

1 General information

Tata Steel (Thailand) Public Company Limited (“the Company”) is a public limited company which is incorporated and domiciled in Thailand and is listed on the Stock Exchange of Thailand since November 2002 with the objective to invest in other companies and provide management services. The address of the Company’s registered office is as follows:

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

For reporting purposes, the Company and its subsidiaries are referred to as “the Group”.

The major shareholder is T S Global Holdings Pte. Ltd., which is incorporated in Singapore and hold 67.90% of the Company’s shares, and is an affiliate of Tata Steel Limited, a listed company incorporated under the law of India.

The principal business operation of the Group is manufacturing, rendering manufacturing services, distributing and trading of steel bars, wire rods and small section products.

As at 31 December 2018 and 31 March 2018, N.T.S. Steel Group Public Company Limited (“N.T.S.”) which is a subsidiary has total current liabilities exceeding total current assets by Baht 1,863 million and Baht 1,841 million, respectively. However, the amount of current liabilities included the short-term borrowings from the parent company of Baht 3,035 million and Baht 2,781 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.

This interim consolidated and separate financial information was authorised for issue by the Board of Directors on 22 January 2019.

This interim consolidated and separate financial information has been reviewed, not audited.

2 Accounting policies

2.1 Basis of preparation

The interim financial information has been prepared in accordance with Thai Accounting Standard 34 Interim Financial Reporting. The primary financial information (statement of financial position, statement of comprehensive income, statement of changes in shareholders’ equity and cash flows) is presented in a format consistent with the annual financial statements complying with Thai Accounting Standard 1 Presentation of Financial Statements. The notes to the financial information are prepared in a condensed format. Additional notes are presented as required by the Securities and Exchange Commission under the Securities and Exchange Act.

The interim financial information should be read in conjunction with the annual financial statements for the year ended 31 March 2018.

An English version of the interim consolidated and separate financial information has been prepared from the interim financial information that is in the Thai language. In the event of a conflict or a difference in interpretation between the two languages, the Thai language interim financial information shall prevail.

The accounting policies used in the preparation of the interim financial information are consistent with those used in the annual financial statements for the year ended 31 March 2018.

Costs that are incurred unevenly during the financial year are anticipated or deferred in the interim report only if it would also be appropriate to anticipate or defer such costs at the end of the financial year.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual profit or loss.

2 Accounting policies (Cont'd)

2.2 Revised accounting standards, revised financial reporting standards, and related interpretations

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

TAS 7 (revised 2017) Statement of cash flows

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

2.2.2 New financial reporting standard is effective for annual periods beginning on or after 1 January 2019 which is relevant to the Group. The Group has not yet adopted this standard.

TFRS 15 Revenue from contracts with customers

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

| | |
|-------------------------|--|
| TAS 11 (revised 2017) | Construction contracts |
| TAS 18 (revised 2017) | Revenue |
| TFRIC 13 (revised 2017) | Customer loyalty programmes |
| TFRIC 15 (revised 2017) | Agreements for the construction of real estate |
| TFRIC 18 (revised 2017) | Transfers of assets from customers |
| TSIC 31 (revised 2017) | Revenue - barter transactions involving advertising services |

The new standard is based on the principle that

- revenue is recognised when control of a good or service transfers to a customer - so the notion of control replaces the existing notion of risks and rewards
- an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

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

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

Entities will have a choice to apply this standard retrospectively in accordance with TAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, subject to the expedients or retrospectively with the cumulative effect recognised as an adjustment to the opening balance of retained earnings of the annual reporting period that includes the date of initial application with additional disclosures. The Group will first apply this standard for annual reporting periods beginning on or after 1 January 2019. The Group's management is currently assessing the impact from initial application of this standard in detail.

2 Accounting policies (Cont'd)

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

2.2.3 New financial reporting standard is effective for annual periods beginning on or after 1 January 2020 which is relevant to the Group. The Group has not yet adopted this standard.

The Group of financial instruments reporting standards consist of the following standards:

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

The above new standards will supersede the following standards:

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

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

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

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

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

2 Accounting policies (Cont'd)

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

2.2.3 New financial reporting standard is effective for annual periods beginning on or after 1 January 2020 which is relevant to the Group. The Group has not yet adopted this standard. (Cont'd)

- The impairment requirements relating to the accounting for an entity's expected credit losses on its financial assets measured at amortised cost, investments in debt instruments measured at fair value through other comprehensive income, lease receivables, loan commitments and financial guarantee contracts. It is no longer necessary for a credit event to have occurred before credit losses are recognised. The entity always accounts for expected credit losses which involves a three stage approach. The stage dictates how the entity measures impairment losses and applies the effective interest rate method. Except for trade receivables and contractual assets which apply in TFRS 15 and are no significant financial components and lease receivables, they are permitted to measure by simplified approach for credit impaired consideration.
- The objective of hedge accounting is to represent, in the financial statements, the effect of an entity's risk management activities that use financial instruments to manage exposures arising from particular risks that could affect profit or loss (or other comprehensive income, in the case of investments in equity instruments for which an entity has elected to present changes in fair value in other comprehensive income). This approach aims to convey the context of hedging instruments for which hedge accounting is applied in order to allow insight into their purpose and effect.

