



ANNUAL REPORT

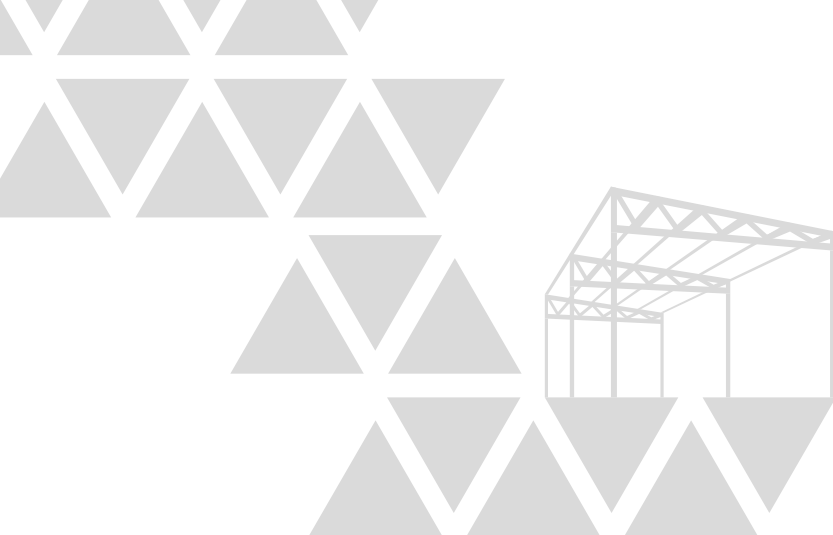
2016

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รายงานประจำปี



THE STEEL PUBLIC COMPANY LIMITED  
บริษัท เดอะ สตีล จำกัด (มหาชน)



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## Message from the Chairman



Dear all Shareholders and Investors, The Steel Public Company Limited and subsidiaries encountered loss in 2015 due to pricing dropped around 18% compared to 2014, and management had considered "Goodwill", had no economic benefit value in future, therefore, written off as expense the whole amount. But metal businesses were rebounded in this year. i.e, the Company could reach total revenue of Baht 15,798 million, compared to Baht 13,957 million in 2015, increasing of revenue Baht 1,841 million or 13.20%. Mutually, selling prices situation in 2016 were quite good almost the whole year, resulting the Company could get high net profit of Baht 545.29 million in this

year, which will be reflexed to all shareholders as dividend in future.

On behalf of the Board of Directors, we would like to express our appreciation for shareholders, customers, business partners, financial institutions, and private sectors concerned of their full support in the Company's operation. We also are very grateful to our executives and staff who have performed their duties with full responsibilities and commitment to improve the Company's potential for the steady and ongoing growth in the future.

A handwritten signature in black ink, which appears to read "Prachuab Chaiyasarn".

Mr. Prachuab Chaiyasarn

Chairman

# Financial Highlights

( Thousand Baht )

	2016	2015	2014
<b>Data from consolidated financial Statements</b>			
Revenue from sales	15,798,647	13,957,302	16,882,705
Gross Profit	852,155	120,687	391,962
Comprehensive Net Profit (Loss)	549,084	(730,024)	86,079
Total Assets	5,403,327	4,097,626	4,058,928
Total Liabilities	3,677,249	2,700,363	3,279,128
Shareholder's Equity	1,726,078	1,396,990	779,800
<b>Financial Ratio</b>			
Gross Profit Margin	5.39	0.86	2.32
Net Profit (loss) Margin	3.47	(5.25)	0.51
Return on Assets	11.56	(17.97)	2.14
Return on Equity	35.76	(67.96)	11.89
Current Ratio ( times )	1.21	1.18	1.03
Debt to Equity Ratio ( times )	2.13	1.93	4.17

## Business Overview

The Company has been selling various kind of metal products, raw materials (not forming), such as, Hot Roll Coil and forming, such as, slitting, plate, and other hot formings and cold formings, steel channel bar, steel angle bar, rip c-channel and steel pipe.

