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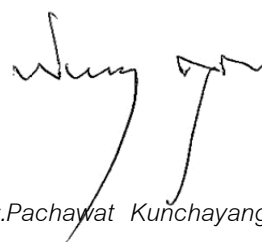
**Appendix 1** Information on directors and management

**Appendix 2** Information on position of director and management

Thai economy After 4 years, the impact of politics. I started to grow up. In the fourth quarter of last year, GDP grew by 3.9%, the highest in five years, as a result of the global economic recovery and the continued growth of tourism and exports. The baht strengthened significantly last year. Although the Thai economy is growing. But most people do not feel that. Their economy will be better like GDP. Concentrated in the export and tourism sectors. Grassroots has not received much from this improved economy. The problem of household debt is high. The consumption does not expand.

For this reason, the government has increased measures to reduce the vulnerability of this distribution and increase the economic stimulus measures in 2018, whether it is a project to help the poor 11.4 million people. Public project State welfare scheme or poor card , The economic stimulus package is on going , Mega EEC Project ,Transport Project .The fourth quarter of the economy began to decline in the year 2018 is the year that the four engines were accelerated when the export of tourism began to improve. More investment. There are more jobs. The grassroots economy has begun to recover. From the second quarter onwards, it is expected that GDP in 2018 will increase to 3.6-4.6%

The result of the economy grows up. Specifically, the EEC project will bring the construction and building materials market. The company is expected to benefit from this project, although in 2017 the company will be affected by the dispute with the Customs Department. Customers cancel and reduce orders. The sales decline from the previous year is a lot, but it is expected that 2018 would be better than last year. We encourage the directors and management to overcome obstacles to the company to move forward.



*Mr. Pachawat Kunchayangkul*

Chairman of the Board of Directors

Samchai Steel Industries Public Company Limited

## Report of the Audit Committee



SAM's Audit Committee was appointed by The Board of Directors, consists of 3 independent directors including Mr.Pornchai Kittipanya-ngam is Chairman of the Audit Committee, Mr. Chatchawan Siriwtiset and Mr. Prichar Hamhathya are Audit Committee. None of the Audit Committees holds the management position in the company nor is the company's employee. The Audit Committee's scope of duties and responsibilities are in accordance to the rules and regulations stipulate by the Stock Exchange of Thailand.

In 2017, Mr. Woravit chotikasophon was appointed as the new audit committee replacing Mr. Chatchawan Siriwtiset , passed away. The Audit Committee held four meetings, meeting with the auditors. There was no management attendance at the meeting, and attended the meeting with the Board of Directors on a regular basis. The summary of the Audit Committee's performance can be summarized as follows:

1. Reviewed the quarterly and annual financial statements which have been audited by the auditor to ensure that the financial statements are prepared in compliance with GAPP and has adequately disclosed accurate information.
2. Stipulated annual internal auditor plan and reviewed the internal auditor's quarterly reports and give opinions and recommendations to management to approve the operation of the company.
3. Reviewed and commented on related transactions with possible conflict of interest to ensure that the disclosure is in compliance with the rules and regulation prescribed by the Stock Exchange of Thailand.
4. Reviewed company's practices to complies with the securities and exchange act, the Stock Exchange of Thailand (SET)'s regulations and other laws relating to company's business.
5. Considered and select Office of DIA international Auditing as the company's auditor for 2017 and considered their remunerations to proposed to the shareholders meeting for approval.

The Audit Committee would like to report that the company has good corporate governance and an efficient internal control system. Last year, there was no significant inaccuracy. The Audit Committee will continue to develop the company's internal control system to ensure good corporate governance.

*Mr.Pornchai Kittipanya-ngam*

Chairman of Audit Committee

Samchai Steel Industries Public Company Limited

## Listed Company Information

### Company Information

Company Name	: Samchai Steel Industries PCL.
Registration Number	: 0107547000249
Nature of Core Business	: Manufacture and distribute steel pipes for the use in construction and furniture industries.
Issued and paid-up capital	Baht 1,045,125,093 divided to 1,045,125,093 common shares at par value Baht 1.- each.
Head Office Address	: 75/14, 75/17, 85 Moo 5, Soi Wat Sopanaram, Ekkachai Rd., A. Muang, Samutsakorn 74000 Tel: (034) 833891-3 Fax: (034) 833894-5
Branch Address	: 56-56/1 Moo 2 Poochosamingprai Rd., T. Bang Ya Phraek, A. Phra Pradaeng, Samutprakan 10130 Tel: (02) 384-0099 Fax: (02) 384-2384-5
Website	: <a href="http://www.samchaisteel.com">www.samchaisteel.com</a>

### Details of Subsidiaries

Company Name	: Sam Enterprise Co., Ltd.
Registration Number	: 0745557002069
Nature of Core Business	: Products for sale Affiliates and car repair.
Issued and paid-up capital	Baht 5,000,000 divides to 50,000 common shares at par value Baht 100.- each. Samchai Steel Industries PCL holds 99.99 percent.
Head Office Address	: 85 Moo 5 Soi Wat Sopanaram Fkkachai Rd., A.Muang Samutsakorn 74000
Company Director	: Mr.Thongchai Leekanchanakorn, Mr.Vrunchai Leekanchanakorn and Mr.Banpot Prasertsukskool Whereby two people when shared and stamped is authorized to act on behalf of the company.
Company Name	: Steel Hub Co., Ltd.
Registration Number	: 0745557002069
Nature of Core Business	: To produce and distribute Black Steel Pipe and Lip channel Steel
Issued and paid-up capital	1,000,000 USD. Samchai Steel Industries PCL holds 100 percent.
Head Office Address	: Sanco Special Economic Zone , Banteaymeanchey Province , Cambodia
Company Director	: Mr.Varoonchai Leekanchanakorn



## References

Share Registrar : Thailand Securities Depository Company Limited  
62 Rachadapisek Rd., Klongtoey, Bangkok 10110  
Tel: (02) 229-2800 or (02) 654-5599 Fax: (02) 359-1259

Auditor : Miss Suphaphorn Mangjit  
Certified Public Accountant Registration No. 8125  
Office of DIA international Auditing 316/32 Soi Sukhumvit 22  
Sukhumvit Road, Klongtoey, Bangkok.  
Tel: (02) 259-5300 Fax: (02) 260-1553

## Summary of Financial Status



Unit: THB Million

From the Financial Statements	Separate Financial Statements			Consolidates Financial Statements		
	2015	2016	2017	2015	2016	2017
Total Assets	4,042.19	3,836.02	3,803.38	4,042.11	3,831.21	3,800.25
Total Liabilities	2,002.58	1,753.26	1,800.56	2,003.08	1,750.13	1,800.68
Shareholders.Equity	2,039.61	2,082.76	2,002.81	2,039.02	2,081.08	1,999.57
Income from Sales	3,218.57	2,860.62	2,701.31	3,219.65	2,861.48	2,694.07
Other Income	5.04	3.46	4.09	5.04	3.43	4.04
Total Revenue	3,223.61	2,864.08	2,705.40	3,224.70	2,864.91	2,698.11
Gross Profit	199.76	290.97	132.47	194.89	288.51	132.47
Net Income	(58.49)	43.14	(77.82)	(59.12)	42.06	(79.29)

From the Financial Statements	Separate Financial Statements			Consolidates Financial Statements		
	2015	2016	2017	2015	2016	2017
Total Assets	0.89	0.92	0.89	0.89	0.92	0.88
Total Liabilities	0.30	0.25	0.32	0.30	0.25	0.31
Shareholders.Equity	0.98	0.84	0.90	0.98	0.84	0.90
Income from Sales	(1.82)	1.51	(2.88)	(1.82)	1.51	(2.94)
Other Income	(2.87)	2.07	(3.89)	(2.88)	2.07	(3.96)
Total Revenue	(1.45)	4.50	(2.05)	(1.45)	4.50	(2.08)
Gross Profit	(0.06)	0.04	(0.07)	(0.06)	0.04	(0.07)
Net Income	1.95	1.99	1.91	1.95	1.99	1.91

Samchai Steel Industries Public Company Limited operates its core business in the Steel Pipe industry. The company manufactures and distributes steel pipes for the use in construction and furniture industries. The company's products consist of structural steel including Black Round Steel Pipe, Square and Rectangular Black Steel Pipe, Painted-Steel Pipes, High-Pressure Steel Pipe and C-Channel Structural Steel. Moreover, the company also manufactures Galvanized Steel Pipes, Tube for furniture purposes and Black Hot Rolled Steel Plates and Sheets under SAMCHAI, SSH, TUBULARGE, TUS and USC trademarks.

The company's major customers of steel pipes are in construction and furniture industries. Currently, there are more than 2,000 sale points in Bangkok and Metropolitan area where the products have been distributed by local distributors. The company also uses foreign distributors for the distribution outside Thailand.

Since the company's products are used in construction works and in the production of furniture products, quality and standard of our Steel Pipes are very important. We put a strong emphasize on the production efficiency. The company employs the quality management system in both production control and operation management processes to ensure that our customers will receive only products with the finest quality and standard. The company has received ISO 9001:2015 from SGS ( Thailand ) Limited.

Moreover, our products also conform to both Thai and International quality standard including the British Standard [BS], the German Standard [DIN], the Japanese Standard [JIS], the American Standard [ASTM], the Australian Standard [AS], and the Thai Industry Standard [TIS], and The Other Standard , includ the company's appointed commercial standard.

In 2017, the Company has 2 factories. Details are as follows:

The first factory	is located at 75/14, 75/17, 85 Moo 5, Soi Wat Sopanaram, Ekkachai Rd., A.Muang, Samutsakorn province. The plant was annual production capacity of 246,000 tons.
The second factory	is located at 56-56/1 Moo 2 Poochosamingprai Rd., T. Bang Yaphraek,. A.Phra Pradaeng, Samutprakan province. The plant was annual production capacity of 130,000 tons.

## Revenue Structure

Sources of Revenue	2015		2016		2017	
	THB Million	%	THB Million	%	THB Million	%
Sale Revenue						
- Black Steel Pipe	904.99	28.07	947.62	33.08	774.50	28.63
- Galvanized Steel	659.82	20.47	789.85	27.57	888.75	32.86
- Furniture Steel Pipe	38.40	1.19	6.42	0.22	4.20	0.16
- Black Steel Sheet	0.14	0.00	0.02	0.00	0.00	0.00
Total Goods Sale Revenue	1,603.35	49.73	1,743.91	60.87	1,667.42	61.65
Others Sale Revenue						
- Raw Material	437.41	13.57	103.43	3.61	39.90	1.48
- Trading	1,102.87	34.22	992.72	34.65	894.88	33.08
- Scrap, Zinc Dross & Steel Pipe Grade B and C	74.95	2.32	17.69	0.62	90.75	3.35
- Others	0.00	0.00	2.87	0.10	8.36	0.31
Total Sale Revenue	3,218.58	99.84	2,860.62	99.85	2,701.31	99.87
Other Incomes*	5.30	0.16	4.39	0.15	3.67	0.13
<b>Total Revenue</b>	<b>3,223.88</b>	<b>100.00</b>	<b>2,865.01</b>	<b>100.00</b>	<b>2,704.98</b>	<b>100.00</b>

Remark\* Others income Include transportation revenue, production remuneration, Profit from sale of investments, Interest Receive, Miscellaneous Income and Gain on exchange rate,

## Change for the last year

### 1. Marketing

#### 1) Sales strategic

As a result of the dispute with the Customs Department in 2016 which has continued to last until the year 2017, sales have been declining considerably since the year 2016. Therefore, the Company has to call for the confidence of the customers to cancel and reduce the order back. As a trading partner By offering promotions and marketing, such as selling less profitable products, sales staff find clients to understand. Including price guarantee for contractor throughout the contract period.

The sales of foreign. The company was equally affected. Foreign sales fell 88 percent due to a dispute with the Customs Department. Customers cancel and do not trade again. We need to start looking for new customers. The strategy of price and quality. It is the leader in creating new markets.



## **2) Strategic Product**

Since the market is highly competitive, the company has developed products to differentiate in its products and to meet the needs of its customers. The factor is the factory. Offer special steel pipe products. According to customer needs In addition to the normal 6 meter length to the customer to reduce the loss of the rest. And reduce the time and cost of cutting and connecting steel pipes.

In addition, the company has developed new products. Customers can use it immediately. This helps customers get more convenient and faster to work.

### **2. Purchasing of Raw Material**

The impact of the dispute with the Customs Department. As a result, the company has to reduce imports of steel rolls from abroad. And supply from domestic sources to replace. However, the three domestic roll steelmakers are unable to manufacture the rolls to meet the needs of the pipe manufacturer. As a result, the production of pipe products to come out with.

### **3. Industrial Trend and Competition**

Even in the year 2017, there will be more investment projects in public infrastructure. The demand for steel increased. As a result, domestic and international steel prices continued to increase. After China increased the quality control measures of the domestic steel industry and exported to foreign countries. However, the company did not receive any benefit from the situation. Because companies need to market to retain customers and call for confidence from customers who cancel and reduce the order back to the same partners. Due to the impact of the dispute with the Customs Department.

For the steel industry trend in 2018, the demand for steel is expected to increase significantly. Due to the recovery of the domestic economy. The government's policy to help with large construction projects, such as the East Economic Terrace project. Twin Track Railway Construction Project High speed rail, etc., which are expected to be approved. And the construction will begin to materialize. Spread the money to lower levels and use more. All economic sectors will be improved.

### 1. Dependence on Major Domestic Suppliers

In the year 2017, Hot Rolled Coil was the main raw material for the production of steel pipe and black sheet in the country. Only 3 of them were Sahaviriya Steel Industries Co., Ltd. GJ Steel Public Company Limited and G Steel Public Company Limited. The government has issued measures to protect and counter foreign dumping. By setting up an import tax wall Hot rolled coil prices are higher than domestic prices. And the three manufacturers could not produce enough steel rolls for the steel pipe mills.

### 2. Fluctuation in Prices of Raw Material (Hot Rolled Coil)

Hot Rolled Coil is the main raw material for the production of Steel Pipes. The price of product varies directly with the price of domestic Hot Rolled Coil. If the company cannot adjust sales price in the same or higher proportion than changes in Hot Rolled Coil price, the fluctuation in the price of domestic Hot Rolled Coil will have a direct impact on the company's cost of sales and profit

However, the Management has followed changes in the raw material price closely so as to assess the overall market situation and forecast price trends as well as demands for Steel both domestically and internationally. This analysis will be used in the purchase decision making process as well as in the raw material inventory management. It is the company's policy to reduce the inventory level if there is a downward trend in the price of raw material and vice versa.

### 3. Extension of Credit Facilities and Fluctuation in interest rate

In case the company has a dispute with the Customs Department. As of December 31, 2560, the Company had short-term loans from financial institutions totaling Baht 1,550 million, total liabilities of approximately Baht 1,533 million. Therefore, if the company does not receive such loan, especially short-term loan This may affect the Company's lack of sufficient working capital. Or if the loan interest rates increase. This may affect the Company's performance in the future.

### 4. Dependence on Managers to Apply Credit Facilities

In the case that the company has a dispute with the Customs Department, in the year 2017, the financial institution lent money to the company to bring the property which is the location of the business and machinery. Credit Guarantee I do not need to bring securities or executives to guarantee.



#### 5. Management Influence from Major Shareholders

As of March 13, 2017 (Latest book closing date) company's major shareholders, Leekanchanakom Family holds totally 68.52 % which over 50% of company's issued and paid-up shares. Unless it is a regulation or company's articles of association, namely capital increase or decrease, that requires at least 3 out 4 votes from the shareholders who have right and present in the shareholders meeting, these shareholder groups have the majority vote in almost all motions including the appointment of the Board of Directors. Other shareholders who have right and attend the meeting will not be able to gather enough votes to audit and impede the management power of major shareholders in addition to the Audit Committee who act of behalf of minority shareholders.

## Equity Structure



### The Company's Shares

As at December 31, 2017, the company has registered capital of THB 1,085,670,000 divided to 1,085,670,000 shares at par value THB 1 each. Paid-up capital THB 1,045,125,093 divided to 1,045,125,093 shares at par value THB 1 each.

Unpaid capital THB 40,544,907 divided into 40,544,907 shares at par value THB 1 each which remain from conversion rights. The warrant issued is expired and delisting since November 13, 2012. The warrant remains from conversion were issued and offered to directors, managers, and employees (ESOP), are expired and delisting since July 1, 2013.