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

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

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

3 Estimates

The preparation of interim consolidated and separate financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim consolidated and separate financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated and separate financial statements for the year ended 31 March 2018.

4 Fair value estimation

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

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

Financial assets carried on the statement of financial position include cash and cash equivalents, trade and other receivables, short-term loans to a subsidiary, and investments in subsidiaries. Financial liabilities carried on the statement of financial position include short-term loans from financial institutions, trade and other payables, short-term loans from subsidiaries, and long-term loan from financial institutions.

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

There were no transfers between level 1 and 2 during the period.

There were no changes in valuation techniques during the period.

5 Cash and cash equivalents

- a) Cash and cash equivalents consist of:

| | Consolidated financial information | | Separate financial information | |
|--------------------------------------|--|---|--|---|
| | Unaudited 31 December 2018 Thousand Baht | Audited 31 March 2018 Thousand Baht | Unaudited 31 December 2018 Thousand Baht | Audited 31 March 2018 Thousand Baht |
| Cash on hand | 1 | 1 | - | - |
| Deposits at banks - current accounts | 27,006 | 35,521 | 1,331 | 704 |
| - savings accounts | 472,786 | 484,067 | 373,135 | 377,434 |
| | 499,793 | 519,589 | 374,466 | 378,138 |

| | Consolidated financial information | | Separate financial information | |
|--------------------------------------|---------------------------------------|----------------------------------|---------------------------------------|----------------------------------|
| | Unaudited 31 December 2018 % | Audited 31 March 2018 % | Unaudited 31 December 2018 % | Audited 31 March 2018 % |
| <u>Interest rate</u> | | | | |
| Deposits at banks - savings accounts | 0.05 - 0.50 | 0.05 - 0.50 | 0.10 - 0.50 | 0.10 - 0.50 |

- b) Other non-cash adjustment items for the nine-month periods ended 31 December, consist of:

| | Consolidated financial information | | Separate financial information | |
|---|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| | Unaudited 2018 Thousand Baht | Unaudited 2017 Thousand Baht | Unaudited 2018 Thousand Baht | Unaudited 2017 Thousand Baht |
| Loss from diminution in value of inventories | 17,475 | - | - | - |
| Loss from impairment of non-current assets classified as held-for-sale | - | 35,000 | - | - |
| Gain on disposal of plant and equipment | (441) | (182) | (20) | (143) |
| Loss from writing-off of plant and equipment and intangible assets | 1,561 | 39 | 1,561 | - |
| Gain from reversal of credit notes | - | (1) | - | - |
| | 18,595 | 34,856 | 1,541 | (143) |

5 Cash and cash equivalents (Cont'd)

- c) Other cash received (paid) from operating activities for the nine-month periods ended 31 December, consists of:

| | Consolidated financial information | | Separate financial information | |
|---|---|---|---|---|
| | Unaudited 2018 Thousand Baht | Unaudited 2017 Thousand Baht | Unaudited 2018 Thousand Baht | Unaudited 2017 Thousand Baht |
| (Increase) decrease in other current assets and other non-current assets | (113,724) | 37,336 | 67 | 11,573 |
| Increase (decrease) in other current liabilities and other non-current liabilities | 1,916 | (15,175) | (5,692) | (1,828) |
| | <u>(111,808)</u> | <u>22,161</u> | <u>(5,625)</u> | <u>9,745</u> |

- d) Adjustment of cash occurred from borrowings for the nine-month periods ended 31 December, consists of:

| | Consolidated financial information | | Separate financial information | |
|---------------|---|---|---|---|
| | Unaudited 2018 Thousand Baht | Unaudited 2017 Thousand Baht | Unaudited 2018 Thousand Baht | Unaudited 2017 Thousand Baht |
| Interest paid | <u>(56,119)</u> | <u>(73,869)</u> | <u>(37,130)</u> | <u>(47,750)</u> |

- e) Non-cash transactions in the consolidated and the separate interim financial information are as follows:

The recording of investments in available-for-sale securities in the consolidated financial information at fair value. For the nine-month period ended 31 December 2018, the Group recorded unrealised loss on such investments of Baht 2.3 million (2017 : record unrealised gain of Baht 0.5 million).