The Company income structure composed of

### 1) Steel Trading

The Company has various kind of steel tradings Hot Roll Coil, Plate, H-Beams, I-Beams, wide flange, steel bar, steel channel bar, steel channel and steel flat bar, c-channel and steel pipe. The Company also provides other products, water pipe, zing, etc. Since end of 2011 through 2012 the Company also imported scraps for selling as raw materials for producing Hot Roll Coils and Billets.

### 2) Coil Center

The Company processes hot rolled coil into other forming products, such as, slitting coil, cutting sheet including c-channel and steel pipes and also provides service of cutting plate and slitting coil per customers' need.

### The Company's income structure

The distribution value	2016		2015		2014	
	Million Baht	Ratio	Million Baht	Ratio	Million Baht	Ratio
Trading						
- Scrap	3,083.59	19.52	1,858.50	13.32	3,996.38	23.70
- Appearance iron	8,598.56	54.43	9,341.11	66.93	10,515.17	62.30
Processing	3,872.19	24.51	2,701.68	19.36	2,239.24	13.30
<b>Grand Total</b>	<b>15,554.34</b>	<b>98.45</b>	<b>13,901.29</b>	<b>99.60</b>	<b>16,750.79</b>	<b>99.30</b>
Other income	244.31	1.55	56.01	0.40	131.92	0.70
<b>Total Revenues</b>	<b>15,798.65</b>	<b>100.00</b>	<b>13,957.30</b>	<b>100.00</b>	<b>16,882.71</b>	<b>100.00</b>

### Type of Business and Nature of Operation

The Company divides its operations into two categories, as follows:

#### 1. Steel Trading and Warehousing

The company's products can be divided into 3 main products, as follows:

##### 1.1 Hot Rolled Flat product

This product is passed the production process of the local manufactures. The feature of Hot Rolled Flat Product is sheet, which has different width, length and dept. There are two types. The first type is Hot-Rolled Coil with the depth from 1.0 millimeter to 13.0 millimeters. The second type is Hot-Rolled Plate with the dept from 8 millimeters to 100 millimeters. The company procures Hot-Rolled Coil and Hot-Rolled Plate from local manufactures and sells them to steel traders and steel manufactures. These customers use these products to produce other steel works. These products are widely used in several industries such as construction, machinery and ship building.

## 1.2 Long product

### 1) Hot Formed product

These products are passed the hot forming process, which are H-Beams, I-Beams, wide flange, steel bar, steel channel bar, steel channel and steel flat bar. The company procures these products and sells to trader and the customers in construction industry.

### 2) Cold Formed product

These products are reformed without heating process. This type of products includes steel channel bar, steel angle bar, rip c-channel and steel pipe. The steel pipe which company procures is suitable for construction industry. The company procures these products and sells to trader and the customers in construction industry.

## 1.3 Other steel products

The company purchases other steel products to accommodate the customers such as cold rolled sheet and stainless steel sheet.

## 2. Coil Center

The company processes hot rolled coil into other forming products, such as, slitting coil, cutting sheet various sizes, including c-channel and steel pipes. The capacity of machines was around 200,000 tons per year in past. After adding 4 new sets of piping machines, the new capacity are around 334,500 tons per year, with working 8 hours per day, and increasing 2-4 hours per day in peak period.

## Marketing and Competitive Situation

### 1. Marketing Strategies

- 1) Since the Company has variety of products, customers can order from the company instead of order from many distributors. The company can serve customers' need well, especially, wholesaler and construction clients, which are major customers.
- 2) Metal products, both bought for trading and manufactured by the company received Thai Industrial standard Institute license from Ministry of Industrial, and the company has quality assurance system before deliver goods. Incase of damages, new goods will be resubmitted immediately.
- 3) The company has services to deliver products to customers either in Bangkok, outer ring of Bangkok or near by provinces.
- 4) The company can immediately serve customers' need due to variety of products, efficient inventory control system, and on time delivery.
- 5) The company separates marketing team by customer locations in order to closely take care customers and know their needs.
- 6) The company seriously focuses on creating value added to the firm, by developing and giving product knowledges to staff in order that they can give good advice and service to customers.

