is located in Thailand. Sales of the subsidiaries are mainly local sales whereas an export sale is not significant. As a result, all the revenues,



operating profits and assets as reflected in these financial statements pertain to the aforementioned business segment and geographic area.

**38. APPROVAL OF THE FINANCIAL STATEMENTS**

These financial statements have been approved by the Board of Directors of the Company for issuing on May 9, 2017.