On 25 April 2017, the Board of Directors of T S Global Holdings Pte. Ltd. ("TSGH") approved for offsetting the other receivable from TSGH of Baht 71 million which was presented as non-current assets in prior period and current portion of long-term borrowings.

Non-cash items from purchase and increase of plant and equipment and intangible assets for the nine-month periods ended 31 December, are as follows:

| | Consolidated financial information | | Separate financial information | |
|---|---|---|---|---|
| | Unaudited 2018 Thousand Baht | Unaudited 2017 Thousand Baht | Unaudited 2018 Thousand Baht | Unaudited 2017 Thousand Baht |
| Payables for plant and equipment and intangible assets brought forward | 13,485 | 37,314 | 254 | 11,362 |
| <u>Add</u> Purchases during the periods | 212,169 | 89,048 | 9,990 | 2,717 |
| <u>Less</u> Payments during the periods | <u>(212,305)</u> | <u>(109,835)</u> | <u>(9,878)</u> | <u>(14,079)</u> |
| Payables for plant and equipment and intangible assets carried forward | <u>13,349</u> | <u>16,527</u> | <u>366</u> | <u>-</u> |
| Purchase of plant and equipment under finance lease liabilities | <u>42,975</u> | <u>-</u> | <u>-</u> | <u>-</u> |

6 Trade and other receivables, net

| | Consolidated financial information | | Separate financial information | |
|---|--|---|--|---|
| | Unaudited 31 December 2018 Thousand Baht | Audited 31 March 2018 Thousand Baht | Unaudited 31 December 2018 Thousand Baht | Audited 31 March 2018 Thousand Baht |
| Trade receivables - other parties | 576,907 | 814,220 | - | - |
| - related parties (Note 14 b)) | 173,992 | 464,272 | 37,712 | 42,244 |
| <u>Less</u> Allowance for doubtful accounts | (93,301) | (58,212) | - | - |
| Trade receivables, net | 657,598 | 1,220,280 | 37,712 | 42,244 |
| Other receivables - other parties | 895 | 1,206 | 2 | 32 |
| - related parties (Note 14 b)) | 44 | 199 | 7,613 | 37,940 |
| Accrued income | 808 | - | 808 | - |
| Prepayments | 28,982 | 37,165 | 15,395 | 7,052 |
| | <u>688,327</u> | <u>1,258,850</u> | <u>61,530</u> | <u>87,268</u> |

Outstanding trade receivables can be analysed as follows:

| | Consolidated financial information | | Separate financial information | |
|---|--|---|--|---|
| | Unaudited 31 December 2018 Thousand Baht | Audited 31 March 2018 Thousand Baht | Unaudited 31 December 2018 Thousand Baht | Audited 31 March 2018 Thousand Baht |
| Not yet due | 534,924 | 1,134,674 | 37,712 | 42,244 |
| Overdue: | | | | |
| Under 3 months | 122,631 | 49,956 | - | - |
| 3 - 6 months | - | 75,528 | - | - |
| 6 - 12 months | - | - | - | - |
| Over 12 months | 93,344 | 18,334 | - | - |
| | 750,899 | 1,278,492 | 37,712 | 42,244 |
| <u>Less</u> Allowance for doubtful accounts | (93,301) | (58,212) | - | - |
| | <u>657,598</u> | <u>1,220,280</u> | <u>37,712</u> | <u>42,244</u> |

In 2008, the Group has entered into a "Receivable Purchase Agreement" to do account receivables factoring with a financial institution which all risks and rewards only for the amount accepted by the buyer have been transferred to the buyer.

For the nine-month periods ended 31 December 2018 and 2017, the Group had sold receivables to the financial institution amounting to Baht 7,015 million and Baht 7,078 million, respectively.

7 Non-current assets classified as held-for-sale

In August 2011, the Group's management had decided to cease production 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, which adversely impacting the viability of costs of steel produced through the MBF route.

As at 31 March 2017, the Group's management planed to dispose MBF machinery, equipment and its spare parts and store supplies. The Group had active programme to locate buyers, which expected to dispose such assets within 1 year. Therefore, MBF machinery, equipment and its spare part and store supplies were presented as non-current assets held for sale.

On 15 November 2017, the Group entered into an asset purchase agreement with a buyer for the disposal of MBF machinery, equipment, its spare parts and store supplies.

As at 31 December 2018, while the Group's management remains committed to the plan of disposal, it is expected that the dismantling and despatch will take 12-18 months. Accordingly, the MBF assets continue to be classified as non-current assets classified as held-for-sale as at 31 December 2018.