### Shareholders

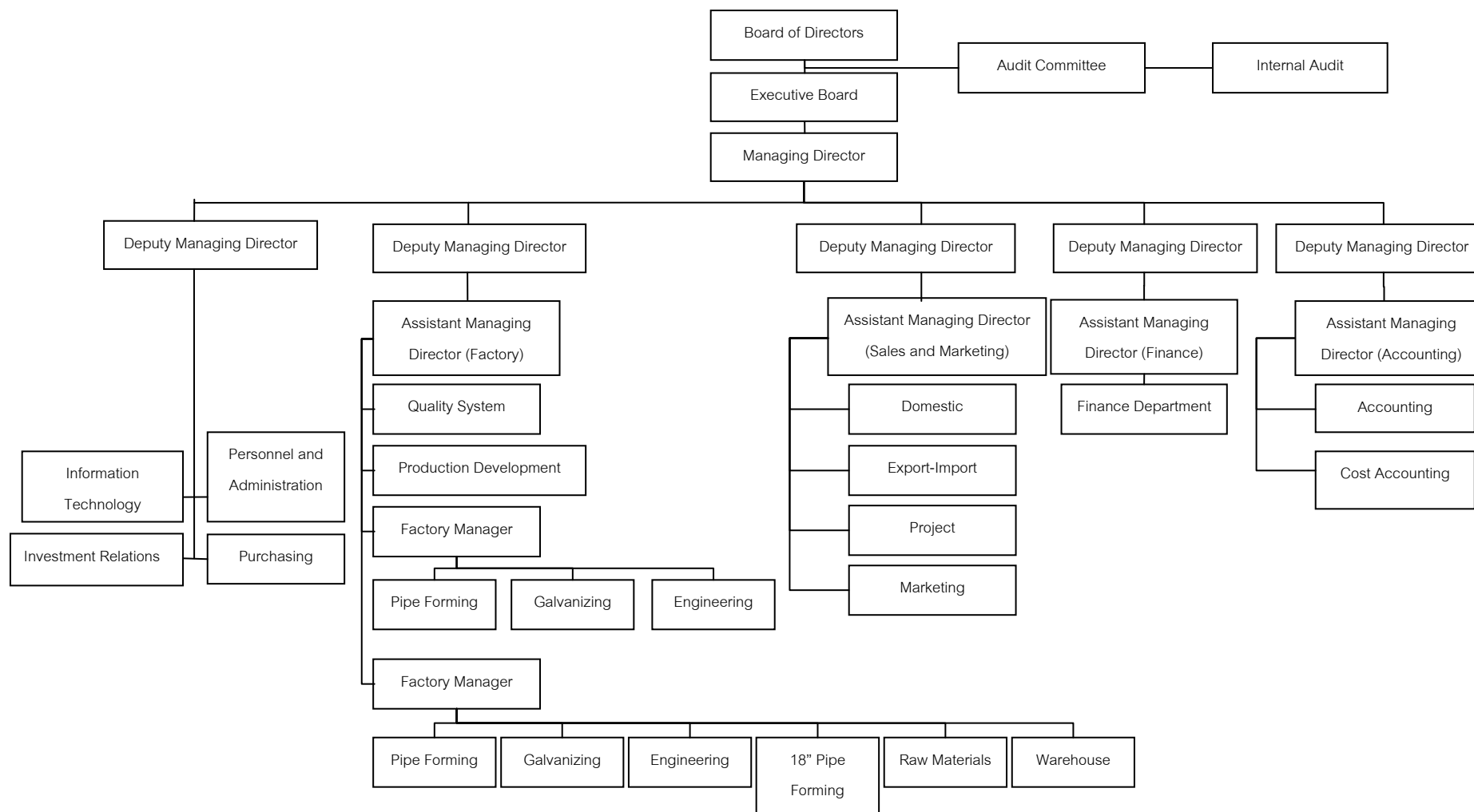
Major shareholders as at March 13, 2017 as follow:-

Shareholder's Name	Number of Shares	Percentage% (%)	Management Authority
1. Ms. Tanavalee Leekanchanakorn	202,340,000	19.36	Sale&Marketing Manager
2. Mr. Thongchai Leekanchanakorn	198,724,100	19.01	Chairman of Executive Board
3. Mr. Varunchai Leekanchanakorn	165,099,937	15.79	Managing Director
4. Mr. Varoonchai Leekanchanakorn	149,994,700	14.35	Vice Managing Director
5. Thai Nvdr Co.,Ltd	23,843,901	2.28	-
6. Thai R.T.N.T.Holding Co.,Ltd	22,787,200	2.18	-
7. Miss. Natkamon Pahoophun	11,134,400	1.06	-
8. Mr. Sirichai Chattrapornvichian	10,000,000	0.95	-
9. Mr. Chaovalit Taungsithisombat	9,873,100	0.94	-
10. Mr. Viroj Aungpaibool	9,000,200	0.86	-
<b>Total</b>	<b>802,797,538</b>	<b>76.81</b>	

### Dividend Policy

The company has a policy to pay dividend of at least 40 percent from net income. However, the company may pay dividend less than the stated figure if there is a necessity to use net income to finance the company's expansion projects.

## Management Structure



## Structure of Boards and Committees

The company has three boards/committees including the Board of Directors, the Executive Board of Directors and the Audit Committee.

### The Board of Directors

As at December 31, 2017 there were 10 members on the company's Board of Directors.

1. Mr. Patchawat	Kunchayangkul	Chairman of Board of Directors
2. Mr. Wattana	Suthipinijtham	Independent Director & Vice Chairman
3. Mr. Thawatchai	Chinhammitr	Director
4. Mr. Thongchai	Leekanchanakorn	Director & Chairman of Executive Board
5. Mr. Banpot	Prasertsukskool	Director, Executive Director
6. Mr. Varunchai	Leekanchanakorn	Director, Executive Director & Managing Director
7. Mr. Pornchai	Kittipanya-ngam	Independent Director & Chairman of Audit Committee
8. Mr. Prichar	Harnhathya	Independent Director & Audit Committee Member
9. Mr. Voravit	Chotikasophon	Independent Director & Audit Committee Member

Mr. Vichet Tientong as secretary of Board of Directors and Mr. Banpot Prasertsukskool as company's secretary.

### Authorized Director

The Board of Directors. meeting no. 2/2547 on January 29, 2004 has set powers, duties and responsibilities for directors as followed;

1) To monitor and set the company's policies regarding business and financial practices, fund raising, fund management and risk management.

2) To review investment proposals, approve the company's investment budget, and monitor project-progress to ensure that it runs in accordance to the plan.

3) To monitor the operation of the company to ensure that targets will be achieved or overachieved. To develop guideline to solve problems, ensuring that targets will be achieved or overachieved.

4) To arrange general information report and financial information report for shareholders, stakeholders and investors in a timely manner. Ensure the information is accurate and complies with all relevant regulations and laws.

5) To acknowledge important audit reports from the Audit Committee or internal auditor as well as the auditor and advisors in order to set guideline to improve significant flaws.

6) To assess sufficiency and appropriateness of the internal control and risk management system.

7) To develop succession plan for executive positions.

8) To appoint the Audit Committee and approve the scope of powers, duties and responsibilities of the Audit Committee.

9) To appoint the Executive Directors or delegate one or more than one particular directors or other persons to act on behalf of the Board of Directors. Delegated persons will have no authority to approve transactions that could create a conflict of interest or that the delegated person may himself be a person who has a conflict of interest (Definition of person who may have a conflict of interest. is indicated in the announcement of the SEC) and vested interest with the company as well as the subsidiaries. This is in exception of following cases that require an approval from the shareholders. meeting. Directors or other persons may have a conflict of interest or vested interest with the company or the subsidiaries will have no right to vote in such agenda.

- Activities that required approval from the shareholder.s meeting as required by relevant laws.
- Transactions that directors may have vested interest. Such transactions require approval from the shareholder.s meeting as designated by relevant laws or regulations from the Stock Exchange of Thailand.
- The following transactions require approval from the Board of Directors. meeting and at least 3 out of 4 votes from shareholders who attend the meeting and have right to vote.
  - Selling or transferring of some significant parts or all the company.s business to other persons.
  - Buying or receiving businesses from other public or private companies.
  - Amending or canceling contracts concerning renting out some significant parts or all the company.s business, delegating other persons to manage the company or merging business with other persons with the objective to share profit and loss.
  - Issuing new shares to repay debtors in Conversion of Debt to Capital Project
  - Decreasing the company.s registered capital by reducing the number of shares or share value.
  - Increasing capital, decreasing capital, issuing debenture, merging or seizing the operation.
  - Other transactions that required by relevant laws.

## The Board of Director's meeting

In 2016, the Board of Directors held 4 meetings. The number of meetings that each director attended is as followed:

1. Mr. Pachawat	Kunchayangkul	6/6 meetings
2. Mr. Wattana	Suthipinijtham	6/6 meetings
3. Mr. Thawatchai	Chinthammitr	6/6 meetings
4. Mr. Thongchai	Leekanchanakorn	6/6 meetings
5. Ms. Jintana	Leelachaicharoenphan	1/1 meetings
6. Mr. Banpot	Prasertsuuskool	6/6 meetings
7. Mr. Varunchai	Leekanchanakorn	6/6 meetings
8. Mr. Pornchai	Kittipanya-ngam	6/6 meetings
9. Mr. Prichar	Harnhathya	6/6 meetings
10. Mr. Voravit	Chotikasophon	2/2 meetings

Remark 1. Ms.Jintana Leelachaicharoenphan resifned on January 2017.

2. Mr.Voravit Chotikasophon commenced Director on July 2017.

## The Executive Committee

As at December 31, 2017, there were 4 members on the company's executive Committe

- |                                  |  |
|----------------------------------|--|
| 1. Mr. Thongchai Leekanchanakorn | Chairman of Executive Board            |
| 2. Mr. Banpot Prasertsuuskool    | Executive Director                     |
| 3. Mr.Varunchai Leekanchanakorn  | Executive Director & Managing Director |
- Ms.Natthaporn Yodnoom as secretary of Executive Board.

## Powers, Duties and Responsibilities of the Executive Committee

The Board of Directors. meeting no. 2/2547 on January 29, 2004 has set powers, duties and responsibilities for executive directors as followed;

- 1) To make decision in carrying out important tasks of the company. Set plans, type or size of missions, objectives, directions and policies if the company under the scope of powers and responsibilities that have been assigned. Manage and control the overall operation, production, customer relationship and report to the Board of Directors.
- 2) To evaluate investment expansion plan as well as acquisition and disposition of the company.s fixed asset and propose to the Board of Directors.
- 3) To act on behalf of the company when conducting business with persons outside of the organization in the way that relates to and benefits the company.
- 4) To evaluate the company.s fund raising activities to propose to the Board of Directors.
- 5) To appoint advisors in different area that necessity for the operation of the company.



- 6) To carry out general management activities.
- 7) To approve business plan from each business unit and approve requests from business unit when the unit has no authority to approve such requests.

Powers, duties and responsibilities of the executive committee must conform to relevant laws and the company's regulations. Powers of the executive committee do not include the approval of transactions in which directors or other persons may have a conflict of interest or vested interest with the company or the subsidiaries. According to relevant laws and the company's regulation, those transactions require approval from the Board of Directors and/or the Shareholders' meeting.

#### **The Audit Committee**

As at December 31, 2017, there were 3 members on the company's Audit Committee

- |                |                 |          |
|----------------|-----------------|----------|
| 1. Mr.Pornchai | Kittipanya-ngam | Chairman |
| 2. Mr.Prichar  | Harnhathya      | Member   |
| 3.Mr.Voravit   | Chotikasophon   | Member   |

Ms. Natthaporn Yodnoom as secretary of audit committee.

All 3 Members of Audit Committee have knowledge and experience enough to review the company's financial statement.

#### **Powers, duties and responsibilities of the Audit Committee**

- 1) To review the company's financial to ensure accuracy and adequate disclosure.
- 2) To ensure that the company maintain an appropriate and efficient internal control system, consider independency of internal audit unit and recommendation of appointment, transference and retirement of head of internal audit unit or another unit which response internal auditing.
- 3) To ensure that the company complies with the securities and exchange law, regulations of the Exchange and other relevant laws
- 4) To consider select and propose independence person for the appointment of the external auditor and make recommendation of remuneration of the auditor and meeting with auditor without management at least 1 time per year.
- 5) To consider the related transactions or transactions that could create a conflict of interest Is comply to law and SET regulation to ensure that transaction is reasonable and give highest benefit to the company.
- 6) To prepare Audit Committee Report to be published in the annual report. This report must be signed by Chairman of the Audit Committee and must contain at least information as follow

- 6.1 The opinion about accuracy and adequate of company's financial report.
  - 6.2 The opinion about adequate of company's internal control.
  - 6.3 The opinion about company's practice according to security and exchange law, SET's regulation and other relevant laws.
  - 6.4 The opinion about qualification of auditor.
  - 6.5 The opinion about transactions that could create a conflict of interest.
  - 6.6 Time of audit committee meeting and time attendance of each audit committee member.
  - 6.7 Opinion or notice which audit committee had received comply to audit committee's charter.
  - 6.8 Others relevance information which Shareholders and general investor should acknowledge.
- 7) To perform any other act as delegated by the Board of Directors and approved by the Audit Committee.

#### **The audit Committee's meeting**

In 2017, the audit committee held 4 meetings. All audit committee member attended all 4 meetings and 1 of this is meeting with auditor without management.

#### **The Risk Management Committee**

As at December 31, 2017, there were 3 members on the Risk Management Committee

- |                |                |          |
|----------------|----------------|----------|
| 1. Mr. Wattana | Suthipinijtham | Chairman |
| 2. Mr. Pricha  | Hanhattaya     | Member   |
| 3. Mr. Voravit | Chotikasophon  | Member   |

Ms. Natthaporn Yodnoom as secretary of the Risk Management committee

**Note** The Risk Management Committee was appointed by The Board of Directors' meeting No.3/2014 on August 14, 2014

#### **The Nomination, Remuneration and Corporate Governance Committee**

As at December 31, 2017, there were 3 members on The Nomination, Remuneration and Corporate Governance Committee

- |                   |               |          |
|-------------------|---------------|----------|
| 1. Mr. Thawatchai | Chinhammitr   | Chairman |
| 2. Mr. Pricha     | Hanhattaya    | Member   |
| 3. Mr. Voravit    | Chotikasophon | Member   |

Ms. Natthaporn Yodnoom as secretary of the Risk Management committee.

**Note** The Risk Management Committee was appointed by The Board of Directors' meeting No.3/2014 on August 14, 2014



## The Management

As at December 31, 2017 there were 12 members on the management team

1. Mr. Varunchai	Leekanchanakorn	Managing Director
2. Mrs. Vasana	Lamatipanont	Vice Managing Director
3. Mr. Warunwut	Watthana-anun	Vice Managing Director
4. Mr. Varoonchai	Leekanchanakorn	Vice Managing Director
5. Mr. Banpot	Prasertsukskool	Vice Managing Director
6. Mr. Sorayut	Phuwanatphakdee	Assistant Managing Director
7. Mrs. Tanyanun	Duangraksa	Assistant Managing Director
8. Ms. Yupaporn	Jitprajon	Assistant Managing Director
9. Ms. Srisamorn	Kuyingrat	Cost Account Manager
10. Mrs. Preyawan	Luesuvanatat	Finance Manager

Remark : Information on managements as in appendix 1

## Powers, Duties and Responsibilities of Managing Director

- 1) To manage and control the overall operation of the company.
- 2) To manage or carry out assignments in accordance to policies, plans and budgets that have been set by the Board of Directors and/or the Executive Committee.
- 3) To have authority and approve budgets for the procurement of assets and services which benefit the company. Such approval authority applies only to general commercial under pre-specified budget that has been set by the Board of Directors.
- 4) To give orders, set disciplines, issues notice and memo to ensure that operations are carried out in the way that benefit the company and comply with the company's policies.
- 5) To act on behalf of the company when conducting business with persons outside of the organization in the way that relates to and benefits the company.
- 6) To approve the appointment of advisors that deemed important to the operation of the company.
- 7) To manage the company's business as delegated in order to ensure that objectives will be met and to ensure the compliance with policies, regulations, commands, disciplines, resolution of shareholders. meeting and/or resolution of the Board of Directors and the Executive Committee's meeting.

In delegating powers to Managing Director as well as to other persons as Managing Director views as appropriate, it does not include powers and/or authorization to approve transactions that the delegated person may have conflict of interest or vested interest with the company or the subsidiaries. According to relevant laws and the company's regulation, those transactions require approval from the Board of Directors and/or the Shareholders. meeting. General

transactions that follow the pre-approved policies and regulations set by the Board of Directors are of exception.

### Budget Approval

The Executive Committee has the authority to approve budgets for the procurement of goods and services as indicated in procedures regarding powers and responsibilities of the Executive Committee.

	Approval Limit
Managing Director	THB 0.2 million
Chairman of Executive Board	THB 200 million
Executive Board	THB 200 million
Board of Directors	Unlimited

### Qualification and Selection of Independent Director

1. Holding shares not exceeding one per cent of the total number of voting rights of the company, its parent company, subsidiary, affiliate or juristic person which may have conflicts of interest, including the shares held by related persons of the independent director;

2. Neither being nor having been an executive director, employee, staff, or advisor who receives salary, or a controlling person of the company, its parent company, subsidiary, affiliate, same-level subsidiary or juristic person who may have conflicts of interest unless the foregoing status has ended not less than two years prior to the date of application filing with the Office;

3. Not being a person related by blood or registration under laws, such as father, mother, spouse, sibling, and child, including spouse of the children, executives, major shareholders, controlling persons, or persons to be nominated as executive or controlling persons of the company or its subsidiary;

4. Not having a business relationship with the company, its parent company, subsidiary, affiliate or juristic person who may have conflicts of interest, in the manner which may interfere with his independent judgement, and neither being nor having been a major shareholder, non-independent director or executive of any person having business relationship with the company, its parent company, subsidiary, affiliate or juristic person who may have conflicts of interest unless the foregoing relationship has ended not less than two years prior to the date of application filing with the Office.

The term 'business relationship' aforementioned under paragraph one includes any normal business transaction, rental or lease of immovable property, transaction relating to assets or services or grant or receipt of financial assistance through receiving or extending loans, guarantee, providing assets as collateral, including any other similar actions, which result in the applicant or his counterparty being subject to indebtedness payable to the other party in the amount of three percent

or more of the net tangible assets of the applicant or twenty million Baht or more, whichever is lower. The amount of such indebtedness shall be calculated according to the calculation method for value of connected transactions under the Notification of the Board of Governors of the Stock Exchange of Thailand Re: Disclosure of Information and Act of Listed Companies Concerning the Connected Transactions mutatis mutandis. The combination of such indebtedness shall include indebtedness taking place during the course of one year prior to the date on which the business relationship with the person commences;

5. Neither being nor having been an auditor of the company, its parent company, subsidiary, affiliate or juristic person who may have conflicts of interest, and not being a major shareholder, non-independent director, executive or partner of an audit firm which employs auditors of the company, its parent company, subsidiary, affiliate or juristic person who may have conflicts of interest unless the foregoing relationship has ended not less than two years from the date of application filing with the Office;

6. Neither being nor having been any professional advisor including legal advisor or financial advisor who receives an annual service fee exceeding two million Baht from the company, its parent company, subsidiary, affiliate or juristic person who may have conflicts of interest, and neither being nor having been a major shareholder, non-independent director, executive or partner of the professional advisor unless the foregoing relationship has ended not less than two years from the date of application filing with the Office;

7. Not being a director who has been appointed as a representative of the company's director, major shareholder or shareholders who are related to the company's major shareholder;

8. Not engage in any business with similar nature as that of the company and is competitive with the business of the company, subsidiary or is not a substantial partner in a partnership, a director participating in any management role, an employee or officer, an advisor obtaining regular salary from, or a shareholder holding more than one percent of the voting share of accompany engaging in any business with similar nature to the company or subsidiary.

9. Not having any characteristics which make him incapable of expressing independent opinions with regard to the company's business affairs.

#### **Selection of Director and Independent director**

Currently, the company does not have the Nomination Committee. However the Board of Directors will use criteria and methodology to select its member. The company ensures that director qualifications are comply with relevant laws and regulations. The company will focus on experience, knowledge and capability of candidates before proposing them to the shareholders. meeting for approval.