## Distribution channel

The Company distributed all products locally in both 2016 and 2015, mainly to whole sellers, other industries and constructors, including HRC manufacturers.

## 2. Competition

Because the company operates as coil service center and steel manufacture, the company divides the competitive situation as follow:

### 2.1 The coil service center

There are many coil service centers in Thailand but most of them are small manufacturers. There are only two large manufacturers and six medium manufacturers in this market. The company is one of the medium manufacturers. Therefore, the level of competition for large and medium manufactures is moderate. Moreover, at the present the production is not sufficient for the customers' demand.

### 2.2 The steel pipe and rip c-channel manufacture

The competition in this market is in high level because there are approximately 50 steel pipe and rip c-channel manufactures in this market. The company divides the competition of steel pipe and rip c-channel into three groups according to their production capacity.

- The large steel pipe and rip c-channel manufactures have production capacity more than 100,000 tones per year. There are nine large manufacturers, including the Company.
- The Medium steel pipe and rip c-channel manufactures have production capacity ranging from 50,000 tones per year to 100,000 tones per year. There are approximately 13 Medium manufacturers.
- The small steel pipe and rip c-channel manufactures have the capacity less than 50,000 tones per year. The rest of the manufacturers are small manufacturers.

## Merchandise Suppliers

### ■ Production

At present the company has one factory and one subsidiary with the full production capacity of approximate 334,500 tons per year. The average utilization rate were 73.10% and 42.0% in 2016 and 2015 respectively.

### ■ Raw material and product procurement

At present the company procures hot rolled coil with the standard size of thickness, width and length from the local manufacturers. G J Steel Public Company Limited and G Steel Public Company Limited who are two of the three major producers, and purchase other products from various supplies. In addition, the Company has been purchasing Hot Roll Coil from Delong (Thailand) Co.,Ltd. since 4<sup>th</sup> quarter 2015 as new raw material sourcing.

## Environmental Impact

The environmental Impact of steel manufacturer is the noise pollution. However, the company controls the noise not to affect the environment by design the factories. Moreover, the company is examined by Department of industrial Works annually. The environment of the factory is according to the standard and is not affect the environment.

Moreover, the company has never been sued about the pollution and has never been warned or charged or charged by the government agent according to the environmental laws.

## Risk factors

### 1) The risk associated with the volatility of the price of raw material

The company purchased all of hot rolled coil from the local manufacturers with the range 65.40% of all purchases in 2015 and 60.04% of all purchases in 2016. Therefore, the volatility of hot rolled coil price affects the company's cost and the company's selling price.

However, if the price of steel products tends to stable or increase, the company uses the cost plus policy to set the selling price of all products. The company uses the raw material cost, expenses and profit to set the selling prices. Therefore, the company can maintain the profit margin and the company can adjust the selling price according to the changing of raw material prices. When the selling prices tend to decrease, the company accelerates to sell all of products. If the customers wish to order the goods in advance, the company will collect the advance payment from them and will order the goods from the manufacturers. This can lower the risk associated with the volatility of hot rolled coil price.

Moreover, the company follows the changing of raw material prices closely to order the raw material and to manage the inventory properly. The company has the policy to decrease the inventory when the price of raw material tends to decrease and to increase the inventory when the price of raw material tends to increase. In the normal situation, the company has the policy to keep the inventory for 45 days. From these policies, the changing of the raw material price will not affect the company's operational performance significantly.

### 2) Risk associated with the reliability on major steel producers

At the present, there are only three hot rolled coil manufacturers in Thailand. Hence, there may be a risk if these major domestic steel producers are unable to deliver their products to the Company as scheduled and if the Company is unable to provide substitute products to fill its customer's orders.