8 Investments in subsidiaries

The investments in subsidiaries are as follows:

| Company name | Country of incorporation | % Ownership interest | | Separate financial information (Unit : Thousand Baht) | | | | | |
|--|--------------------------|----------------------|-----------------|---|--------------------------|-------------------|---------------------------|--------------------------|-------------------|
| | | 31 December 2018 % | 31 March 2018 % | Cost method 31 December 2018 | | | Cost method 31 March 2018 | | |
| | | | | Cost | Provision for impairment | Net book value | Cost | Provision for impairment | Net book value |
| The Siam Iron and Steel (2001) Co., Ltd. | Thailand | 99.99 | 99.99 | 2,554,386 | - | 2,554,386 | 2,554,386 | - | 2,554,386 |
| The Siam Construction Steel Co., Ltd. | Thailand | 99.99 | 99.99 | 3,656,874 | - | 3,656,874 | 3,656,874 | - | 3,656,874 |
| N.T.S. Steel Group Public Company Limited | Thailand | 99.76 | 99.76 | 9,181,787 | (3,380,000) | 5,801,787 | 9,181,787 | (3,380,000) | 5,801,787 |
| | | | | <u>15,393,047</u> | <u>(3,380,000)</u> | <u>12,013,047</u> | <u>15,393,047</u> | <u>(3,380,000)</u> | <u>12,013,047</u> |

9 Property, plant, equipment and intangible assets, net

The movements of property, plant, equipment and intangible assets are as follows:

| | Consolidated financial information | | Separate financial information | |
|---|--|--|--|--|
| | Property, plant, and equipment Thousand Baht | Intangible assets Thousand Baht | Property, plant, and equipment Thousand Baht | Intangible Assets Thousand Baht |
| For the nine-month period ended 31 December 2018 | | | | |
| Opening net book amount (Audited) | 3,291,485 | 25,592 | 32,939 | 24,213 |
| Additions | 251,404 | 3,740 | 8,540 | 1,450 |
| Additions from provision for decommissioning costs | 1,068 | - | 1,068 | - |
| Disposals, net | (35) | - | (12) | - |
| Write-off, net | (480) | (1,081) | (480) | (1,081) |
| Depreciation and amortisation | (350,312) | (14,161) | (7,642) | (13,703) |
| Closing net book amount (Unaudited) | <u>3,193,130</u> | <u>14,090</u> | <u>34,413</u> | <u>10,879</u> |

On 14 June 2017, there was a fire occurred at the power sub-station of The Siam Iron and Steel (2001) Co., Ltd. From this incident, building, machinery and equipment, which are fully depreciated were partially damaged. In the third quarter ended 31 December 2017 and in the first quarter ended 30 June 2018, the subsidiary received full amount of damage claim payment amounting to Baht 25 million and Baht 24 million, respectively, which were recorded as other income in the consolidated statement of comprehensive income.

On 6 October 2018, there was an explosion of electric arc furnace at The Siam Construction Steel Company Limited, a subsidiary. The incident partially damaged buildings, machinery and equipment that were mainly fully depreciated. The Company is in the process of claiming damage from the insurance company.

10 Goodwill, net

| | Consolidated financial information | | Separate financial information | |
|--------------------------------|--|---|--|---|
| | Unaudited 31 December 2018 Thousand Baht | Audited 31 March 2018 Thousand Baht | Unaudited 31 December 2018 Thousand Baht | Audited 31 March 2018 Thousand Baht |
| At the beginning of the period | 3,456,014 | 3,456,014 | - | - |
| Impairment | - | - | - | - |
| At the end of the period | <u>3,456,014</u> | <u>3,456,014</u> | <u>-</u> | <u>-</u> |

11 Deferred tax assets and income tax expense

Consolidated financial information

As at 31 December 2018, deferred income tax assets are recognised for tax loss and carry forwards only to the extent that realisation of the related tax benefit through the future taxable profits is probable. The Group did not recognise deferred income tax assets of Baht 1,005 million (31 March 2018 : Baht 1,113 million) in respect of losses amounting to Baht 5,025 million (31 March 2018 : Baht 5,564 million) that can be carried forward against future taxable income. Such losses will be expired in March 2019 to March 2024.

Separate financial information

As at 31 December 2018, deferred income tax assets are recognised for tax loss and carry forwards only to the extent that realisation of the related tax benefit through the future taxable profits is probable. The Company did not recognise deferred income tax assets of Baht 34 million (31 March 2018 : Baht 48 million) in respect of losses amounting to Baht 170 million (31 March 2018 : Baht 238 million) that can be carried forward against future taxable income. Such losses will be expired in March 2019 to March 2021.