Selection methods are as followed:

1. A shareholder shall have one vote for each share held.
2. Each shareholder can use all the voting rights to vote for one or more persons to be a director. Shareholders are allowed to assign any amount of their rightful votes to any person.
3. Candidates shall be decided on the basis of the majority of the vote cast. In case of a tie of votes, the chairman presiding over the meeting shall have the casting vote.

#### Executive Remuneration

##### 1. Monetary Remuneration

Non-Executive Directors (6 Persons)			
Name		Amount	Types
1. Mr.Wattana	Suthipinijtham	390,000	Salary , Meeting & Transportation Allowance
2. Mr.Thawatchai	Chinthammitr	90,000	
3. Mr.Pornchai	Kittipanya-ngam	434,000	
4. Mr.Prichar	Harnhathya	374,000	
5. Mr.Voravit	Chotisophon	70,000	
6. Mr.Patchawat	Kunchayangkul	600,000	
Executive Directors and Executives (13 Persons)			
Name		Amount	Types
1. Mr. Thongchai	Leekanchanakorn	19,329,831	Salary, Bonus, Transportation Allowance, Pension Fund
2. Ms. Jintana	Leelachaicharoenphan		
3. Mr. Banpot	Prasertsukskool		
4. Mrs. Vasana	Lamatipanont		
5. Mr. Waranwut	Wattana-anun		
6. Mr. Varunchai	Leekanchanakorn		
7. Mr. Varunchai	Leekanchanakorn		
8. Mr. Sorayut	Phuwanatphakdee		
9. Mrs. Tanyanan	Duangraksa		
10. Ms. Yupaporn	Noppakaudrittidej		
11. Ms. Srismorn	Kuyingrat		
12. Mrs. Preyawan	Leusuvanatat		
13. Ms. Kulchalee	Mittiya		

Remark 1.Ms.Jintana Leelachaicharoenphan resigned on January, 2017  
 2.Ms.Kulchalee Mittiya resigned on September 2017

##### 2. Others Remuneration

None

## Corporate Governance

The company has set up Code of Best Practices policy to be the operating direction of the company so as to enhance transparency and efficiency of the management as well as to create confidence among shareholders, investors and every related party. Currently, the company has followed every practice under the corporate governance policy including set for the Investor Relations Officer which will be responsible for communicating with investors, shareholders and related parties. The Investors can contact the Investor Relation Officer by Phone No. 0-2754-3555 Fax No. 0-2754-3974

## Explanation on Corporate Governance

The company has set up Code of Best Practices policy to be the operating direction of the company so as to enhance transparency and efficiency of the Management as well as to create confidence among shareholders, investors and every related party. Currently, the company has followed the practice under the corporate governance policy as follow:-

### 1. Right of Shareholders

The company concern the right of every shareholders, which include major shareholders and general shareholders, by emphasis in disclosing information to every shareholders correctly, in time and equally.

In 2017 the company convene shareholder meeting by sent invitation letter and information of each agenda to shareholders before meeting date according to regulation and record minutes of meeting accuracy and adequate. Otherwise shareholders can equally audit company's operation, ask question and present their opinion in the meeting.

The company obligate policy to develop shareholders meeting information for more detail about reason and director's opinion of each agenda and add more channel for shareholders who did not attend the meeting themselves by assign audit director as attorney.

The company respect shareholder meeting as significant event for report operating result and answer shareholders' question. In the 2017 shareholders meeting chairman give a chance for shareholders equally to audit company's operation, ask question and present their opinion. Moreover the company record significant question and opinion in minutes of meeting.

## 2. Equality of Shareholders

### 2.1 Shareholders meeting

- The company realized to basic right of shareholders and will look after every shareholders equally. Every shareholder will receive information about date and agenda of meeting prior according to the regulation.

- The company give chance to shareholders who did not attend the meeting themselves by assign an attorney to attend and vote.

- The company use vote card for significant agenda etc. Appoint director, approve related transaction, approve receiving or selling of asset, appoint director person by person, for transparency and enable to audit if there are conflict.

- In shareholders meeting, the company will give a chance and support every shareholders equally to audit company's operation and recorded significant question and opinion in minutes of meeting. The relevant managers had attended the meeting to answer shareholder's question.

### 2.2 Supervision of Inside Information Usage

- The company obligate policy to prohibit directors and managements to disclose undisclosed internal information and use for security trading or use for self benefit or other person both direct and indirect.

- The company notify directors and managers to realize their responsibility to report security holding in the company and changing to Securities Exchange Commission according to Securities and Security Exchange Act.

## 3. Activity of stakeholders

Under business direction the company respect to the right of stakeholders, both internal stakeholder etc. employee and management, and external stakeholder etc. supplier customer community and social.

- |                           |   |
|---------------------------|---|
| - Employee                | Take care employee equally and give suitable remuneration.  |
| - Trader                  | make good relationship with trader (supplier : company : customer) according to the trade condition and each other benefit.               |
| - Customer                | Build up customer satisfaction by emphasis at quality, suitable price, and fast delivery and service.                                     |
| - Lender                  | Respect the lending condition.  |
| - Community and Sociality | Entry to quality management system "ISO" is show the respect to environment and sociality by look after effect to environment and social. |





#### 4. Information disclosure and transparency

The company obligate policy to respect to disclose information correctly, adequate, often and in time. For investor relationship the company had appoint investor relationship officer to communicate with investors include relevant unit which can contact by telephone No. 0-2754-3555

#### 5. Responsibility of Director

##### 5.1 Board of directors structure

The company has 9 directors, 3 directors are executive director and management, 2 are not management, 4 are independent directors with 1 secretary. Appointment of director is under the company's Articles of Association and relevant regulations.

Chairman of board of directors and managing director are separated. Board of directors structure contain independence directors over one third of total board of directors which make balancing and management review.

##### 5.2 Sub Committee

The Board of Directors has appointed the Audit Committee to assist in oversight company .The Audit Committee has clearly defined the duties and responsibilities of the Audit Committee, the Nomination Committee and the Remuneration Committee to help determine the remuneration of directors and executives to the same level as the industry and appropriate to the duties and responsibilities assigned. They are high enough to attract and retain qualified directors and executives. And appoint a Risk Management Committee. To oversee the Company's risk in various areas.

##### 5.3 Activities, Duties and Responsibilities of the Board of Directors

5.3.1 Board of directors had obligate policy, plan and direction of the company and govern management to operate accordingly with efficiency and effectiveness to increase highest economic value for shareholders and onward growth. Otherwise board of directors had obligate limit of authority to approve normal transaction of executive board and managing director.

5.3.2 Board of directors respected to manage conflict of interest circumspectly, impartially and transparency by obligate directors and managements to disclose themselves and relevant person's conflict of interest to the board of directors to consider transaction that may occur conflict of interest and determine for the company's benefit.

Board of directors had obligate policy that the transaction that may occur conflict of interest must be approved by board of directors or shareholders meeting and obligate policy and procedure to control management and relevant person not to use inside information for themselves benefit as follow

-The company's directors and management is obligated to report any changes in their shareholding status to the Securities and Exchange Commission and the Stock Exchange of Thailand according to section 59 of securities and Exchange Act B.E. 2535.

-The company's managements who receive any internal information are prohibited to disclose such information to external or other person and obligated to refrain from any trading activities for 1 month before financial statements are disclosed to public.

5.3.3 Board of directors obligate internal control include finance and operation according to relevant laws and regulations.

The company respects to internal control both management level and operating level by obligates duties and operation of managements and operators clearly. There are assets usage controlling and obligate duties of operator, controller and evaluator separately. Otherwise there are internal control for accountancy and financial system include obligation of approval limit.

For internal audit unit which report directly to audit committee is major engine to develop internal control and internal audit system, the company assign internal audit from outsource, Outsourcing Plus Co.,Ltd., to operate under internal audit plan, relate and follow up information to submit to audit committee. Audit committee will look after and review company's operation in full scale and report audit result directly to board of directors.

#### **5.4 Board of directors meeting**

The company set to held meeting often (at lease 3 month per 1 time) and held extra meeting if necessary. Each meeting the company determines agenda clearly and send invitation letter and detail 7 days prior meeting date for directors to have time enough to study before. The company record written minutes of meeting and keep the minutes that adopted by board of directors for directors and relevant person to review.

#### **5.5 Remuneration**

The company set director and manager's remuneration in the same level as industry for the highest benefit of the company. Remuneration is in types of salary, bonus and other remunerations, must vary according to the company operating result and director and manager's performance.

#### **5.6 Development of director and management**

The company will promote and give convenience to held training course and give knowledge to person who relate with company's governance etc. director, audit director, company's secretary, to develop operation continuously and effectiveness. The new directors will acknowledge company's information, regulation, business information and necessary information, enough for his responsibility.

Currently, the company obligate policy to obligate every director to take DCP or DAP training course of Thai Institute of Directors (IOD) to understand activity and responsibility of good director and company's secretary to take training course about company's secretary. For management the company obligates policy to promote and develop knowledge continuously by taking training course with relevant institutes.



### Supervision of Inside Information Usage

The company has drawn up policies to prohibit the company's directors and management from using unreleased information for personal gain and investment or selling purposes.

-The company's directors and management is obligated to report their shareholding status including those of their spouse and children who are under the age of 20 to the Office of the Securities and Exchange Commission and SET according to section 59 and the provision of a law according to section 275 of securities and Exchange Act B.E. 2535

-The company's directors and management is obligated to report any changes in their shareholding status to the Office of the Securities and Exchange Commission and the Stock Exchange of Thailand according to section 59 and the provision of a law according to section 275 of securities and Exchange Act B.E. 2535 as well as send a copy of such document to the company on the same date.

-The company will distribute a memo to inform the Management that executives who receive any significant internal information that may affect the stock's price are refrained from any trading activities for 1 month before such information or the financial statements are made public. In this regard, the company's directors and management are prohibited from releasing such information.

The company has set the penalties concerning the use of internal information for personal gain and for releasing such information in a wrongful manner. Penalties include verbal warning, written warning, probation and dismissal depending on a case by case basis.

### Internal Control

In the Board of Directors meeting no. 2/2017 on February 24, 2017 in which all of the three Audit Committees attended, the assessment of Samchai Steel Industries Public Company Limited.s internal control system concerning the organization and environment, risk management, control activities, information and communication as well as monitoring and evaluation has been made.

The Board agrees that the company.s current internal control system is sufficient and comply with the requirement of the Office of the Securities and Exchange Commission especially the internal control system regarding transactions with major shareholders, directors, executives and related parties. Moreover the company has outsourced independent internal auditor to monitor the internal control system and the compliance of such system as well as report the result to the Audit Committee.

Besides, for the company's accounting internal control, the company's auditor had examined and evaluated the efficiency, and did not find significant defect in the internal control system which should effected to their opinion to the company's financial statement as at December 31, 2017.

## Related Transaction



The company had made transaction with related person that could create a conflict which summary of relationship and detail of transactions as follow:-

Related person	Nature of Relationship
Chainarong Inter trade Co., Ltd. (Barring Distributor)	As a company with Mr.Thawatchai Chinthammit a major shareholder. And a member of the authorized signatory. Which Mr.Tawatchai Chinthammit as director Samchai Steel Industries Public Company Limited .
Sam Enterprise Co.,Ltd (A business to sell the company)	Subsidiary and directors.

Summary of transaction between the company and related person that could create a conflict during 2017 as follow:-

### 1. Transaction with Chainarong Inter trade Co., Ltd.

Nature of Transaction	Amount (Million Baht)	Condition/Appropriateness and Necessity
The company purchased barring and factory supplies		Chainarong Inter Trade Co.,Ltd. offers trade Credit 90 days while the others gave no credit term and the price was the same as normal market price.
- Purchase	0.75	
- Account payable		
Balance as at December 31, 2016	0.19	
Increase	0.80	
Decrease	(0.77)	
Balance as at December 31, 2017	0.22	



## 2. Transaction with Sam Enterprise Co., Ltd.

Nature of Transaction	Amount (Million Baht)	Condition/Appropriateness and Necessity
Outsourcing company, the shipping fee. commission Purchase order.		Sale of raw materials, manufacturing employment income. And purchase order The market is pricing policy. Rental income, income from freight. And commission income They are determined by the agreement.
- Manufacturing wages, freight costs, rents, commissions	0.00	
- Trade receivable		
Balance as at December 31, 2016	0.00	
Increase	0.00	
Decrease	(0.00)	
Balance as at December 31, 2017	0.00	

### Policy and Trend for Future Related Transactions

The Company determine to make no related transaction in the future except related transaction with Chainarong Intertrade co.,Ltd. However if the Company need to enter in to related transaction with related person the company had stipulated the policy for future related transaction by stipulated various conditions to preserve the principle of the product purchases and sales to be determine on market price which can compare with the principal form independent person. Otherwise the company will assign Audit committee or independent expert to consider and comment for appropriateness and reasonable price.

For related transaction in the future the company will practiced according to regulation procedure and disclosure of registered company to ensure such related transaction course no conflict of interest and give the highest benefit to all shareholders.

# Financial Status and Operating Result



## Overview of Operating Results

As a result of the dispute over the refund of duty on steel products under Section 19 bis in 2016, the sales decrease for the second year of 2016 is a decrease of Baht 358.17 million (11.12%). 2560 decreased by 229.80 million baht (7.86%), while other competitors were profitable due to lack of confidence in the products and the company. As a result, the company has to adjust its sales and marketing strategies to minimize the impact. By selling less profit. Meanwhile financial institution It reduced the credit limit by more than 20%, resulting in a lack of continuity of production.

Although the company is experiencing the problems mentioned above. But the company managed to control and manage its resources as efficiently as possible. The company believes that the worst has already passed and the company is confident that the overall performance will improve in the near future.

## Operating Results

### Income

In 2017, the company's sales income was Baht 2,860.62 million, decreased from 2016 by Baht 221.70 million or 7.58% Because the company was affected by the dispute with the Customs Department. The value and market share for each item as follows :

Type of products	2015		2016		2017	
	Million baht	%	Million baht	%	Million baht	%
Sales Revenue						
- Black Steel Pipe	904.99	28.07	947.62	33.08	774.50	28.63
- Galvanized Steel	659.82	20.47	789.85	27.57	888.75	32.86
- Steel Pipe for Furniture	38.40	1.19	6.42	0.22	4.20	0.16
- Black Steel Sheet	0.14	0.00	0.02	0.00	0.00	0.00
- Sales of materials	437.41	13.57	103.43	3.61	39.90	1.48
- Scrap and debris particles.	74.95	2.32	17.69	0.62	90.75	3.35
Finished grade B ,C pipe						
-Trading	1,102.87	34.22	992.72	34.65	894.88	33.08
-Others	5.30	0.16	2.87	0.10	8.36	0.31
Total Sale Revenue	3,223.88	100.00	2,860.62	99.85	2,701.31	99.87
Other Incomes	0.00	0.00	4.39	0.15	3.67	0.13
Total Revenues	3,223.88	100.00	2,865.01	100.00	2,704.98	100.00



## **Cost of Sales**

The cost of sales of 2017 was Baht 2,567.43 million, decreased from 2016 by Baht 63.24 million or 2.40 %. along with the decrease in sales. However, the decrease in the ratio was lower than the decrease in sales according to item 1 because the company sells products at less profit , This is to recall the confidence from the old customers.

## **Reversal on inventory evaluation**

In 2017, The loss on inventory evaluation was Bath 1.40 million, While in the year 2016 a net profit of baht 5.83 million , Due to the whole year 2016, steel prices are highly volatile.

## **Gross Profit**

From the above reasons. In 2017, the company's gross profit was Baht 132.47 million or 4.90% of total sales revenue compared to Baht 298.17 million or 10.20% for 2015, decreased by Baht 165.69 million or 55.57%.

## **Selling and Administrative Expenses**

In 2017 Selling and administrative expenses was Baht 188.12 million, decreased from 2016 by Baht 6.06 million or 3.12%. along with the decrease in sales. However, the decrease in the ratio was lower than the decrease in sales. This is due to the cost of hiring the lawyers to represent the Company in the dispute with the Customs Department.

## **Financial Cost**

In 2017 financial cost was Baht 50.99 million, increased from 2016 by Baht 3.85 million or 8.16%. This is due to the increase in interest rate. This is due to the issues and the negative news between the Customs and the Company.

## **Net profit**

By the reasons upward, In 2017 the company gain net loss Baht 77.81 million decreased by Baht 126.72 million or 259.12%

## **Financial status**

### **Assets components**

The company's total assets at the ended of 2017 was Baht 3,803.37 million, decreased from 2016 by Baht 32.65 million, or 0.85 from last year. Account receivable decreased by Baht 149.50 million

Non-current assets were Bath 2,235.02 million decreased by Baht 17.87 million or 0.79%.

### **Trade accounts and others receivable**

At the end of 2017, trade accounts and others receivable-net was Baht 465.88 million, increased from 2016 by Baht 116.55 million or 33.36% from last year. Day's receivable is 63 days. Because the company adjust policies to sell products directly to users. The credit term increased from the last year. But still in the norm.

Table of aging of account receivable as at December 31, 2017

Age of Trade accounts and notes receivable	Others company		Related company	
	Million baht	%	Million baht	%
Undue	260.70	54.23	-	-
Overdue				
Less than 1 month	97.80	20.34	-	-
Over 1 month to 2 months	13.66	2.84	-	-
Over 2 months to 3 months	2.00	0.41	-	-
Over 3 months to 6 months	2.46	0.51	-	-
Over 6 months to 9 months	1.28	0.26	-	-
Over 9 months to 12 months	2.20	0.45	-	-
Over 12 months	100.59	20.92	-	-
Total	<b>480.73</b>	<b>100.00</b>	-	-
Allowance for doubtful accounts	51.62	10.74		
Total	<b>429.11</b>	<b>89.26</b>	-	-

For the account receivable which overdue over 3 months the company already take legal action and set aside for allowance for doubtful accounts Baht 51.62 million.

### Inventories

At the end of 2017, the company had inventory of Baht 1,012.62 million (before provision for declining in value of inventory Baht 2.56 million) decreased by Baht 148.0 million or 1.48% from last year. Inventory's turnover increased from 162 days in 2016 to 138 days.