12 Short-term borrowings from financial institutions

The movements of short-term borrowings from financial institutions comprise the following:

| | Consolidated financial information Thousand Baht | Separate financial information Thousand Baht |
|---|---|---|
| For the nine-month period ended 31 December 2018 | | |
| At the beginning of the period (Audited) | 1,774,341 | - |
| <u>Cash in (out)</u> | | |
| Additions during the period | 641,916 | 700,000 |
| Repayments during the period | (400,000) | (400,000) |
| At the end of the period (Unaudited) | <u>2,016,257</u> | <u>300,000</u> |

Short-term borrowings from financial institutions – Separate financial information

As at 31 December 2018, short-term borrowings from financial institutions for the Company in amount of Baht 300 million bear interest rate at 2.40% - 2.45% per annum and due from 30 January 2019 to 6 March 2019.

Short-term borrowings from financial institutions – Consolidated financial information

Short-term borrowings from financial institutions - the Company

As at 31 December 2018, short-term borrowings from financial institutions for the Company in amount of Baht 300 million bear interest rate at 2.40% - 2.45% per annum and due from 30 January 2019 to 6 March 2019.

Short-term borrowings from financial institutions - subsidiaries

As at 31 December 2018, short-term borrowings from financial institutions for subsidiaries in amount of Baht 1,716 million (31 March 2018 : Baht 1,774 million) bear interest rate at BIBOR+2 - 2.1% per annum (31 March 2018 : interest rate at BIBOR+2 - 2.1% per annum) and due from 2 January 2019 to 20 March 2019, (31 March 2018 : 2 April 2018 to 18 June 2018).

13 Trade and other payables

| | Consolidated financial information | | Separate financial information | |
|-----------------------------------|---|--|---|--|
| | Unaudited 31 December 2018 Thousand Baht | Audited 31 March 2018 Thousand Baht | Unaudited 31 December 2018 Thousand Baht | Audited 31 March 2018 Thousand Baht |
| Trade payables - other companies | 578,129 | 778,632 | - | - |
| - related parties (Note 14 b)) | 2,331 | 2,943 | - | - |
| Other payables - other companies | 22,190 | 18,191 | 9,206 | 4,960 |
| - related parties (Note 14 b)) | - | 32,536 | 2,368 | 35,228 |
| Advance received from customers | 27,531 | 68,203 | - | - |
| Accrued expenses | 374,598 | 471,882 | 44,092 | 63,330 |
| | <u>1,004,779</u> | <u>1,372,387</u> | <u>55,666</u> | <u>103,518</u> |

14 Related party transactions

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

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

Relationship between company and related parties:

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

Tata Steel (Thailand) Public Company Limited
Condensed Notes to Interim Financial Information (Unaudited)
For the nine-month period ended 31 December 2018

14 Related party transactions (Cont'd)

The following transactions were carried out with related parties:

- a) Related party transactions for the three-month periods ended 31 December 2018 and 2017

| For the three-month periods ended 31 December | Consolidated financial information | | Separate financial information | |
|--|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| | Unaudited 2018 Thousand Baht | Unaudited 2017 Thousand Baht | Unaudited 2018 Thousand Baht | Unaudited 2017 Thousand Baht |
| Revenues | | | | |
| Sales | | | | |
| Tata Steel Limited | 131,230 | - | - | - |
| The Siam Industrial Wire Co., Ltd. | 225,429 | 203,038 | - | - |
| TSN Wires Co., Ltd. | 69,054 | 39,915 | - | - |
| Tata Projects Limited | - | 3,275 | - | - |
| Total | 425,713 | 246,228 | - | - |
| Interest income | | | | |
| N.T.S. Steel Group Public Company Limited | - | - | 22,472 | 21,933 |
| Management fees income | | | | |
| The Siam Iron and Steel (2001) Co., Ltd. | - | - | 21,051 | 23,160 |
| The Siam Construction Steel Co., Ltd. | - | - | 39,084 | 43,830 |
| N.T.S. Steel Group Public Company Limited | - | - | 45,600 | 51,450 |
| Total | - | - | 105,735 | 118,440 |

The Company has made the service agreement with subsidiaries which charges at the rate specified in the agreement and calculated by cost plus method.

Tata Steel (Thailand) Public Company Limited
Condensed Notes to Interim Financial Information (Unaudited)
For the nine-month period ended 31 December 2018