Table of inventories components

Unit: million baht

ITEM	2015	2016	2017
Finished goods	509.44	577.22	509.08
Work in process	40.26	76.90	90.34
Trading	180.84	271.70	205.71
Raw materials	421.95	216.42	190.72
Suppliers	14.08	16.81	16.74
Total	<b>1,166.57</b>	<b>1,160.73</b>	<b>1,012.62</b>
Less provision for declining in value	( 6.99 )	(1.61)	(2.56)
Inventories-net	<b>1,159.58</b>	<b>1,159.57</b>	<b>1,010.06</b>





### Property, Plant and Equipment

As at December 31, 2017, the company had properties, plants and equipments with total net valued of Baht 2,160.25 million, decreased by Baht 47.66 million or 2.15%. Due to normal depreciation and increased investment.

### Liquidity

In 2017, the company has cash received from operation activities decreased Baht 25.30 million, when deduct by interest paid and Income tax paid net cash used in operating activities decreased was Baht 71.18 million.

Net cash used in investment activities was Baht 54.92 million due to in 2017 The company has investments in subsidiaries and renovation of buildings, plant and machinery increased.

In part of cash flow from financing activities, the company gained net cash used in financing activities Baht 137.20 million. By withdrawing short-term loans from financial institutions. totally Baht 154.55 million and the company liabilities of Baht 21.34 million.

As at December 31, 2017 the company's liquidity ratio, current ratio and quick ratio was 0.89 and 0.32 times

### Source of funds

#### Liabilities

As at December 31, 2017 the company had total liabilities of Baht 1,800.56 million increased by Baht 47.29 million or 2.69% from 2015. Current liabilities increased by Baht 52.45 million while non-current liabilities decreased by Baht 5.13 million , Debts to equity ratio decreased from 0.84 times at the end of 2016 to 0.90 times at the end of 2017.

### Shareholders' Equity

As at 31 December, 2017 the company has capital registered Baht 1,085.67 million, paid-up capital Baht 1,045.12 million divided to 1,045.12 million shares at par value Baht 1.00 each. For the unpaid equity Baht 40.54 million is the warrants offered to shareholders, directors, managers and employees which expired since 2012 and 2013.

Shareholders' equity as at December 31, 2017 was Baht 2,002.81 million, decrease by Baht 43.15 million due to the company gained net loss.

### Allowance fee of auditors

#### 1. Audit fee

The Company paid audit fee to auditor for 2017 in amount of Baht 1,235,000.

#### 2. Non-audit fee

-none-

## INDEPENDENT AUDITOR'S REPORT

To The Shareholders of  
SAMCHAI STEEL INDUSTRIES PUBLIC COMPANY LIMITED

### Opinion

I have audited the accompanying consolidated and separate financial statements of SAMCHAI STEEL INDUSTRIES PUBLIC COMPANY LIMITED AND SUBSIDIARIES (the Group) and of SAMCHAI STEEL INDUSTRIES PUBLIC COMPANY LIMITED (the Company), which comprise the consolidated and separate statements of financial position as at December 31, 2017, and the consolidated and separate statements of comprehensive income, consolidated and separate statements of changes in equity and consolidated and separate statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the financial position of SAMCHAI STEEL INDUSTRIES PUBLIC COMPANY LIMITED AND SUBSIDIARIES and of SAMCHAI STEEL INDUSTRIES PUBLIC COMPANY LIMITED as at December 31, 2017, and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

### Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of my report. I am independent of the Group in accordance with the Federation of Accounting Professions' Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to my audit of the consolidated and separate financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

## Key Audit Matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of my audit of the consolidated and separate financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

### Key Audit Matters included Auditing Procedures are as follows:

#### Presentation of inventories valuation

As stated in notes 3.4 and 6 to financial statements, the Company has material amount of finished goods as at December 31, 2017 Bhat 1,010.06 million in the financial statements stated at the lower of cost or net realizable value. The Management estimated net realizable value from normal salable prices of each category of goods after the reporting date. I have focused on consideration of providing allowance for devaluation of such net realizable value since the selling price used in determining the allowance for net realizable value was based on domestic market prices fluctuated according to supply and demand.

I have obtained an assurance in respect of the presentation of inventories valuation, by included;

- Obtained an understanding of the policy for net realizable value calculation, the gathering data method including reviewed the accuracy and the consistency in compliance with the accounting policies.
- Sample tested the accuracy of estimation of net realizable value of inventories, by comparing the cost of inventories and their net realizable value of inventories calculated from the selling price after the reporting date less the necessary costs to make the sale.
- Considered the adequacy of disclosures in the relation to inventories in notes to financial statements.

#### Allowance for doubtful accounts

As stated in notes 3.3 and 5 to financial statements, in determining the allowance for doubtful accounts by using various assumptions. Therefore, the Management must make substantive judgement in estimating allowance for doubtful accounts by the ability and financial position of each receivable in making debt settlement. The estimation of allowance

for doubtful accounts is material since as at December 31, 2017 the Company had material amount of trade accounts receivable that may take a risk in respect of the value of allowance for doubtful accounts.

I have obtained an assurance in respect of the presentation of allowance for doubtful accounts, by included;

- Obtained an understanding of the basis used in consideration of allowance for doubtful accounts including reviewed the consistency of application such basis and the rational for recognition of allowance for doubtful accounts of a specific receivable.
- Analytical review the outstanding period information and movements of trade accounts receivables for indicating the group of receivables who had made delay payment.
- Reviewed the subsequent receipt after the reporting date.
- Considered the challenging trade accounts receivables.

#### Other Information

Management is responsible for the other information. The other information comprises information in the annual report of the Group, but does not include the consolidated and separate financial statements and my auditor's report thereon. The annual report of the Group is expected to be made available to me after the date of this auditor's report.

My opinion on the consolidated and separate financial statements does not cover the other information and I do not and will not express any form of assurance conclusion thereon.

In connection with my audit of the consolidated and separate financial statements, my responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

When I read the annual report of the Group, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance for correction of the misstatement.



## **Responsibilities of Management and Those Charged with Governance for the Consolidated and Separate Financial Statements**

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

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements**

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

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

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

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.



From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

D I A International Audit Co., Ltd.

(Miss Suphaphorn Mangjit)

C.P.A. (Thailand)

Registration No. 8125

February 27, 2018

**SAMCHAI STEEL INDUSTRIES PUBLIC COMPANY LIMITED AND SUBSIDIARY**

**STATEMENTS OF FINANCIAL POSITION**

**AS AT DECEMBER 31, 2017**

(Unit : Baht)

	Note	Consolidated financial statements			Separate financial statements		
		December 31, 2017	December 31, 2016	January 1, 2016	December 31, 2017	December 31, 2016	January 1, 2016
Assets			(Restated)	(Restated)		(Restated)	(Restated)
<b>Current assets</b>							
Cash and cash equivalents	4	86,321,333.81	75,343,637.68	57,567,613.81	85,304,988.00	74,206,738.87	54,693,953.21
Trade and other current receivables	5	471,147,170.22	351,190,884.62	545,201,297.03	465,889,402.05	349,331,663.24	544,762,775.37
Trade and other current receivables from related party	20	0.00	0.00	0.00	7,093,294.67	18,404.00	14,552.00
Inventories	6	1,010,062,149.62	1,159,571,950.06	1,218,808,456.63	1,010,062,149.62	1,159,571,950.06	1,214,780,155.67
Current portion of prepaid expenses under operating lease	12	348,234.46	348,234.46	348,234.46	0.00	0.00	0.00
<b>Total current assets</b>		<u>1,567,878,888.11</u>	<u>1,586,454,706.82</u>	<u>1,821,925,601.93</u>	<u>1,568,349,834.34</u>	<u>1,583,128,756.17</u>	<u>1,814,251,436.25</u>
<b>Non-current assets</b>							
Investment in subsidiaries	7	0.00	0.00	0.00	47,869,400.00	25,108,800.00	25,108,800.00
Other long-term investments	8	6,819,111.00	2,250,000.00	2,250,000.00	6,819,111.00	2,250,000.00	2,250,000.00
Property, plant and equipment	9	2,187,229,401.82	2,207,910,910.41	2,255,149,050.36	2,160,250,902.19	2,207,910,910.41	2,254,897,949.36
Other intangible assets	10	443,257.03	599,848.11	848,398.17	443,257.03	599,848.11	826,421.40
Pledged bank deposits	11	3,618,875.10	0.00	0.00	3,618,875.10	0.00	0.00
Prepaid expenses under operating lease	12	16,076,824.15	16,425,058.61	16,773,293.07	0.00	0.00	0.00
Other non-current assets		18,179,352.76	17,576,799.09	4,731,915.35	16,028,219.31	17,030,993.87	4,425,116.58
<b>Total non-current assets</b>		<u>2,232,366,821.86</u>	<u>2,244,762,616.22</u>	<u>2,279,752,656.95</u>	<u>2,235,029,764.63</u>	<u>2,252,900,552.39</u>	<u>2,287,508,287.34</u>
<b>Total assets</b>		<u><u>3,800,245,709.97</u></u>	<u><u>3,831,217,323.04</u></u>	<u><u>4,101,678,258.88</u></u>	<u><u>3,803,379,598.97</u></u>	<u><u>3,836,029,308.56</u></u>	<u><u>4,101,759,723.59</u></u>

Notes to financial statements are parts of these financial statements.

These financial statements have been approved by the shareholders' general meeting No. ....held on.....

I do hereby certify that the above financial statements are correct in all aspects.

(Sign) ..... Authorized Director

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# SAMCHAI STEEL INDUSTRIES PUBLIC COMPANY LIMITED AND SUBSIDIARY

## STATEMENTS OF FINANCIAL POSITION (Cont'd)

AS AT DECEMBER 31, 2017

(Unit : Baht)

	Note	Consolidated financial statements			Separate financial statements		
		December 31, 2017	December 31, 2016	January 1, 2016	December 31, 2017	December 31, 2016	January 1, 2016
<b>Liabilities and shareholders' equity</b>			(Restated)	(Restated)		(Restated)	(Restated)
<b>Current liabilities</b>							
Bank overdrafts and short-term loans							
from financial institutions	13	1,533,118,263.81	1,433,606,132.16	1,605,182,939.52	1,533,118,263.81	1,433,606,132.16	1,605,182,939.52
Trade and other current payables	14	198,441,001.47	275,026,228.37	430,183,808.30	198,318,809.89	274,617,618.41	429,300,878.88
Trade and other current payables							
from related parties	20	219,847.66	192,931.70	87,027.38	219,847.66	3,733,842.77	458,698.30
Current portion of financial lease liabilities	15	1,552,937.91	2,135,333.34	2,168,189.59	1,552,937.91	2,135,333.34	2,168,189.59
Current portion of long-term debt	16	29,318,580.39	0.00	0.00	29,318,580.39	0.00	0.00
Short-term loans	20	4,000,000.00	0.00	0.00	4,000,000.00	0.00	0.00
<b>Total current liabilities</b>		<b>1,766,650,631.24</b>	<b>1,710,960,625.57</b>	<b>2,037,621,964.79</b>	<b>1,766,528,439.66</b>	<b>1,714,092,926.68</b>	<b>2,037,110,706.29</b>
<b>Non-current liabilities</b>							
Financial lease liabilities	15	2,550,789.10	4,103,727.00	6,239,060.36	2,550,789.10	4,103,727.00	6,239,060.36
Creditors under debt restructuring agreement	16	14,064,255.71	0.00	0.00	14,064,255.71	0.00	0.00
Deferred tax liabilities	18	11,124,112.35	31,303,535.27	18,984,719.19	11,124,112.35	31,303,535.27	18,984,719.19
Non-current provisions for employee benefit	17	6,298,007.00	3,767,123.00	5,567,267.00	6,298,007.00	3,767,123.00	5,567,267.00
<b>Total non-current liabilities</b>		<b>34,037,164.16</b>	<b>39,174,385.27</b>	<b>30,791,046.55</b>	<b>34,037,164.16</b>	<b>39,174,385.27</b>	<b>30,791,046.55</b>
<b>Total liabilities</b>		<b>1,800,687,795.40</b>	<b>1,750,135,010.84</b>	<b>2,068,413,011.34</b>	<b>1,800,565,603.82</b>	<b>1,753,267,311.95</b>	<b>2,067,901,752.84</b>

Notes to financial statements are parts of these financial statements.

(Sign) ..... Authorized Director

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**SAMCHAI STEEL INDUSTRIES PUBLIC COMPANY LIMITED AND SUBSIDIARY**

**STATEMENTS OF FINANCIAL POSITION (Cont.)**

**AS AT DECEMBER 31, 2017**

(Unit : Baht)

	Note	Consolidated financial statements			Separate financial statements		
		December 31, 2017	December 31, 2016	January 1, 2016	December 31, 2017	December 31, 2016	January 1, 2016
<b>Liabilities and shareholders' equity</b>			<b>(Restated)</b>	<b>(Restated)</b>		<b>(Restated)</b>	<b>(Restated)</b>
<b>Shareholders' equity</b>							
Share capital							
Authorized share capital							
1,085,670,000 common shares of Baht 1 each		1,085,670,000.00	1,085,670,000.00	1,085,670,000.00	1,085,670,000.00	1,085,670,000.00	1,085,670,000.00
Issued and paid-up share capital							
1,045,125,093 common shares of Baht 1 each		1,045,125,093.00	1,045,125,093.00	1,045,125,093.00	1,045,125,093.00	1,045,125,093.00	1,045,125,093.00
Premium on share capital		918,494,598.54	918,494,598.54	918,494,598.54	918,494,598.54	918,494,598.54	918,494,598.54
Retained earnings							
Appropriated							
Legal reserve	19	35,179,082.30	35,179,082.30	32,733,881.01	35,179,082.30	35,179,082.30	32,733,881.01
Unappropriated		2,559,382.31	81,935,859.60	36,562,263.39	6,145,709.31	83,963,222.77	37,504,398.20
Other components of equity		(1,800,241.58)	347,678.76	349,411.60	(2,130,488.00)	0.00	0.00
<b>Total shareholders' equity</b>		<b>1,999,557,914.57</b>	<b>2,081,082,312.20</b>	<b>2,033,265,247.54</b>	<b>2,002,813,995.15</b>	<b>2,082,761,996.61</b>	<b>2,033,857,970.75</b>
<b>Total liabilities and shareholders' equity</b>		<b>3,800,245,709.97</b>	<b>3,831,217,323.04</b>	<b>4,101,678,258.88</b>	<b>3,803,379,598.97</b>	<b>3,836,029,308.56</b>	<b>4,101,759,723.59</b>

Notes to financial statements are parts of these financial statements.

(Sign) ..... Authorized Director  
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**SAMCHAI STEEL INDUSTRIES PUBLIC COMPANY LIMITED AND SUBSIDIARY**

**STATEMENTS OF COMPREHENSIVE INCOME**

**FOR THE YEAR ENDED DECEMBER 31, 2017**

(Unit : Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
			(Restated)		(Restated)
Revenues from sales		2,694,070,200.46	2,923,876,994.30	2,701,309,833.72	2,923,016,423.70
Cost of sales		(2,560,197,637.73)	(2,634,001,918.83)	(2,567,437,270.99)	(2,630,681,357.18)
Reversal (Loss) on inventories devaluation		(1,400,202.71)	5,836,923.80	(1,400,202.71)	5,836,923.80
<b>Gross profit</b>		<b>132,472,360.02</b>	<b>295,711,999.27</b>	<b>132,472,360.02</b>	<b>298,171,990.32</b>
Gain on exchange rate		5,517,006.88	923,943.39	5,517,006.88	923,943.39
Other income		4,042,294.08	3,343,234.53	4,098,989.98	3,467,316.13
Loss on impairment of investment		0.00	0.00	(430,689.00)	0.00
Distribution costs		(48,641,605.03)	(61,398,257.46)	(48,641,605.03)	(64,102,482.46)
Administrative expenses		(138,808,984.91)	(129,209,374.80)	(137,461,378.72)	(128,003,994.09)
Directors' remuneration	22	(2,027,700.00)	(2,092,000.00)	(2,027,700.00)	(2,092,000.00)
Finance costs		(50,974,202.61)	(47,141,931.35)	(50,991,298.51)	(47,141,931.35)
<b>Profit (Loss) before income tax</b>		<b>(98,420,831.57)</b>	<b>60,137,613.58</b>	<b>(97,464,314.38)</b>	<b>61,222,841.94</b>
Income tax income (expenses)	18	19,646,800.92	(12,318,816.08)	19,646,800.92	(12,318,816.08)
Profit (loss) for the year from discontinued operations	7	(516,567.82)	0.00	0.00	0.00
<b>Profit (Loss) for the year</b>		<b>(79,290,598.47)</b>	<b>47,817,797.50</b>	<b>(77,817,513.46)</b>	<b>48,904,025.86</b>
<b>Other comprehensive income :</b>					
Components of other comprehensive income that will be reclassified to profit or loss					
Exchange difference on translation of financial statement		(103,311.16)	(1,732.84)	0.00	0.00
Components of other comprehensive income that will not be reclassified to profit or loss					
Profit (loss) from discontinued operations	7	85,878.82	0.00	0.00	0.00
Loss on remeasurements of defined benefit plans	17	(2,663,110.00)	0.00	(2,663,110.00)	0.00
Income tax relating to components of other comprehensive income that will not be reclassified to profit or loss.					
	18	532,622.00	0.00	532,622.00	0.00
<b>Other comprehensive income (expense) for the year net of tax</b>		<b>(2,147,920.34)</b>	<b>(1,732.84)</b>	<b>(2,130,488.00)</b>	<b>0.00</b>
<b>Total comprehensive income (expense) for the year</b>		<b>(81,438,518.81)</b>	<b>47,817,064.66</b>	<b>(79,948,001.46)</b>	<b>48,904,025.86</b>

Notes to financial statements are parts of these financial statements.