14 Related party transactions (Cont'd)

The following transactions were carried out with related parties: (Cont'd)

a) Related party transactions for the three-month periods ended 31 December 2018 and 2017 (Cont'd)

| For the three-month periods ended 31 December | Consolidated financial information | | Separate financial information | |
|--|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| | Unaudited 2018 Thousand Baht | Unaudited 2017 Thousand Baht | Unaudited 2018 Thousand Baht | Unaudited 2017 Thousand Baht |
| Expenses | | | | |
| Purchases | | | | |
| The Siam Industrial Wire Co., Ltd. | 1,768 | - | - | - |
| Tata Steel Limited | - | 12,785 | - | - |
| NatSteel Recycling Pte. Ltd. | - | 199,712 | - | - |
| Tata International Metals Asia Ltd. | 83,143 | - | - | - |
| Tata International Singapore Pte. Ltd. | - | 29,546 | - | - |
| Tata International Limited | 13,976 | - | - | - |
| Total | 98,887 | 242,043 | - | - |
| Purchases of assets | | | | |
| Tata Technologies (Thailand) Co., Ltd. | 505 | - | 505 | - |
| Interest expenses | | | | |
| The Siam Iron and Steel (2001) Co., Ltd. | - | - | 718 | 1,221 |
| The Siam Construction Steel Co., Ltd. | - | - | 6,346 | 6,142 |
| Total | - | - | 7,064 | 7,363 |
| Other expenses | | | | |
| Tata Steel Limited | 3 | 22 | 3 | 22 |
| Tata Sons Limited | - | 786 | - | 786 |
| Tata South East Asia (Cambodia) Ltd. | - | 804 | - | 804 |
| Total | 3 | 1,612 | 3 | 1,612 |
| Key management compensation | | | | |
| Short-term employee benefits | 12,499 | 11,917 | 12,499 | 11,917 |
| Post-employment benefits | 630 | 608 | 630 | 608 |
| Total | 13,129 | 12,525 | 13,129 | 12,525 |

Tata Steel (Thailand) Public Company Limited
Condensed Notes to Interim Financial Information (Unaudited)
For the nine-month period ended 31 December 2018

14 Related party transactions (Cont'd)

The following transactions were carried out with related parties: (Cont'd)

a) Related party transactions for the nine-month periods ended 31 December 2018 and 2017 (Cont'd)

| For the nine-month periods ended 31 December | Consolidated financial information | | Separate financial information | |
|---|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| | Unaudited 2018 Thousand Baht | Unaudited 2017 Thousand Baht | Unaudited 2018 Thousand Baht | Unaudited 2017 Thousand Baht |
| Revenues | | | | |
| Sales | | | | |
| Tata Steel Limited | 1,077,096 | 208,463 | - | - |
| The Siam Industrial Wire Co., Ltd. | 584,611 | 489,380 | - | - |
| NatSteel Holdings Pte. Ltd. | 2,422 | 53,115 | - | - |
| TSN Wires Co., Ltd. | 255,985 | 128,349 | - | - |
| Tata Projects Limited | 14,059 | 3,275 | - | - |
| Total | 1,934,173 | 882,582 | - | - |
| Interest income | | | | |
| The Siam Iron and Steel (2001) Co., Ltd. | - | - | 4 | - |
| N.T.S. Steel Group Public Company Limited | - | - | 65,521 | 63,172 |
| Total | - | - | 65,525 | 63,172 |
| Management fees income | | | | |
| The Siam Iron and Steel (2001) Co., Ltd. | - | - | 69,453 | 71,250 |
| The Siam Construction Steel Co., Ltd. | - | - | 128,952 | 134,790 |
| N.T.S. Steel Group Public Company Limited | - | - | 150,504 | 157,650 |
| Total | - | - | 348,909 | 363,690 |
| Other income | | | | |
| NatSteel Holdings Pte. Ltd. | - | 80 | - | - |

The Company has made the service agreement with subsidiaries which charges at the rate specified in the agreement and calculated by cost plus method.

Tata Steel (Thailand) Public Company Limited
Condensed Notes to Interim Financial Information (Unaudited)
For the nine-month period ended 31 December 2018

14 Related party transactions (Cont'd)

The following transactions were carried out with related parties: (Cont'd)

a) Related party transactions for the nine-month periods ended 31 December 2018 and 2017 (Cont'd)

| For the nine-month periods ended 31 December | Consolidated financial information | | Separate financial information | |
|---|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| | Unaudited 2018 Thousand Baht | Unaudited 2017 Thousand Baht | Unaudited 2018 Thousand Baht | Unaudited 2017 Thousand Baht |
| Expenses | | | | |
| Purchases | | | | |
| The Siam Industrial Wire Co., Ltd. | 4,970 | - | - | - |
| Tata Steel Limited | - | 12,785 | - | - |
| NatSteel Recycling Pte. Ltd. | 97,695 | 523,843 | - | - |
| Tata International Metals Asia Ltd. | 539,345 | - | - | - |
| NatSteel Holding Pte. Ltd. | 129,206 | - | - | - |
| Tata International Singapore Pte. Ltd. | - | 37,392 | - | - |
| Tata International Limited | 13,976 | 6,874 | - | - |
| Total | 785,192 | 580,894 | - | - |
| Purchases of assets | | | | |
| Tata Technologies Pte. Ltd. | - | 882 | - | 882 |
| Tata Technologies (Thailand) Co., Ltd. | 674 | - | 674 | - |
| Total | 674 | 882 | 674 | 882 |
| Interest expenses | | | | |
| The Siam Iron and Steel (2001) Co., Ltd. | - | - | 1,862 | 3,910 |
| The Siam Construction Steel Co., Ltd. | - | - | 20,476 | 17,023 |
| Total | - | - | 22,338 | 20,933 |
| Other expenses | | | | |
| Tata Steel Limited | 6 | 22 | 6 | 22 |
| The Siam Industrial Wire Co., Ltd. | 206 | - | - | - |
| Tata Sons Limited | 978 | 806 | 978 | 806 |
| Mjunction Services Limited | 55 | 116 | 55 | 116 |
| Tata South East Asia (Cambodia) Ltd. | 392 | 2,201 | 392 | 2,201 |
| Tata Technologies (Thailand) Co., Ltd. | - | 850 | - | 850 |
| Total | 1,637 | 3,995 | 1,431 | 3,995 |
| Key management compensation | | | | |
| Short-term employee benefits | 48,272 | 46,043 | 48,272 | 46,043 |
| Post-employment benefits | 20,536 | 17,557 | 20,536 | 17,557 |
| Total | 68,808 | 63,600 | 68,808 | 63,600 |

Tata Steel (Thailand) Public Company Limited
Condensed Notes to Interim Financial Information (Unaudited)
For the nine-month period ended 31 December 2018

14 Related party transactions (Cont'd)

The following transactions were carried out with related parties: (Cont'd)

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

| | Consolidated financial information | | Separate financial information | |
|--|--|---|--|---|
| | Unaudited 31 December 2018 Thousand Baht | Audited 31 March 2018 Thousand Baht | Unaudited 31 December 2018 Thousand Baht | Audited 31 March 2018 Thousand Baht |
| Trade receivable - related parties | | | | |
| Tata Steel Limited | 130,563 | 447,482 | - | - |
| The Siam Iron and Steel (2001) Co., Ltd. | - | - | 7,508 | 8,260 |
| The Siam Construction Steel Co., Ltd. | - | - | 13,940 | 15,633 |
| N.T.S. Steel Group Public Company Limited | - | - | 16,264 | 18,351 |
| The Siam Industrial Wire Co., Ltd. | 25,990 | 3,565 | - | - |
| NatSteel Holdings Pte. Ltd. | - | 1,943 | - | - |
| TSN Wires Co., Ltd. | 17,439 | 9,883 | - | - |
| Tata Projects Limited | - | 1,399 | - | - |
| Total | 173,992 | 464,272 | 37,712 | 42,244 |
| Other receivables - related parties | | | | |
| Tata Steel Limited | 23 | 24 | 23 | 24 |
| The Siam Iron and Steel (2001) Co., Ltd. | - | - | 4 | 5,795 |
| The Siam Construction Steel Co., Ltd. | - | - | 12 | 13,085 |
| N.T.S. Steel Group Public Company Limited | - | - | 7,553 | 18,861 |
| Tata Sons Limited | - | 136 | - | 136 |
| Tata Communications (Thailand) Co., Ltd. | 21 | 21 | 21 | 21 |
| Tata Power Co., Ltd. | - | 18 | - | 18 |
| Total | 44 | 199 | 7,613 | 37,940 |
| Trade payable - related parties | | | | |
| Tata Steel Limited | 2,331 | 2,242 | - | - |
| Tata International Singapore Pte. Ltd. | - | 701 | - | - |
| Total | 2,331 | 2,943 | - | - |
| Other payables - related parties | | | | |
| The Siam Iron and Steel (2001) Co., Ltd. | - | - | 300 | 278 |
| The Siam Construction Steel Co., Ltd. | - | - | 2,008 | 2,337 |
| N.T.S. Steel Group Public Company Limited | - | - | 60 | 77 |
| Tata Sons Limited | - | 30,836 | - | 30,836 |
| Tata South East Asia (Cambodia) Ltd. | - | 612 | - | 612 |
| Tata Technologies Pte. Ltd. | - | 1,088 | - | 1,088 |
| Total | - | 32,536 | 2,368 | 35,228 |

14 Related party transactions (Cont'd)

The following transactions were carried out with related parties: (Cont'd)

c) Short-term loans to a subsidiary

The movements of short-term loans to a subsidiary comprise the following:

| | Consolidated financial information Thousand Baht | Separate financial information Thousand Baht |
|---|---|---|
| For the nine-month period ended 31 December 2018 | | |
| At the beginning of the period (Audited) | - | 2,780,640 |
| <u>Cash out</u> | | |
| Net additions of loans during the period | - | 254,728 |
| At the end of the period (Unaudited) | - | 3,035,368 |