(Sign) ..... Authorized Director

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**SAMCHAI STEEL INDUSTRIES PUBLIC COMPANY LIMITED AND SUBSIDIARY**  
**STATEMENTS OF COMPREHENSIVE INCOME (Cont.)**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

(Unit : Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
			(Restated)		(Restated)
<b>Profit (loss) attributable to:</b>					
Owners of the Company		(79,290,598.47)	47,818,797.50	(77,817,513.46)	48,904,025.86
Non-controlling interests		0.00	0.00	0.00	0.00
		<u>(79,290,598.47)</u>	<u>47,818,797.50</u>	<u>(77,817,513.46)</u>	<u>48,904,025.86</u>
<b>Total comprehensive income (expense) attributable to:</b>					
Owners of the Company		(81,438,518.81)	47,817,064.66	(79,948,001.46)	48,904,025.86
Non-controlling interests		0.00	0.00	0.00	0.00
		<u>(81,438,518.81)</u>	<u>47,817,064.66</u>	<u>(79,948,001.46)</u>	<u>48,904,025.86</u>
<b>Earnings per share</b>	3.13				
Basic earnings (loss) per share		(0.08)	0.05	(0.07)	0.05
Number of weighted average common shares (share)		1,045,125,093	1,045,125,093	1,045,125,093	1,045,125,093

Notes to financial statements are parts of these financial statements.

(Sign) ..... Authorized Director  
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**SAMCHAI STEEL INDUSTRIES PUBLIC COMPANY LIMITED AND SUBSIDIARY**

**STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**

**FOR THE YEAR ENDED DECEMBER 31, 2017**

(Unit : Baht)

	Consolidated financial statements						
	Note	Issued and paid-up share capital	Premium on share capital	Retained earnings (Deficit)		Other components of equity	Total shareholders' equity
				Appropriated	Unappropriated		
				Legal reserve			
Balance as at December 31, 2015 (as previously reported)		1,045,125,093.00	918,494,598.54	32,733,881.01	42,318,592.16	349,411.60	2,039,021,576.31
Cumulative effect of accounting error correction	30	0.00	0.00	0.00	(5,756,328.77)	0.00	(5,756,328.77)
Beginning balance as at January 1, 2016 (after restatement)		1,045,125,093.00	918,494,598.54	32,733,881.01	36,562,263.39	349,411.60	2,033,265,247.54
Changes in shareholders' equity							
for the year :							
Profit (Loss) for the year (after restatement)		0.00	0.00	0.00	47,818,797.50	0.00	47,818,797.50
Other comprehensive income (expense) for the year		0.00	0.00	0.00	0.00	(1,732.84)	(1,732.84)
Legal reserve (after restatement)	19	0.00	0.00	2,445,201.29	(2,445,201.29)	0.00	0.00
Balance as at December 31, 2016 (after restatement)		1,045,125,093.00	918,494,598.54	35,179,082.30	81,935,859.60	347,678.76	2,081,082,312.20
Changes in shareholders' equity							
for the year :							
Profit (Loss) for the year		0.00	0.00	0.00	(79,290,598.47)	0.00	(79,290,598.47)
Other comprehensive income (expense) for the year		0.00	0.00	0.00	0.00	(2,147,920.34)	(2,147,920.34)
Profit (loss) from discontinued operations	7	0.00	0.00	0.00	(85,878.82)	0.00	(85,878.82)
Balance as at December 31, 2017		1,045,125,093.00	918,494,598.54	35,179,082.30	2,559,382.31	(1,800,241.58)	1,999,557,914.57

Notes to financial statements are parts of these financial statements.

(Sign) ..... Authorized Director

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**SAMCHAI STEEL INDUSTRIES PUBLIC COMPANY LIMITED AND SUBSIDIARY**  
**STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

(Unit : Baht)

	Note	Separate financial statements					
		Issued and paid-up share capital	Premium on share capital	Retained earnings (Deficit)		Total	
				Appropriated	Unappropriated	Other components of equity	shareholders' equity
				Legal reserve			
Balance as at December 31, 2015 (as previously reported)		1,045,125,093.00	918,494,598.54	32,733,881.01	43,260,726.97	0.00	2,039,614,299.52
Cumulative effect of accounting error correction	30	0.00	0.00	0.00	(5,756,328.77)	0.00	(5,756,328.77)
Beginning balance as at January 1, 2016 (after restatement)		1,045,125,093.00	918,494,598.54	32,733,881.01	37,504,398.20	0.00	2,033,857,970.75
Changes in shareholders' equity							
for the year :							
Profit (Loss) for the year (after restatement)		0.00	0.00	0.00	48,904,025.86	0.00	48,904,025.86
Legal reserve (after restatement)	19	0.00	0.00	2,445,201.29	(2,445,201.29)	0.00	0.00
Balance as at December 31, 2016 (after restatement)		1,045,125,093.00	918,494,598.54	35,179,082.30	83,963,222.77	0.00	2,082,761,996.61
Changes in shareholders' equity							
for the year :							
Profit (Loss) for the year		0.00	0.00	0.00	(77,817,513.46)	0.00	(77,817,513.46)
Other comprehensive income (expense) for the year		0.00	0.00	0.00	0.00	(2,130,488.00)	(2,130,488.00)
Balance as at December 31, 2017		1,045,125,093.00	918,494,598.54	35,179,082.30	6,145,709.31	(2,130,488.00)	2,002,813,995.15

Notes to financial statements are parts of these financial statements.

(Sign) ..... Authorized Director  
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**SAMCHAI STEEL INDUSTRIES PUBLIC COMPANY LIMITED AND SUBSIDIARY**

**STATEMENTS OF CASH FLOWS**

**FOR THE YEAR ENDED DECEMBER 31, 2017**

(Unit : Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
		(Restated)		(Restated)
<b>Cash flows from operating activities</b>				
Profit (Loss) before income tax	73,526,183.06	78,167,635.54	73,523,174.60	78,109,184.97
Adjustments to reconcile net profit (loss) to cash	241,591.08	248,550.06	241,591.08	242,591.72
receipt (disbursement) from operating activities	1,400,202.71	(5,836,923.80)	1,400,202.71	(5,836,923.80)
Depreciation	(5,614,454.57)	(143,681.48)	(5,480,894.94)	(143,681.48)
Amortized computer software	(6,157.90)	0.00	(6,157.90)	0.00
(Reversal) Loss on devaluation of inventories	4,523,939.96	8,777,002.53	4,523,939.96	8,777,002.53
Unrealized (gain) loss on exchange rate	1,355,909.00	0.00	1,355,909.00	0.00
(Gain) loss on sale of assets	0.00	0.00	430,689.00	0.00
(Reversal) Doubtful accounts and bad debt	(150,106.85)	(133,569.62)	(150,106.85)	(132,451.22)
Loss on received of debt	1,910,171.84	1,940.23	1,910,171.84	1,940.23
Loss on impairment of investment	(632,453.00)	0.00	(632,453.00)	0.00
Interest income	348,234.46	348,234.46	0.00	0.00
Amortized assets	837,554.00	135,826.00	837,554.00	135,826.00
Amortized liabilities	48,923,342.16	45,031,950.05	48,923,342.16	45,031,950.05
Amortized prepaid land lease				
Employee benefit expenses	28,157,245.56	186,734,577.55	29,412,647.28	187,408,280.94
Interest expenses	73,526,183.06	78,167,635.54	73,523,174.60	78,109,184.97
Profit (Loss) from operation before changes	241,591.08	248,550.06	241,591.08	242,591.72
in operating assets and liabilities	1,400,202.71	(5,836,923.80)	1,400,202.71	(5,836,923.80)

Notes to financial statements are parts of these financial statements.

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**SAMCHAI STEEL INDUSTRIES PUBLIC COMPANY LIMITED AND SUBSIDIARY**

**STATEMENTS OF CASH FLOWS (Cont'd)**

**FOR THE YEAR ENDED DECEMBER 31, 2017**

(Unit : Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2017</b>	<b>2016</b> (Restated)	<b>2017</b>	<b>2016</b> (Restated)
Operating assets (increase) decrease				
Trade and other receivables	(124,333,786.67)	188,408,809.76	(124,745,243.50)	189,829,509.48
Trade accounts receivable from related party	0.00	0.00	(7,220,006.30)	(3,852.00)
Inventories	148,109,597.73	65,073,430.37	148,109,597.73	61,045,129.41
Other non-current assets	(1,605,328.23)	(122,954.21)	0.00	0.00
Operating liabilities increase (decrease)				
Trade and other payables	(66,650,528.60)	(158,708,315.17)	(66,381,206.12)	(158,233,995.71)
Trade and other payables from related parties	26,915.96	105,904.32	(3,513,995.11)	3,275,144.47
Employee benefit paid - retirement	(969,780.00)	(1,935,970.00)	(969,780.00)	(1,935,970.00)
Cash generated (paid) from operation	(17,265,664.25)	279,555,482.62	(25,307,986.02)	281,384,246.59
Interest paid	(45,791,369.05)	(39,554,636.73)	(45,774,273.15)	(39,554,636.73)
Income tax paid	(103,704.03)	(12,721,929.53)	(103,704.03)	(12,605,877.29)
<b>Net cash provided by (used in) operating activities</b>	<b>(63,160,737.33)</b>	<b>227,278,916.36</b>	<b>(71,185,963.20)</b>	<b>229,223,732.57</b>
<b>Cash flows from investing activities</b>				
Decrease (Increase) in investment in subsidiaries	0.00	0.00	(27,760,400.00)	0.00
Decrease (Increase) in other long-term investments	(4,999,800.00)	0.00	0.00	0.00
Decrease (Increase) in advance payment for assets	(6,002,347.89)	(4,445,361.52)	(2,180,788.27)	(4,445,361.52)
Acquisition of property, plant and equipment	(49,262,510.24)	(30,931,435.82)	(22,281,002.15)	(31,124,086.25)
Proceeds from sale of assets	120,300.42	0.00	120,300.42	0.00
Increase (Decrease) in assets payable	730,456.74	(445,034.89)	730,456.74	(445,034.89)
Payments for computer software	(85,000.00)	0.00	(85,000.00)	(16,018.43)
Decrease (Increase) in pledged bank deposits	(3,618,875.10)	0.00	(3,618,875.10)	0.00
Proceeds from interest	150,106.85	133,569.62	150,106.85	132,451.22
<b>Net cash provided by (used in) investing activities</b>	<b>(62,967,669.22)</b>	<b>(35,688,262.61)</b>	<b>(54,925,201.51)</b>	<b>(35,898,049.87)</b>

Notes to financial statements are parts of these financial statements.

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**SAMCHAI STEEL INDUSTRIES PUBLIC COMPANY LIMITED AND SUBSIDIARY**

**STATEMENTS OF CASH FLOWS (Cont'd)**

**FOR THE YEAR ENDED DECEMBER 31, 2017**

(Unit : Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
		(Restated)		(Restated)
<b>Cash flows from financing activities</b>				
Increase (Decrease) in bank overdrafts and				
short-term loans from financial institutions	154,553,270.26	(171,643,987.43)	154,553,270.26	(171,643,987.43)
Increase in short-term loans	4,000,000.00	0.00	4,000,000.00	0.00
Financial lease liabilities	(2,135,333.33)	(2,168,189.61)	(2,135,333.33)	(2,168,189.61)
Creditors under debt restructuring agreement	(19,208,523.09)	0.00	(19,208,523.09)	0.00
Dividend paid	0.00	(720.00)	0.00	(720.00)
<b>Net cash provided by (used in) financing activities</b>	<u>137,209,413.84</u>	<u>(173,812,897.04)</u>	<u>137,209,413.84</u>	<u>(173,812,897.04)</u>
<b>Increase (Decrease) in exchange difference on translation</b>				
<b>of financial statements</b>	<u>(103,311.16)</u>	<u>(1,732.84)</u>	<u>0.00</u>	<u>0.00</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	10,977,696.13	17,776,023.87	11,098,249.13	19,512,785.66
<b>Cash and cash equivalents at the beginning of the year</b>	<u>75,343,637.68</u>	<u>57,567,613.81</u>	<u>74,206,738.87</u>	<u>54,693,953.21</u>
<b>Cash and cash equivalents at the end of the year</b>	<u><u>86,321,333.81</u></u>	<u><u>75,343,637.68</u></u>	<u><u>85,304,988.00</u></u>	<u><u>74,206,738.87</u></u>

Notes to financial statements are parts of these financial statements.

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**SAMCHAI STEEL INDUSTRIES PUBLIC COMPANY LIMITED AND SUBSIDIARY**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2017**

**1. GENERAL INFORMATION**

1.1 SAMCHAI STEEL INDUSTRIES PUBLIC COMPANY LIMITED ("the Company") was registered as a company limited on December 25, 1997 with registration No. 1489/2540 and the Company was registered to change its status to a public company limited on March 18, 2004 with registration No. BorMorJor. 0107547000249 and became a listed company in the Stock Exchange of Thailand on September 7, 2004.

1.2 Locations:

Head office is located at 75/14, 75/17, 85 Soi Wat Sopanaram, Ekkachai Road, Tumbol Kokkham, Amphur Muang, Samutsakorn. Branch office is located at 56-56/1 Moo 2, Poochaosamingprai Road, Tumbol Bangyaphraek, Amphur Praphradaeng, Samutprakarn.

1.3 The Company engaged in manufacturing of steel pipes and tubes.

**2. BASIS OF PREPARATION AND PRESENTATION OF THE FINANCIAL STATEMENTS**

**2.1 Financial statements preparation basis**

The Group's financial statements have been prepared in accordance with Thai Financial Reporting Standards (TFRS); guidelines promulgated by the Federation of Accounting Professions (FAP) 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 performance of the listed companies B.E. 2544. The format of presentation of the financial statements is not significantly different from the Notification of the Department of Business Development regarding the condensed from should be included in the financial statements (No. 2) B.E. 2559 dated October 11, 2016.

The financial statements have been prepared under the historical cost convention, except as transaction disclosed in related accounting policy.

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## 2.2 Accounting standards adoption during the year

The Federation of Accounting Professions issued accounting standards, financial reporting standards, standing interpretations committee and financial reporting interpretations committee which are expected to be effective for the financial statements beginning on or after January 1, 2017 as detailed below:

<u>Accounting Standards</u>	<u>Contents</u>
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
TAS 12 (Revised 2016)	Income Taxes
TAS 16 (Revised 2016)	Property, Plant and Equipment
TAS 17 (Revised 2016)	Leases
TAS 18 (Revised 2016)	Revenue
TAS 19 (Revised 2016)	Employee Benefits
TAS 20 (Revised 2016)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (Revised 2016)	The Effects of Changes in Foreign Exchange Rates
TAS 23 (Revised 2016)	Borrowing Costs
TAS 24 (Revised 2016)	Related Party Disclosures
TAS 26 (Revised 2016)	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (Revised 2016)	Separate Financial Statements
TAS 28 (Revised 2016)	Investments in Associates and Joint Venture
TAS 29 (Revised 2016)	Financial Reporting in Hyperinflationary Economics
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

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### **Accounting Standards**

### **Contents**

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
TFRS 3 (Revised 2016)	Business Combinations
TFRS 4 (Revised 2016)	Insurance Contracts
TFRS 5 (Revised 2016)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6 (Revised 2016)	Exploration for and Evaluation of Mineral Resources
TFRS 8 (Revised 2016)	Operating Segments
TFRS 10 (Revised 2016)	Consolidated Financial Statements
TFRS 11 (Revised 2016)	Joint Arrangements
TFRS 12 (Revised 2016)	Disclosure of Interests in Other Entities
TFRS 13 (Revised 2016)	Fair Value Measurement

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

TSIC 10 (Revised 2016)	Government Assistance-No Specific Relation to Operating Activities
TSIC 15 (Revised 2016)	Operating Leases-Incentives
TSIC 25 (Revised 2016)	Income Taxes – Changes in the Tax Status of an Entity or its Shareholders
TSIC 27 (Revised 2016)	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
TSIC 29 (Revised 2016)	Service Concession Arrangements: Disclosures
TSIC 31 (Revised 2016)	Revenue – Barter Transactions Involving Advertising Services
TSIC 32 (Revised 2016)	Intangible Assets - Web Site Costs

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

TFRIC 1 (Revised 2016)	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4 (Revised 2016)	Determining Whether an Arrangement Contains a Lease
TFRIC 5 (Revised 2016)	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds

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

TFRIC 7 (Revised 2016)	Applying the Restatement Approach under TAS 29 (Revised 2015) 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 Programmers
TFRIC 14 (Revised 2016)	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction for TAS 19 (Revised 2015) Employee Benefits
TFRIC 15 (Revised 2016)	Agreements for the Construction of Real Estate
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

During the year, the Company has adopted the revised and new financial reporting standards and accounting guidance issued by the Federation of Accounting Professions. From aforementioned adoption, these financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the financial statements of the Company.

### **2.3 Financial Reporting Standards issued and revised which will be effective in the future**

The Federation of Accounting Professions has issued the Notifications regarding Thai Financial Reporting Standards (TFRSs), which are effective for the financial statements for the period beginning on or after January 1, 2018 onwards, as follows:

#### **Thai Accounting Standards (“TAS”)      Contents**

TAS 1 (Revised 2017)	Presentation of Financial Statements
TAS 2 (Revised 2017)	Inventories
TAS 7 (Revised 2017)	Statement of Cash Flows
TAS 8 (Revised 2017)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (Revised 2017)	Events After the Reporting Period

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## **Thai Accounting Standards (“TAS”)**      **Contents**

TAS 11 (Revised 2017)	Construction Contracts
TAS 12 (Revised 2017)	Income Taxes
TAS 16 (Revised 2017)	Property, Plant and Equipment
TAS 17 (Revised 2017)	Leases
TAS 18 (Revised 2017)	Revenue
TAS 19 (Revised 2017)	Employee Benefits
TAS 20 (Revised 2017)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (Revised 2017)	The Effects of Changes in Foreign Exchange Rates
TAS 23 (Revised 2017)	Borrowing Costs
TAS 24 (Revised 2017)	Related Party Disclosures
TAS 26 (Revised 2017)	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (Revised 2017)	Separate Financial Statements
TAS 28 (Revised 2017)	Investments in Associates and Joint Venture
TAS 29 (Revised 2017)	Financial Reporting in Hyperinflationary Economics
TAS 33 (Revised 2017)	Earnings per Share
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TAS 36 (Revised 2017)	Impairment of Assets
TAS 37 (Revised 2017)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (Revised 2017)	Intangible Assets
TAS 40 (Revised 2017)	Investment Property
TAS 41 (Revised 2017)	Agriculture

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

TFRS 2 (Revised 2017)	Share-Based Payments
TFRS 3 (Revised 2017)	Business Combinations
TFRS 4 (Revised 2017)	Insurance Contracts
TFRS 5 (Revised 2017)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6 (Revised 2017)	Exploration for and Evaluation of Mineral Resources
TFRS 8 (Revised 2017)	Operating Segments
TFRS 10 (Revised 2017)	Consolidated Financial Statements

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

TFRS 11 (Revised 2016)	Joint Arrangements
TFRS 12 (Revised 2016)	Disclosure of Interests in Other Entities
TFRS 13 (Revised 2016)	Fair Value Measurement

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

TSIC 10 (Revised 2017)	Government Assistance – No Specific Relation to Operating Activities
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TSIC 27 (Revised 2017)	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
TSIC 29 (Revised 2017)	Service Concession Arrangements: Disclosures
TSIC 31 (Revised 2017)	Revenue – Barter Transactions Involving Advertising Services
TSIC 32 (Revised 2017)	Intangible Assets - Web Site Costs

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

TFRIC 1 (Revised 2017)	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4 (Revised 2017)	Determining Whether an Arrangement Contains a Lease
TFRIC 5 (Revised 2017)	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7 (Revised 2017)	Applying the Restatement Approach under TAS 29 (Revised 2016) Financial Reporting in Hyperinflationary Economies
TFRIC 10 (Revised 2017)	Interim Financial Reporting and Impairment
TFRIC 12 (Revised 2017)	Service Concession Arrangements
TFRIC 13 (Revised 2017)	Customer Loyalty Programmes
TFRIC 14 (Revised 2017)	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction, TAS 19 (Revised 2016) Employee Benefits
TFRIC 15 (Revised 2017)	Agreements for the Construction of Real Estate
TFRIC 17 (Revised 2017)	Distributions of Non-cash Assets to Owners
TFRIC 18 (Revised 2017)	Transfers of Assets from Customers
TFRIC 20 (Revised 2017)	Stripping Costs in the Production Phase of a Surface Mine
TFRIC 21 (Revised 2017)	Levies

The Company still has not a plan to adopt such financial reporting standards early application and expected that they will have no material impacts on the financial statements in the year in which they are applied.