As at 31 December 2018, short-term loans to a subsidiary in amount of Baht 3,035 million (31 March 2018 : Baht 2,781 million) bear interest rate at 3.0% per annum (31 March 2018 : interest rate 3.0% per annum), are non-collateralised loans and not specified maturity date.

d) Short-term borrowings from subsidiaries

The movements of short-term borrowings from subsidiaries comprise the following:

| | Consolidated financial information Thousand Baht | Separate financial information Thousand Baht |
|---|---|---|
| For the nine-month period ended 31 December 2018 | | |
| At the beginning of the period (Audited) | - | 1,913,950 |
| <u>Cash out</u> | | |
| Net deductions of borrowings during the period | - | (93,824) |
| At the end of the period (Unaudited) | - | 1,820,126 |

As at 31 December 2018, short-term borrowings from subsidiaries for the Company in the amount of Baht 1,820 million (31 March 2018 : Baht 1,914 million) bear interest rate at 1.50% per annum (31 March 2018 : interest rate at 1.50% per annum) are non-collateralised loans and not specified maturity date.

15 Commitments

15.1 Capital commitments

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

| | Consolidated financial information | | Separate financial information | |
|-------------------------|---|--|---|--|
| | Unaudited 31 December 2018 Thousand Baht | Audited 31 March 2018 Thousand Baht | Unaudited 31 December 2018 Thousand Baht | Audited 31 March 2018 Thousand Baht |
| Buildings and equipment | 20,636 | 34,471 | - | - |
| Computer software | 2,696 | 2,237 | 2,696 | 2,237 |

15 Commitments (Cont'd)

15.2 Operating lease commitments - where the Group is the lessee

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

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

| | Consolidated financial information | | Separate financial information | |
|---|---|--|---|--|
| | Unaudited 31 December 2018 Thousand Baht | Audited 31 March 2018 Thousand Baht | Unaudited 31 December 2018 Thousand Baht | Audited 31 March 2018 Thousand Baht |
| Not later than 1 year | 36,964 | 45,142 | 21,475 | 28,776 |
| Later than 1 year but not later than 5 years | 39,068 | 58,051 | 26,289 | 33,764 |
| | <u>76,032</u> | <u>103,193</u> | <u>47,764</u> | <u>62,540</u> |

15.3 Commitments from letter of credit

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

| | Consolidated financial information | | Separate financial information | |
|-----------------|--|---|--|---|
| | Unaudited 31 December 2018 Thousand | Audited 31 March 2018 Thousand | Unaudited 31 December 2018 Thousand | Audited 31 March 2018 Thousand |
| Currency | | | | |
| USD | 42,959 | 366 | - | - |
| EUR | 11 | 523 | - | - |

16 Segment financial 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 (Board of Directors) 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 sales is not significant. As a result, all the revenues from sales of goods, cost of sales, gross margin, profit for the period and assets of segment are in accordance with the presentation of these financial statements.

17 Contingent liabilities

For fiscal year ended 31 March 2014, The Siam Construction Steel Company Limited, a subsidiary, received the notifications from the Revenue Department informing the assessments of additional surcharge of Baht 16 million in respect of the half-year corporate income tax filing for the year ended 31 March 2008 which the 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. The subsidiary has made the appeal to the Revenue Department.

On 15 August 2018, Board of Appeal denied the subsidiary's appeal. However, the subsidiary has made the appeal to the Central tax court and expected that there would not be additional surcharge to be paid and has not recorded the provisions in the financial information as at 31 December 2018.

18 Letter of guarantee

As at 31 December 2018, 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 amounting to Baht 352 million (31 March 2018 : Baht 325 million) in the normal courses of business.

19 Fair value measurement

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

| Financial assets and financial liabilities | Consolidated financial information | | Separate financial information | | Fair value hierarchy | Valuation techniques and key inputs for fair value measurement |
|--|------------------------------------|-----------------------|--------------------------------|-----------------------|----------------------|--|
| | fair value as at | | Fair value as at | | | |
| | Unaudited 31 December 2018 | Audited 31 March 2018 | Unaudited 31 December 2018 | Audited 31 March 2018 | | |
| | Thousand Baht | Thousand Baht | Thousand Baht | Thousand Baht | | |
| <u>Financial assets</u> | | | | | | |
| 1. Foreign currency forward contracts (including in other current assets) | 346 | 1,047 | - | - | Level 2 | Discounted cash flows The estimated future cash flows is from foreign currency exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties. |
| 2. Available-for-sale investment | 1,200 | 3,500 | - | - | Level 1 | Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. |
| <u>Financial liabilities</u> | | | | | | |
| 1. Foreign currency forward contracts (including in other current liabilities) | 12,689 | 116 | - | - | 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. |