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**2.4 The consolidated financial statements** consist of the financial statements of Samchai Steel Industries Public Company Limited which held in its subsidiary shares capital as follows:-

	Incorporated in	Percentage of holding		Type of business	Relationship
		2017	2016		
Sam Enterprise Co., Ltd.	Thailand	0.00	99.99	Dissolution on December 4, 2017	Shareholder, control by director
Steel Hub Limited	Cambodia	100.00	100.00	Manufacturing of Steel pipes	Shareholder

## 2.5 Transaction with related companies

Inter-company transactions have been eliminated in the consolidated financial statements.

**2.6 The consolidated financial statements** have been presented the consolidated financial position and results of operations of Samchai Steel Industries Public Company Limited and its subsidiaries. The usefulness of transaction of consolidated financial statements for other purposes may be limited due to the difference business of those consolidated companies.

## 3. SIGNIFICANT ACCOUNTING POLICIES

### 3.1 Income and Expenses Recognition

3.1.1 Revenues from sales of goods are recognized as income when the goods are delivered to the buyer less goods returned and sales discount.

3.1.2 Revenue from services is recognized when services are rendered.

3.1.3 Other income and expenses are recognized on an accrual basis.

### 3.2 Cash and cash equivalents

Cash and cash equivalents are cash on hand and deposits at financial institutions which are due within three months net of pledged bank and financial institutions deposits.

### 3.3 Trade and other receivables

The Company and subsidiaries presented trade and other receivables at net of allowance for doubtful accounts and provides the allowance for doubtful accounts equal to amount of expected uncollectable receivable estimated by collectable experience and current financial position analysis of receivables.

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### 3.4 Inventories

The Company and subsidiaries valued its inventories at the lower of cost or net realizable value. Cost of inventories are valued by weighted average method.

### 3.5 Investments in subsidiary

Investments in subsidiary in the separate financial statements are stated at cost less provision for impairment (if any).

### 3.6 Investments

Investment in other companies

Investments in non-marketable securities of other companies are held as general investment, stated at cost.

Impairment of investment will be recorded in the statements of comprehensive income for all type of investment whenever the impairment indicated.

### 3.7 Property, plant and equipment

Land is stated at cost less provision for impairment (if any). Building and equipment are stated at cost less accumulated depreciation and provision for impairment (if any).

Building and equipment are depreciated on the straight-line method over the estimated useful life of the assets as follows :

Building and construction	50 Years
Machinery for 18" steel pipes	50 Years
Machinery and equipment	5, 10, 20 Years
Furniture and office equipment	5 Years
Computer and equipment	3, 5 Years
Vehicles	5 Years

The Company included initial estimated cost of asset dismantlement, removal and restoration as asset costs and subject to depreciation. The depreciation charge has to be determined separately for each significant part of an asset. Furthermore, useful life, the residual value and depreciation method have to be reviewed at least at each fiscal period-end.

### 3.8 Intangible Assets

Intangible assets are amortized by straight-line method as follow :

Computer software	5 Years
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### 3.9 Prepaid expenses under operating lease

Expenses under operating leases are recognized in the statement of comprehensive income on a straight-line basis over the lease term. Rental potential is recognized in the statement of comprehensive income in the period in which they are incurred.

The Company amortizes prepaid expenses as expenses on over the period of the lease.

### 3.10 Impairment of Assets

The Company has considered the impairment of assets - property, plant and equipment, investments whenever events or changes indicate that the carrying amount of an asset exceeds its net realizable value (net selling price of the asset under current operations or its utilization value whichever is higher). The Company will consider the impairment for each asset item or each asset unit or each asset unit generating cash flow, whichever is practical.

In case the carrying amount of an asset exceeds its net realizable value, the Company will recognize an impairment loss in the statements of income for the period or decrease appraisal surplus if those assets have been revaluated and recorded as appraisal surplus include in shareholders' equity. The Company will reverse the impairment loss whenever there is an indication that there is no longer impairment or reduction in impairment as "other income" or "appraisal surplus", whichever is practical.

### 3.11 Foreign Currency Transactions

Foreign currency transactions are converted into Thai Baht at the exchange rate prevailing on the transaction date. The outstanding balances of accounts in foreign currency as at the statement of financial position date are converted into Thai Baht by using the exchange rates of Bank of Thailand prevailing at that date.

The Company has policy to hedge the exposure relating to trade accounts receivable and payable which denominated in foreign currencies by entering into forward contract with bank. The difference between the forward contract and fair value at the end of fiscal period will be immediately recorded as gain (loss) on exchange rate.

Gain or loss on exchange is taken into income or expense in the statements of comprehensive income.

### 3.12 Income tax expenses and Deferred tax

Income tax expenses for the accounting period comprise current tax and deferred tax.

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#### 3.12.1 Current tax

The Company recorded income tax to be paid in each year as expenses in the that period and calculated income tax in conditions as prescribed by the Revenue Code.

#### 3.12.2 Deferred tax

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they adjust, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences and carry forward of unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced 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 utilized.

Deferred tax is recognized directly to shareholders' equity, except to the extent that it relates to items recognized in other comprehensive income or directly in equity.

#### 3.13 Earnings per Share

Basic earnings per share is determined by dividing the profit for the period by the weighted average number of common shares issued and paid-up during the period.

#### 3.14 Accounting Estimates

The preparation of financial statements in conformity with Thai Financial Reporting Standards require management to make estimates for certain accounting transactions, affecting amounts reported in the financial statements and notes related thereto. Subsequent actual results may differ from estimates, resulting accounting adjustment in the next period. Significant accounting estimates are allowance for doubtful accounts, depreciation, and allowance for devaluation of goods and provision for impairment of assets. Other estimates are further described in the corresponding disclosures.

#### 3.15 Provisions

The Company and subsidiary recognizes a provision when an entity has a present legal or constructive obligation as a result of a past event. It is probable that an outflow of economic benefits resources will be required to settle the obligation and reliable estimate can be made of the amount of the obligation.

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### 3.16 Provident Fund

The Company has established provident fund under the defined contribution plan. The fund's assets are separated entities which are administered by the external fund manager. The Company and employees made contribution into such provident fund. The Company's contribution payments to the provident fund were recorded as expenses in the statements of comprehensive income in the period in which they are incurred.

### 3.17 Employee Benefits

The Company provide for post employment benefits, payable to employees under the Thai Labor Law. The present value of employee benefit liabilities recognized in the statements of financial position is estimated on an actuarial basis using Projected Unit Credit Method. The calculation was made by utilizing various assumptions about future events. The Company is responsible for the selection of appropriate assumptions. The assumptions used in determining the net period cost for employee benefits include the discount rate, the rate of salary increment, and employee turnover. Any changes in these assumptions will impact the net periodic cost recorded for employee benefits. On an annual basis, the Company determine the appropriate discount rate, which represents the interest rate that should be used to determine the present value of future cash flows currently expected to be required to settle the employee benefits. In determining the appropriate discount rate, the Company considers the market yield based on Thai government bonds with currency and term similar to the estimated term of benefit obligation.

### 3.18 Measurement of fair values

A number of the Company and subsidiaries' accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Company and subsidiaries have an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including level 3 fair values, and reports directly to CFO.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of TFRS, including the level in the fair value hierarchy in which such valuation should be classified.

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Significant valuation issues are reported to the Company and subsidiaries Audit Committee. When measuring the fair value of an asset or a liability, the Company and subsidiaries use market observable data as fair as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows :

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

If the inputs used to measure the fair value of an asset or liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company and subsidiaries recognized transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

#### 4. CASH AND CASH EQUIVALENTS

(Unit : Baht)				
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Cash	298,000.00	336,066.98	298,000.00	320,000.00
Savings deposit	69,785,215.43	73,479,543.82	69,784,579.03	72,411,207.41
Current accounts	16,238,118.38	1,528,026.88	15,222,408.97	1,475,531.46
Total	86,321,333.81	75,343,637.68	85,304,988.00	74,206,738.87

#### 5. TRADE AND OTHER RECEIVABLES

(Unit : Baht)				
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
5.1 Trade accounts receivable	429,105,819.92	323,329,689.49	429,105,819.92	322,907,876.66
5.2 Other receivables	42,041,350.30	27,861,195.13	36,783,582.13	26,423,786.58
Total	471,147,170.22	351,190,884.62	465,889,402.05	349,331,663.24

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## 5.1 Trade accounts receivable, consist of

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Trade accounts receivable	368,965,671.78	308,985,118.91	368,965,671.78	308,563,306.08
Notes receivable	111,767,150.26	61,447,632.74	111,767,150.26	61,447,632.74
Total	480,732,822.04	370,432,751.65	480,732,822.04	370,010,938.82
Less Allowance for doubtful accounts	(51,627,002.12)	(47,103,062.16)	(51,627,002.12)	(47,103,062.16)
Net	429,105,819.92	323,329,689.49	429,105,819.92	322,907,876.66

As at December 31, 2017 and 2016, the Company has outstanding trade accounts receivable classified by aging as follows:

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
In due	260,704,887.93	174,624,423.84	260,704,887.93	174,202,611.01
Overdue				
Less than 1 month	97,802,342.18	84,197,664.59	97,802,342.18	84,197,664.59
Over 1 - 2 months	13,668,380.83	40,286,541.30	13,668,380.83	40,286,541.30
Over 2 - 3 months	2,007,599.67	4,512,323.97	2,007,599.67	4,512,323.97
Over 3 - 6 months	2,465,317.54	1,438,683.62	2,465,317.54	1,438,683.62
Over 6 - 9 months	1,284,444.90	12,541,626.85	1,284,444.90	12,541,626.85
Over 9 - 12 months	2,205,975.30	1,673,029.04	2,205,975.30	1,673,029.04
Over 12 months	100,593,873.69	51,158,458.44	100,593,873.69	51,158,458.44
Total	480,732,822.04	370,432,751.65	480,732,822.04	370,010,938.82

## 5.2 Other receivables, consist of

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Advance payment for goods	22,365,608.16	0.00	22,365,608.16	0.00
Advance payment for assets	14,710,047.49	8,707,699.60	10,888,487.87	8,707,699.60
Others	4,965,694.65	19,153,495.53	3,529,486.10	17,716,086.98
Total	42,041,350.30	27,861,195.13	36,783,582.13	26,423,786.58

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## 6. INVENTORIES

(Unit : Baht)

	Consolidated and Separate financial statements	
	2017	2016
Finished goods		
Manufacture	509,084,378.82	577,226,323.44
Trading	205,712,375.82	271,704,036.70
Goods in process	90,349,241.16	76,898,131.57
Raw materials	190,728,889.84	216,420,845.65
Supplies	16,748,539.02	16,813,589.65
Goods in transit	0.00	1,670,095.38
Total	1,012,623,424.66	1,160,733,022.39
Less Allowance for devaluation of inventories	(2,561,275.04)	(1,161,072.33)
Inventories	1,010,062,149.62	1,159,571,950.06

## 7. INVESTMENT IN SUBSIDIARY

(Unit : Baht)

Company's name	Paid-up share capital	Proportion of investment	Separate financial statements	
			Cost Method	
			2017	2016
<u>Subsidiary</u>				
Sam Enterprise Co., Ltd.	5,000,000.00	99.99%	4,999,800.00	4,999,800.00
Steel Hub Limited	33,663,100.00	100.00%	33,663,100.00	20,109,000.00
Total			38,662,900.00	25,108,800.00

As at December 31, 2017, a subsidiary has registered the dissolution on December 4, 2017. The Company recorded to transfer investment in such subsidiary amount of Baht 4.99 million to be other long-term investments which recognized as equity method in the consolidated financial statements. The difference of changes in such investment policy amount of Baht 0.52 million presented as loss for the year from discontinued operations and amount of Baht 0.09 million presented as profit from discontinued operations in statement of comprehensive income.

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## 8. OTHER LONG-TERM INVESTMENTS

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Cost of investment :-				
Thai Cold Rolled Steel Sheet				
Public Company Limited	5,000,000.00	5,000,000.00	5,000,000.00	5,000,000.00
Sam Enterprise Co., Ltd.				
- Dissolution				
(equity method)	4,569,111.00	0.00	4,999,800.00	0.00
Total	9,569,111.00	5,000,000.00	9,999,800.00	5,000,000.00
Less Provision for impairment				
of investment	(2,750,000.00)	(2,750,000.00)	(3,180,689.00)	(2,750,000.00)
Other long-term investments	6,819,111.00	2,250,000.00	6,819,111.00	2,250,000.00

As at 31 December 2016, the Company recorded the transfer of investment in subsidiary amounted to Baht 4.99 million, which is recorded as other long-term investment as stated in note 7.





## 9. PROPERTY, PLANT AND EQUIPMENT

(Unit : Baht)

	Consolidated financial statements								
	Land	Building	Factory building	Machinery and equipment	Furniture and office equipment	Vehicles	Work under construction	Machinery under installation/in transit	Total
<b>Cost : -</b>									
As at January 1, 2016	776,879,711.06	115,097,052.58	772,840,708.86	1,783,212,334.69	34,180,765.91	157,628,714.93	940,757.86	26,964,633.77	3,667,744,679.66
Acquisition	0.00	800,000.00	977,392.52	9,016,479.57	2,341,943.72	0.00	6,225,650.18	11,762,620.26	31,124,086.25
Sale/write off	0.00	0.00	0.00	0.00	(5,725.23)	0.00	0.00	0.00	(5,725.23)
Transfer in (out)	0.00	129,803.34	0.00	13,818,144.21	37,800.00	0.00	(167,603.34)	(13,818,144.21)	0.00
As at December 31, 2016	776,879,711.06	116,026,855.92	773,818,101.38	1,806,046,958.47	36,554,784.40	157,628,714.93	6,998,804.70	24,909,109.82	3,698,863,040.68
Acquisition	0.00	4,500,000.00	364,994.39	10,374,792.69	391,954.96	2,930,084.65	30,102,275.29	5,098,408.26	53,762,510.24
Sale/write off	0.00	0.00	0.00	0.00	(1,415,815.05)	0.00	(118,800.00)	0.00	(1,534,615.05)
Transfer in (out)	0.00	9,093,139.43	410,217.12	15,698,570.96	0.00	0.00	(9,503,356.55)	(15,698,570.96)	0.00
<b>As at December 31, 2017</b>	<b>776,879,711.06</b>	<b>129,619,995.35</b>	<b>774,593,312.89</b>	<b>1,832,120,322.12</b>	<b>35,530,924.31</b>	<b>160,558,799.58</b>	<b>27,478,923.44</b>	<b>14,308,947.12</b>	<b>3,751,090,935.87</b>
<b>Accumulated depreciation : -</b>									
As at January 1, 2016	0.00	(25,846,676.19)	(289,069,666.47)	(946,376,547.12)	(28,259,161.63)	(123,294,678.89)	0.00	0.00	(1,412,846,730.30)
Depreciation for the year	0.00	(2,004,526.22)	(12,287,085.16)	(47,423,412.86)	(2,833,140.71)	(13,561,020.02)	0.00	0.00	(78,109,184.97)
Sale/write off	0.00	0.00	0.00	0.00	3,785.00	0.00	0.00	0.00	3,785.00
As at December 31, 2016	0.00	(27,851,202.41)	(301,356,751.63)	(993,799,959.98)	(31,088,517.34)	(136,855,698.91)	0.00	0.00	(1,490,952,130.27)
Depreciation for the year	0.00	(2,300,920.53)	(12,320,503.91)	(47,985,817.02)	(1,951,437.36)	(8,967,504.24)	0.00	0.00	(73,526,183.06)
Sale/write off	0.00	0.00	0.00	0.00	616,779.28	0.00	0.00	0.00	616,779.28
<b>As at December 31, 2017</b>	<b>0.00</b>	<b>(30,152,122.94)</b>	<b>(313,677,255.54)</b>	<b>(1,041,785,777.00)</b>	<b>(32,423,175.42)</b>	<b>(145,823,203.15)</b>	<b>0.00</b>	<b>0.00</b>	<b>(1,563,861,534.05)</b>
<b>Net book value : -</b>									
As at December 31, 2017	776,879,711.06	99,467,872.41	460,916,057.35	790,334,545.12	3,107,748.89	14,735,596.43	27,478,923.44	14,308,947.12	2,187,229,401.82
As at December 31, 2016	776,879,711.06	88,175,653.51	472,461,349.75	812,246,998.49	5,466,267.06	20,773,016.02	6,998,804.70	24,909,109.82	2,207,910,910.41
<b>Depreciation in statements of comprehensive income</b>									
For the year ended December 31, 2017									73,526,183.06
For the year ended December 31, 2016									78,167,635.54

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## 9. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

(Unit : Baht)

	Separate financial statements								
	Land	Building	Factory building	Machinery and equipment	Furniture and office equipment	Vehicles	Work under construction	Machinery under installation/in transit	Total
<b>Cost :-</b>									
As at January 1, 2016	776,879,711.06	115,097,052.58	772,840,708.86	1,783,212,334.69	34,180,765.91	157,628,714.93	940,757.86	26,964,633.77	3,667,744,679.66
Acquisition	0.00	800,000.00	977,392.52	9,016,479.57	2,341,943.72	0.00	6,225,650.18	11,762,620.26	31,124,086.25
Sale/write off	0.00	0.00	0.00	0.00	(5,725.23)	0.00	0.00	0.00	(5,725.23)
Transfer in (out)	0.00	129,803.34	0.00	13,818,144.21	37,800.00	0.00	(167,603.34)	(13,818,144.21)	0.00
As at December 31, 2016	776,879,711.06	116,026,855.92	773,818,101.38	1,806,046,958.47	36,554,784.40	157,628,714.93	6,998,804.70	24,909,109.82	3,698,863,040.68
Acquisition	0.00	4,500,000.00	364,994.39	10,374,792.69	391,954.96	2,900,000.00	3,150,851.85	5,098,408.26	26,781,002.15
Sale/write off	0.00	0.00	0.00	0.00	(1,296,851.03)	0.00	(118,800.00)	(118,964.02)	(1,534,615.05)
Transfer in (out)	0.00	9,093,139.43	410,217.12	15,698,570.96	0.00	0.00	(9,503,356.55)	(15,698,570.96)	0.00
<b>As at December 31, 2017</b>	<b>776,879,711.06</b>	<b>129,619,995.35</b>	<b>774,593,312.89</b>	<b>1,832,120,322.12</b>	<b>35,649,888.33</b>	<b>160,528,714.93</b>	<b>527,500.00</b>	<b>14,189,983.10</b>	<b>3,724,109,427.78</b>
<b>Accumulated depreciation :-</b>									
As at January 1, 2016	0.00	(25,846,676.19)	(289,069,666.47)	(946,376,547.12)	(28,259,161.63)	(123,294,678.89)	0.00	0.00	(1,412,846,730.30)
Depreciation for the year	0.00	(2,004,526.22)	(12,287,085.16)	(47,423,412.86)	(2,833,140.71)	(13,561,020.02)	0.00	0.00	(78,109,184.97)
Sale/write off	0.00	0.00	0.00	0.00	3,785.00	0.00	0.00	0.00	3,785.00
As at December 31, 2016	0.00	(27,851,202.41)	(301,356,751.63)	(993,799,959.98)	(31,088,517.34)	(136,855,698.91)	0.00	0.00	(1,490,952,130.27)
Depreciation for the year	0.00	(2,300,920.53)	(12,320,503.91)	(47,985,817.02)	(1,951,437.36)	(8,964,495.78)	0.00	0.00	(73,523,174.60)
Sale/write off	0.00	0.00	0.00	0.00	616,779.28	0.00	0.00	0.00	616,779.28
<b>As at December 31, 2017</b>	<b>0.00</b>	<b>(30,152,122.94)</b>	<b>(313,677,255.54)</b>	<b>(1,041,785,777.00)</b>	<b>(32,423,175.42)</b>	<b>(145,820,194.69)</b>	<b>0.00</b>	<b>0.00</b>	<b>(1,563,858,525.59)</b>
<b>Net book value :-</b>									
As at December 31, 2017	776,879,711.06	99,467,872.41	460,916,057.35	790,334,545.12	3,226,712.91	14,708,520.24	527,500.00	14,189,983.10	2,160,250,902.19
As at December 31, 2016	776,879,711.06	88,175,653.51	472,461,349.75	812,246,998.49	5,466,267.06	20,773,016.02	6,998,804.70	24,909,109.82	2,207,910,910.41
<b>Depreciation in statements of comprehensive income</b>									
For the year ended December 31, 2017									73,523,174.60
For the year ended December 31, 2016									78,109,184.97

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As at December 31, 2017, part of property, plant and equipment were used as guarantee against short-term loans from financial institutions as stated in note 13.

As at December 31, 2017 and 2016, the Company has cars at cost amount of Baht 9.85 million and Baht 13.73 million respectively under financial lease property with third local companies as stated in note 15.

As at December 31, 2017 and 2016, property, plant and equipment at cost of Baht 492.81 million and Baht 464.92 million respectively which were depreciated but are still in use.

## 10. INTANGIBLE ASSETS

(Unit : Baht)

	Computer software	
	Consolidated	Separate
	financial statements	financial statements
<b>Cost : -</b>		
As at January 1, 2015	5,367,764.50	5,335,264.50
Acquisition	0.00	16,018.43
As at December 31, 2015	5,367,764.50	5,351,282.93
Acquisition	85,000.00	85,000.00
<b>As at December 31, 2016</b>	<b>5,452,764.50</b>	<b>5,436,282.93</b>
<b>Accumulated amortization : -</b>		
As at January 1, 2015	(4,519,366.33)	(4,508,843.10)
Amortization for the year	(248,550.06)	(242,591.72)
As at December 31, 2015	(4,767,916.39)	(4,751,434.82)
Amortization for the year	(241,591.08)	(241,591.08)
<b>As at December 31, 2016</b>	<b>(5,009,507.47)</b>	<b>(4,993,025.90)</b>
<b>Net book value : -</b>		
As at December 31, 2016	443,257.03	443,257.03
As at December 31, 2015	599,848.11	599,848.11
<b>Amortization in statements of comprehensive income</b>		
For the year ended December 31, 2016	241,591.08	241,591.08
For the year ended December 31, 2014	248,550.06	242,591.72

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## 11. PLEDGED BANK DEPOSITS

Bank deposits pledged as collateral for a local bank to issue letters of guarantee to a government agency and a local company as stated in note 26.1.

## 12. PREPAID EXPENSES UNDER OPERATING LEASE

	(Unit : Baht)	
	Consolidated financial statements	
	2017	2016
Prepaid expenses under operating lease	16,773,293.07	17,121,527.53
Less Accumulated amortization	(348,234.46)	(348,234.46)
Prepaid expenses under operating lease	16,425,058.61	16,773,293.07
Less Current portion of prepaid expenses under operating lease	(348,234.46)	(348,234.46)
Prepaid expenses under operating lease	16,076,824.15	16,425,058.61

On June 20, 2015, an overseas subsidiary entered into lease land agreement with an overseas lessor for a period of 50 years. The subsidiary amortized rental on a straight-line basis over the period of lease.

## 13. BANK OVERDRAFTS AND SHORT-TERM LOANS FROM FINANCIAL INSTITUTIONS

	(Unit : Baht)	
	Consolidated and Separate financial statements	
	2017	2016
Bank overdrafts	5,213.11	1,922,813.61
Loans from banks		
Promissory notes	777,513,229.87	625,000,000.00
Trust receipt	755,599,820.83	806,683,318.55
Total	1,533,118,263.81	1,433,606,132.16

As at December 31, 2017, the Company has credit lines from three local banks total amount of Baht 2,070 million, guaranteed by mortgaging part of land with its construction and machinery of the Company as stated in note 9.

As at December 31, 2016, there are short-term loans from several financial institutions in which the financial institutions provide unsecured loans, under the negative pledge agreement.

On April 25, 2017, the Company has transferred bank overdrafts amount of Baht 1.92 million and promissory notes amount of Baht 53.12 million from a bank which is a creditor under debt restructuring agreement in accordance with compromise agreement as stated in note 16.

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#### 14. TRADE AND OTHER PAYABLES

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Trade accounts payable	93,127,503.57	238,890,346.90	93,127,503.57	238,888,346.90
Accrued expenses	27,134,702.64	27,227,996.53	27,134,702.64	26,921,653.53
Advance payment for goods	21,426,831.79	5,129,431.27	21,426,831.79	5,129,431.27
Assets payable	1,378,572.80	648,116.06	1,378,572.80	648,116.06
Others	54,371,259.70	0.00	54,371,259.70	0.00
Total	1,002,130.97	3,130,337.61	879,939.39	3,030,070.65

#### 15. FINANCIAL LEASE LIABILITIES

The assets under financial lease are as follows :

(Unit : Baht)

	Consolidated and Separate financial statements	
	2017	2016
Car	9,850,500.00	13,730,032.71
Less Accumulated depreciation	(4,556,402.28)	(5,002,497.64)
Net book value	5,294,097.72	8,727,535.07

Financial lease liabilities are as follows :

(Unit : Baht)

	Consolidated and Separate financial statements	
	2017	2016
Financial lease liabilities - car	4,451,692.00	6,946,471.00
Less Deferred interest	(347,964.99)	(707,410.66)
Less Current portion of financial lease liabilities	(1,552,937.91)	(2,135,333.34)
Financial lease liabilities	2,550,789.10	4,103,727.00

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## 16. CREDITORS UNDER DEBT RESTRUCTURING AGREEMENT

(Unit : Baht)

	Consolidated and Separate financial statements	
	2017	2016
Loans from bank - promissory notes	37,343,184.95	0.00
Defaulted interest	6,039,651.15	0.00
Total	43,382,836.10	0.00
Less Current portion of long - term liabilities	(29,318,580.39)	0.00
Net	14,064,255.71	0.00

On April 25, 2017, the Company entered into compromise contract in the presence of Sumutsakorn Provincial Court with a domestic bank and agreed to make debt repayment to a bank as follows :

16.1 The principal under overdrafts agreement amount of Baht 1.92 million included interest at the rate of 7.25% per annum of such amount, commenced on July 7, 2016 onwards until the repayment is completed.

16.2 The principal under promissory notes amount of Baht 53.12 million included interest at the rate of 2.85% per annum of such amount, commenced on July 1, 2016 onwards until the repayment is completed.

The Company has agreed to make repayment as per No. 16.1 and 16.2 including principal and interest amount of Baht 56.55 million to the bank by making monthly installment amount not less than Baht 2.50 million. The first installment is commenced on May 31, 2017.

Defaulted interest amount of Baht 6.04 million will be waived by the bank where the Company could completely comply with the condition in agreement.

## 17. NON-CURRENT PROVISIONS FOR EMPLOYEE BENEFIT

The Company paid post-employment and retirement according to the regulations of Thai Labour Protection Act B.E. 2541 (1998) to provide retirement benefits to employees based on their right and length of service.

Changes in current value of employee benefit obligations

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## As at December 31, 2016 and 2016

(Unit : Baht)

	Consolidated and Separate financial statements	
	2017	2016
Defined benefit obligations as at the beginning of the year	3,767,123.00	5,567,267.00
Current service cost	691,557.00	80,605.00
Interest cost	145,997.00	55,221.00
Loss on remeasurements of defined benefit plans in other comprehensive income during the year	2,663,110.00	0.00
Payment of employee benefit during the year	(969,780.00)	(1,935,970.00)
<b>Defined benefit obligations as at the end of the year</b>	<b>6,298,007.00</b>	<b>3,767,123.00</b>

Employee benefit expense is recognized in the following items in the statement of comprehensive income:

## For the year ended December 31, 2017 and 2016

(Unit : Baht)

	Consolidated and Separate financial statements	
	2017	2016
Cost of sales	144,327.00	69,891.00
Selling expenses	43,304.00	23,164.00
Administrative expenses	649,923.00	42,771.00
Loss on remeasurements of defined benefit plans in other comprehensive income during the year	2,663,110.00	0.00
<b>Total</b>	<b>3,500,664.00</b>	<b>135,826.00</b>

Principal actuarial assumptions at the reporting date:

	2017	2016
	( % )	( % )
Discount rate	2.05% per annum	4.49% per annum
Employee turnover rate	36% - 42% per annum	33% - 37% per annum
Mortality rate	100% of Thai Mortality Table B.E. 2551 (2008)	100% of Thai Mortality Table B.E. 2551 (2008)

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## Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

(Unit : Baht)

	Consolidated and Separate financial statements			
	2017		2016	
	Increase	Decrease	Increase	Decrease
Discount rate (0.50% movement)	(92,412.00)	94,362.00	(111,956.00)	114,775.00
Future salary increases (0.50% movement)	91,543.00	(90,559.00)	80,238.00	(79,377.00)
Employee turnover rate (0.50% movement)	(67,820.00)	69,604.00	(63,902.00)	65,511.00

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

## 18. INCOME TAX EXPENSES/ DEFERRED TAX

Deferred tax assets and liabilities after offsetting are included in statements of financial position as detailed following :

(Unit : Baht)

	Consolidated and Separate financial statements	
	2017	2016
<b>Deferred tax assets</b>		
Allowance for doubtful accounts	10,325,400.42	9,420,612.43
Allowance for devaluation of inventories	512,255.01	232,214.47
Employee benefit provisions	1,259,601.40	753,424.60
Provision for impairment of investment	636,137.80	550,000.00
Taxable loss	31,852,515.03	9,645,251.19
Total	44,585,909.66	20,601,502.69
<b>Deferred tax liabilities</b>		
Depreciation from changes in provisions	55,710,022.01	51,905,037.96
Total	55,710,022.01	51,905,037.96
<b>Deferred tax liabilities - net</b>	11,124,112.35	31,303,535.27

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Income tax expenses for the year ended December 31, 2017 and 2016 are summarized as follows:

(Unit : Baht)

	Consolidated and Separate financial statements	
	2017	2016 (Restated)
<b>Current tax :</b>		
Income tax for the year	0.00	0.00
<b>Deferred tax :</b>		
Deferred tax resulted from		
temporary differences and reversal of temporary		
differences	(19,646,800.92)	12,318,816.08
<b>Income tax (income) expenses presented in statements of</b>		
<b>comprehensive income</b>	<u>(19,646,800.92)</u>	<u>12,318,816.08</u>

The amounts of income tax relating to each component of other comprehensive income for the year ended December 31, 2017 and 2016 are summarized as follows:

(Unit : Baht)

	Consolidated and Separate financial statements	
	2017	2016
Income tax relating to gain (loss) on remeasurements of defined		
benefit plans charged directly to other comprehensive income	(532,622.00)	0.00

Reconciliation between income tax expenses and multiplication of accounting profit and tax rate used for the year ended December 31, 2017 and 2016 can be presented as follows:

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(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016 (Restated)	2017	2016 (Restated)
Accounting profit (loss) before income tax	(98,420,831.57)	60,137,613.58	(97,464,314.38)	61,222,841.94
Income tax rate	20%	20%	20%	20%
Accounting profit (loss) before income tax multiply with tax rate	(19,684,166.32)	12,027,522.72	(19,492,862.88)	12,244,568.39
Effects of taxable :				
Prohibited expenses	1,149,589.84	696,574.12	1,149,589.84	696,195.92
Other expenses for which accounting base differ from tax base	(1,112,224.44)	(405,280.76)	(1,303,527.88)	(621,948.23)
<b>Income tax (income) expenses presented in statements of comprehensive income</b>	<u>(19,646,800.92)</u>	<u>12,318,816.08</u>	<u>(19,646,800.92)</u>	<u>12,318,816.08</u>
Effective income tax rate	(19.96)%	20.48%	(20.16)%	20.12%

## 19. LEGAL RESERVE

According to the Public Company Limited Act B.E. 2535, the Company is required to appropriate its reserve as a legal reserve not less than 5% of the annual net profit deducted by the total deficit brought forward (if any) until the reserve reach an amount not less than 10% of the authorized share capital. Such legal reserve is not available for dividend distribution.

## 20. TRANSACTIONS WITH RELATED PARTIES

A portion of the Company's assets, liabilities, revenues, and expenses of the Company was derived from its related parties. These companies are related to the Company through the co-shareholders and/or co-directors. The financial statements are reflected the effects of these transactions on the basis determined by the normal course of business with related parties as similar to deal with other parties..

<u>Related Parties</u>	<u>Relationship</u>	<u>Transaction</u>	<u>Pricing Policy</u>
Sam Enterprise Co., Ltd.	Subsidiary/directorship (Dissolution on 4/12/17)	Rental income	At agreed rate
			indicated in agreement
		Vehicle repair expenses	Market price
		Loans	At agreed rate
			indicated in agreement
Steel Hub Limited	Subsidiary	Interest expenses	At agreed rate
			indicated in agreement
		Selling goods	Market price
Chainarong Intertrade Co., Ltd.	The Company's director is a major shareholder and authorized director	Bearing acquisition	Market price



The balance of inter-company transaction are detailed as follows:

(Unit : Baht)

	Separate financial statements		
	December 31, 2016	Increase	Decrease
<b>Sam Enterprise Co., Ltd.</b>			
Other receivables	18,404.00	42,372.00	(60,776.00)
Trade accounts payable	3,540,911.07	0.00	(3,540,911.07)
<b>Steel Hub Limited</b>			
Trade accounts payable	0.00	7,093,294.67	0.00
<b>Chainarong Intertrade Co., Ltd.</b>			
Trade accounts payable	191,192.95	801,992.93	(773,338.22)
Other payables	1,738.75	0.00	(1,738.75)

Revenues and expenses transactions with related companies for the year ended December 31, 2017 and 2016 are summarized as follows:

(Unit : Baht)

	Separate financial statements	
	2017	2016
<b>Sam Enterprise Co., Ltd.</b>		
Rental income	39,600.00	125,200.00
Vehicle repair expenses	0.00	2,825,747.00
Interest expenses	17,095.90	0.00
Acquire of supplies	0.00	3,100,593.82
Acquire of assets	0.00	208,668.86
<b>Steel Hub Limited</b>		
Selling goods	7,239,633.26	0.00
<b>Chainarong Intertrade Co., Ltd.</b>		
Acquire of goods and supplies	749,526.10	636,458.53
Acquire of assets	0.00	1,625.00

## 21. EXPENSES ANALYZED BY NATURE

The significant expenses analyzed by nature for the year ended December 31, 2017 and 2016, are detailed as follows :

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Changes in finished goods and work				
in process	122,352,591.29	(193,428,275.62)	122,352,591.29	(196,955,032.42)
Raw materials and consumables used	1,443,134,156.12	1,571,482,728.78	1,443,134,156.12	1,514,095,082.45
Import duty on raw materials	65,412,228.20	80,964,833.67	65,412,228.20	80,964,833.67
Employee benefit expenses	140,453,173.51	149,853,136.51	140,453,173.51	149,155,340.51
Management benefit expenses	15,213,713.00	15,971,327.00	15,213,713.00	15,971,327.00
Depreciation and amortization	50,157,813.48	43,096,877.03	50,154,805.02	43,032,468.18
Depreciation - non-operating machinery	23,609,960.66	35,319,308.51	23,609,960.66	35,319,308.51
(Reversal) Loss on devaluation of				
inventories	1,400,202.71	(5,836,923.80)	1,400,202.71	(5,836,923.80)
Amortized prepaid land lease	348,234.46	348,234.46	0.00	0.00

## 22. DIRECTORS' REMUNERATION

Directors' remuneration represents the benefits paid to the directors of the Company in accordance with Section 90 of the Public Company Limited Act, exclusive of salaries and related benefits payable to executive directors.

## 23. MANAGEMENT BENEFIT EXPENSES

Management benefit expenses are salaries, remunerations and other benefits to the executive directors, in accordance with the definitions of the Office of the Securities and Exchange Commission. Executive directors under definition includes a chief executive officer, the next four executive levels immediately below that chief executive officer and all persons in positions comparable to these fourth executive levels including all persons in positions comparable to management in accountant and finance who are manager and high positions.

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## 24. PROVIDENT FUND

The fund is contributed by deducting the employees' salary at the rate of 2 - 4% and additional contributed by the Company at the rate of 2 - 4%. The fund is set up for the exclusive benefit of the employees and managed by a company established for such purpose.

As at December 31, 2017 and 2016, the Company paid contributions to the fund amounted to Baht 1.07 million and Baht 1.21 million respectively.

## 25. ADDITIONAL DISCLOSURE OF CASH FLOWS INFORMATION

Significant non-monetary transactions for the year ended December 31, 2017 are as follows:

In 2017, the Company has transferred property, plant and equipment amount of Baht 4.50 million for receiving the debt settlement from trade accounts receivable amount of Baht 5.86 million and recorded loss on received of debt settlement amount of Baht 1.36 million.

In 2017, the Company has transferred overdrafts and short - term loans from financial institution amount of Baht 55.04 million and other current payables amount of Baht 7.55 million to be creditors under debt restructuring agreement in the amount of Baht 62.59 million.

## 26. COMMITMENT AND CONTINGENT LIABILITIES

26.1 As at December 31, 2017 and 2016, the Company has commitment from three local banks issuance of letter of guarantee to two government agencies and two local companies, totalling Baht 74.62 million and Baht 78.22 million respectively.

26.2 As at December 31, 2017, the Company has commitment in respect of hiring a local company for building improvement with the remaining amount of Baht 0.40 million.

## 25. FINANCIAL INFORMATION SEGMENT

The financial information is separated in geographical segment (selling of steel pipes and tubes) based on the operating location for the year ended December 31, 2016 and 2015 as follows :

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For the year

	Consolidated financial statements					
	As at December 31, 2017			As at December 31, 2016		
	Domestic sales	Overseas sales	Total	Domestic sales	Overseas sales	Total
Revenues from sales	2,673	21	2,694	2,739	185	2,924
Cost of sales	(2,539)	(23)	(2,562)	(2,440)	(188)	(2,628)
Gross profit	134	(2)	132	299	(3)	296
Other income			10			4
Selling expenses			(49)			(61)
Administrative expenses			(141)			(132)
Finance costs			(51)			(47)
Income tax income (expenses)			20			(12)
Profit (loss) for the year			(79)			48
Property, plant and equipment			2,187			2,208

## 28. DISCLOSURE AND PRESENTATION OF FINANCIAL INSTRUMENTS

The Company has no policy to hold financial instruments for speculation or trading.

### 28.1 Accounting Policy

The significant accounting policies and methods adopted including the basis of recognition and measurement relating to each class of financial assets and liabilities have been disclosed as stated in note 3.

### 28.2 Credit Risk

Credit risk derives from failure by counterparties to discharge their obligations resulting in financial loss to the Company. Financial assets shown in statement of financial position at the book value deducted by allowance for doubtful accounts is maximum value of credit risk.

For off-statement of financial position, the Company expect that the accounts of credit risk is immaterial.

### 28.3 Interest Rate Risk

Interest rate risk derives from changes in interest rate resulting in financial loss to the Company in the current and following period.

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## 28.4 Fair Value of Financial Instruments

Financial assets shown in statements of financial position consist of cash and cash equivalents, trade and other receivables and other receivables from related party. Financial liabilities shown in statements of financial position consist of bank overdrafts and short-term loans from financial institutions, trade and other payables, trade and other payables from related parties and financial lease liabilities.

The book value of financial assets and liabilities are closed to their fair value. The management believes that there is no material risk from financial instruments.

## 28.5 Exchange rate risk

The Company exposed to foreign currency exchange rate risk related to assets and liabilities denominated in foreign currencies.

As at December 31, 2017 and 2016, assets and liabilities denominated in foreign currencies without forward contract are summarized as follows:

	Assets		Liabilities	
	2017	2016	2017	2016
USD	218,698.00	0.00	1,712,544.93	1,818,440.37

## 29. CAPITAL MANAGEMENT

The objective of financial management of the Company is to preserve the continuity of operation as a going concern and appropriate capital structure.

As at December 31, 2017 and 2016, the Company has debt to equity ratio as summarized follows:

	Separate financial statements	
	2017	2016
Total debt to equity ratio	0.90	0.84

## 30. CORRECTION OF ACCOUNTING ERRORS

The Company has corrected errors from the wrong accounting period by issuing a credit note in 2016 from the sale of goods in the year 2015 amounted to Baht 62.40 million, the Company has adjusted the transaction retroactively. The effect of correcting such accounting errors are summarized as follows:

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(Unit : Baht)

Consolidated financial statements

Statements of financial position

as at December 31, 2016

	Previous	Restated	Increase(Decrease)
Appropriated retained earnings			
Legal reserve	34,891,265.86	35,179,082.30	287,816.44
Unappropriated retained earnings	82,223,676.04	81,935,859.60	(287,816.44)

Statements of financial position

as at January 1, 2016

	Previous	Restated	Increase(Decrease)
Trade and other current receivables	540,833,645.07	545,201,297.03	4,367,651.96
Inventories	1,163,608,839.59	1,218,808,456.63	55,199,617.04
Trade and other current payables	363,421,128.34	430,183,808.30	66,762,679.96
Deferred tax liabilities	20,423,801.38	18,984,719.19	(1,439,082.19)
Unappropriated retained earnings	42,318,592.16	36,562,263.39	(5,756,328.77)

Statements of comprehensive income

For the year ended December 31, 2016

	Previous	Restated	Variance
Revenues from sales increase	2,861,481,966.30	2,923,876,994.30	62,395,028.00
Cost of sales increase	(2,578,802,301.79)	(2,634,001,918.83)	(55,199,617.04)
Income tax expenses increase	(10,879,733.89)	(12,318,816.08)	(1,439,082.19)
Profit for the year increase	42,062,468.73	47,818,797.50	5,756,328.77
Basic earnings per share increase	0.04	0.05	0.01



(Unit : Baht)

Separate financial statements

Statements of financial position

as at December 31, 2016

	Previous	Restated	Increase(Decrease)
Appropriated retained earnings			
Legal reserve	34,891,265.86	35,179,082.30	287,816.44
Unappropriated retained earnings	84,251,039.21	83,963,222.77	(287,816.44)

Statements of financial position

as at January 1, 2016

	Previous	Restated	Increase(Decrease)
Trade and other current receivables	540,395,123.41	544,762,775.37	4,367,651.96
Inventories	1,159,580,538.63	1,214,780,155.67	55,199,617.04
Trade and other current payables	362,538,198.92	429,300,878.88	66,762,679.96
Deferred tax liabilities	20,423,801.38	18,984,719.19	(1,439,082.19)
Unappropriated retained earnings	43,260,726.97	37,504,398.20	(5,756,328.77)

Statements of comprehensive income

For the year ended December 31, 2016

	Previous	Restated	Variance
Revenues from sales increase	2,860,621,395.70	2,923,016,423.70	62,395,028.00
Cost of sales increase	(2,575,481,740.14)	(2,630,681,357.18)	(55,199,617.04)
Income tax expenses increase	(10,879,733.89)	(12,318,816.08)	(1,439,082.19)
Profit for the year increase	43,147,697.09	48,904,025.86	5,756,328.77
Basic earnings per share increase	0.04	0.05	0.01

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### 31. OTHERS

According to the news report of the Customs Department that the Officer has arrested the Company's steel products from it doubt about the defraud of duties tax refund of which had economic loss value exceed Baht 120 million. As a result, the Company derived the damages from truly importing raw materials and placed letter of guarantee to be complied with the condition, in all respects of the Customs Department. At present, interrogation by Mukdahan Provincial Police Division in accordance with the allegation of jointly dishonest in which has false expression relating to goods exporting or export intention in order to refund or compensate duty taxes. The interrogation of such case is already completed. The case opinion was ordered not to prosecute and the case is still pending the further of the prosecutor's trial. The case has inadequacy evidences for enforcing an action that there is ordered not to prosecute the Company in alleged offence and all files of the inquiry have been sent to the public prosecutor of Mukdahan Province of which they have the same opinion with the inquiry official that they have ordered not to prosecute the Company in alleged offence.

### 32. APPROVAL OF FINANCIAL STATEMENTS

These financial statements have been approved and authorized for issue by the Company's Board of directors on February 27, 2018.

(Sign) ..... Authorized Director  
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Appendix 1 : Information on directors and managements as at December 31,2017

Name-Surname Age / Position	Education / Training	Family Relationship	Percentage of Shareholdings	Experience	
1.Mr.Patchawat Kunchayangkul Age : 70 Chairman of Board of Directors	- B.A. Accounting (honors), Thammasat University - M.B..A. Accounting, Thammasat University	-None-	-None	2014- Present 2007 - 2010	- Chairman of Board of Directors Samchai Steel Industries PCL. - Chairman of Board of Directors Samchai Steel Industries PCL.
2.Mr.Wattana Suthipinijtham Age : 72 Independent Director / Vice Chairman of Board of Directors	- B.A. Accounting (honors), Thammasat University - M.B.A. New York University - Course Director Accreditation Program (DAP) - IOD	-None-	-None-	2004- Present 2015- Present	- Vice Chairman of Board of Directors Samchai Steel Industries PCL. - Director Grand Asset Hotels and Property Pcl.
3.Mr. Thongchai Leekanchanakorn Age : 65 Director / Chairman of Executive Board / Authorized director	- B.S. (Electronic), Chiyoda Collage, Tokyo, Japan - Course Director Accreditation Program (DAP) - IOD	Father of Mr. Varunchai and Mr. Varoonchai Leekanchana-korn	19.01-	2010–Present 2004 - 2005	- Director and Chairman of Executive Board Samchai Steel Industries PCL. - Director and Chairman of Executive Board Samchai Steel Industries PCL.
4.Mr.Varunchai Leekanchanakorn Age : 38 Director / Executive Director / Vice Managing director	- M.B.A. Boston University - L.L.Chulalongkorn University - Course Director Accreditation Program (DAP) - IOD	Son of Mr. Thongchai Leekanchana- korn	15.79%	2013- Present 2011 – 2013 2008 – 2011t	- Managing Director Samchai Steel Industries PCL. - Executive Director / Vice Managing Director Samchai Steel Industries PCL. - Executive Director / Asst.Managing Director Samchai Steel Industries PCL.
5.Mr.Thawatchai Chinthammitr Age : 63 Director	- B.B.A. Human Resource Management, Assumption University - Course Director Accreditation Program (DAP) - IOD	-None-	0.05%	2007- Present 2004- 2007 1998- Present	- Director - Chairman of Board of Directors Samchai Steel Industries PCL. - Manager Chainarong Intertrade Co.,Ltd. (Bearing Distributor)



Name-Surname Age / Position	Education / Training	Family Relationship	Percentage of Shareholdings	Experience	
6.Mr.Pornchai Kittipanya- ngam Age : 71 Independent Director / Chairman of Audit Committee	- B.B.A. (Accounting) Thammasat University - Course Director Accreditation Program (DAP) – IOD	-None-	-None-	2004- Present 1972- Present	- Chairman of Audit Committee Samchai Steel Industries PCL. - Managing Director Bunchikij Co.,Ltd. (Audit Firm)
7.Mr.Prichar Harnhathya Age : 70 Independent Director / Member of Audit Committee	- B.B.A. (Accounting) , Thammasat University - M.B.A. (Finance), Columbia University - Course Director Accreditation Program (DAP) - IOD	-None-	-None-	2004- Present 2005– Present 1992- 2002	- Member of Audit Committee Samchai Steel Industries PCL. - Director Andaman Resort Co.,Ltd. - Assistant President Eastern Asia University - General Director, The Office of Managing Director, UOB Ratanasin Bank
8.Mr.Voravit Chotikasophon Age : 70 Independent Director / Member of Audit Committee	- B.B.A. (Econamic) , Thammasat University - Course Director Accreditation Program (DAP) - IOD	-None-	-None-	2017- Present 1987 - 1997	- Member of Audit Committee Samchai Steel Industries PCL. - Senior Sale Manager Bangkok Metal Industry Co.,Ltd. (Copper seamless pipe manufacturing company)
9.Mr. Banpot Prasertsukskool Age : 59 Director / Executive Director / Managing Director / Authorized director	- B.A. Political Science (Public Administration), Thammasat University. - Course Director Accreditation Program (DAP) - IOD	-None-	-None-	2013- Present 2008 - 2013 2002 - 2008	- Director / Executive Director Samchai Steel Industries PCL. - Managing Director Samchai Steel Industries PCL. - Assistant Managing Director Samchai Steel Industries PCL.

Name-Surname Age / Position	Education / Training	Family Relationship	Percentage of Shareholdings	Experience	
10.Mrs. Vasana Lamatipanont Age : 65 Vice Managing director	- Diploma (Accounting) Bangkok Accounting Collage	Sister of Mrs. Vanalee Leekanchana-korn, Mr.Thongchai's wife	-None-	2011- Present 2009 – 2011 2004 – Present	- Vice Managing Director Samchai Steel Industries PCL. - Assistant Managing Director Samchai Steel Industries PCL. - Individual Business (Jeweler)
11.Mr. Waranwut Watthana- anun Age : 61 Vice Managing director	- Bachelor of Science in Economics Kasetsart University - Master of Business and Administration (MBA),Financial Management, NIDA	-None-	-None-	2011 - Present 2005-2011 1997-2008	- Vice Managing director Samchai Steel Industries PCL. - Assistant Managing director Samchai Steel Industries PCL. - Assistant Finance Manager Inter Steel Industries Co.,Ltd. (Steel Pipe Manufacturer)
12.Mr. Varoonchai Leekanchanakorn Age : 35 Vice Managing Director	B.B.A. Finance, UC Berkeley University , U.S.A.	Son of Mr. Thongchai Leekanchana korn	14.35%	2011–Present 2010 – 2011 2007 – 2010 2006 – 2007	- Vice Managing director Samchai Steel Industries PCL. - Finance Care Taker Samchai Steel Industries PCL. - Associate Officer, Deutsche Bank. - Analyst Officer, Citibank
13.Mrs.Tanyanaun Duangraksa Age : 55 Assistant Managing director	- Secondary School	-None-	-None-	2011-Present 1997 - 2011	- Assistant Managing director Samchai Steel Industries PCL. - Sale Manager Samchai Steel Industries PCL.
14.Ms. Yupaporn Noppakaudrittidej Age : 53 Assistant Managing director	- Diploma (Management) Rajabhat Rajanagarindra University	-None-	-None-	2011 - Present 1997 - 2011	- Assistant Managing director Samchai Steel Industries PCL. - Sale Manager Samchai Steel Industries PCL.



Name-Surname Age / Position	Education / Training	Family Relationship	Percentage of Shareholdings	Experience	
15.Mrs. Preyawan Leusuvanatat Age : 64 Finance Manager	- Diploma (Accounting) Bangkok Accounting Collage	-None-	-None-	2001- Present  1997 - 2001	- Finance Manager Samchai Steel Industries PCL. - Assistant Finance Manager FTS Products Co.,Ltd. (Steel Pipe Manufacturer)
16.Ms. Srisamorn Kuyingrat Age : 64 Cos t Account Manager	- Diploma (Accounting) Bangkok Accounting Collage	-None-	-None-	2003–Present  1997 - 2546	- Cost Account Manager Samchai Steel Industries PCL. - Assistant Account Manager FTS Products Co.,Ltd. (Steel Pipe Manufacturer)

## Appendix 2 : Information on Position of Directors and Managements as at December 31,2017

Name	Samchai Steel Industries PCL.	Chainarong Intertrade Co.,Ltd.	Millenium Intertrade Co., Ltd.	Sam Enterprise Co.,Ltd.	Steel Hub Company Limited
1.Mr.Patchawat Kunchayangkul	/,X				
2. Mr. Wattana Suthipinijtham	/,D				
3. Mr. Thawatchai Chinthammitr	/	/,IV			
4. Ms. Jintana Leelachaicharoenphan	/,///				
5. Mr. Thongchai Leekanchanakorn	/,O,///			/	
6. Mr.Varunchai Leekanchanakorn	/,///,IV		/	/	
7. Mr.Pornchai Kittipanya-ngam	N, /,//				
8. Mr.Prichar Harnhathya	/,//				
9. Mr.Voravit Chotikasophon	/,//				
10. Mr. Banpot Prasertsukskool	/,///,V			/	
11. Mrs. Vasana Lamatipanont	V				
12. Mr. Waranwut Watthana-anun	V				
13. Mr. Varoonchai Leekanchanakorn	V				/, III, IV
14. Mr. Sorayut Phuwanatphakdee	V				
15. Mrs. Tanyanun Duangraksa	V				
16. Ms. Yupaporn Noppakoadritded	V				
17. Mrs. Preyawan Leusuvanatat	V				
18. Ms. Srisamorn Kuyingrat	V				
	V				

### Remark:

X = Chairman of Board of Directors

D = Vice Chairman of Board of Directors

O = Chairman of Executive Board

/ = Director

// = Member of Audit Committee

/// = Executive Director

N = Chairman of Audit Committee

IV = Managing Director

V = Management