However, the company has purchased hot rolled coil from these manufacturers for a long time and has never defaulted on payment. These make the company has close relationship with the manufacturers. Moreover, the company plans the production and informs the purchasing amount of raw material in advance. The company has never experienced a delivery problem with these suppliers, when the steel price situation is normal or the steel price tends to increase. Therefore, the company believes that the company will not be affected by this problem. Currently, the Company has new additional sourcing of Hot Roll Coil from Delong (Thailand) Co.,Ltd. new associated Company with Chinese with ratio 20%, and the



Company had invested another 30% in the 1<sup>st</sup> quarter of 2017, which will assist the Company getting more sharing of stripped coils in future.

**3) The risk associated with the changing law about the competition**

**1) Free Trade Area**

At the present, Thailand has Free Trade Area Agreement with ASEAN countries and Agreement on the Common Effective Preferential Tariff (CEPT) Scheme for ASEAN Free Trade Area (AFTA). Hot rolled coil and steel pipe are on the normal track, which Thailand has to lower tariff on import goods to zero within 2010. The tariff rate of hot rolled coil from ASEAN countries is two to five percent depending on type and size. The tariff rate of steel pipe from ASEAN countries is five percent. Moreover, it is possible that Thailand will make Free Trade Area agreement with other countries in the future. So the imported hot rolled coil and steel pipe may be cheaper and there may be more foreign competitors. The Association of Metal Trading has formed the group and requested Government issuing SAFE GUARD Act. in order to assist internal metal traders not be impacted.

**4) Risk impact from natural hazards and uncertainty politic**

Since end of 2011 natural hazards seemed increasing the violent and uncertainty. This has impacted to seasonal trading, especially; there will be heavy rain and flooding in every third quarter, including El Niño Effect during the past several years caused Thailand facing wide drought and politic uncertainty which affect to property business and consequently metal trading are also slow down.

## General Information

### INFORMATION ABOUT THE COMPANY AND ITS SUBSIDIARY

#### The Company

Name	:	The Steel Public Company Limited
Head Office	:	1401 Ekkachai Road, Bangbon Bangbon Bangkok 10150
Branch 1	:	7/4,7/6 Moo 1 Ekkachai Road, Khae lai, Kratumban, Samutsakorn 74110
Branch 2	:	99/5 Moo 1 Bangnamjued Muang Samutsakorn Samutsakorn 74000
Branch 3	:	99/16 Moo 3 Nadee Muang Samutsakorn Samutsakorn 74000
Homepage	:	<a href="http://www.thesteel.co.th">http://www.thesteel.co.th</a>
Company Registration	:	0107549000106
Business Operation	:	The company runs business as a trader and supplier of a wide variety of steel products: raw materials such as hot rolled coil; transformed steel such as coil slitting, steel sheet , hot formed product, cold formed product ; and other steel products. The company also processes some types of steel such as steel sheet, coil slitting, steel flat bar, steel angle bar, steel channel bar, steel pipe, and steel Rip C channel.
Telephone	:	(662) 894-8889-90
Fax	:	(662) 408-0272-4
Registered capital	:	Baht 550,005,080
Common Shares	:	550,005,080 shares
Par Value	:	Baht 1.00
Paid Capital	:	Baht 550,005,080

## INFORMATION ABOUT THE COMPANY AND ITS SUBSIDIARY

Name (Company Registration)	Address	Type of Business	Registered (Baht)	Paid-up (Baht)	Percentage of Investment
1) The Steel PCL. (0107549000106)	Head Office 1401 Ekkachai Road, Bangbon , Bangbon, Bangkok Branch 1 7/4,7/6 Moo1 Ekkachai Road, Khaerai, Kratumban, Samutsakorn Branch 2 99/5 Moo 1 Bangnam-jued, Mueng Samutsakorn, Samutsakorn Branch 3 99/16 Moo 3 Nadee Mueng Samutsakorn, Samutsakorn Tel: 66 (0) 2894-8889-90 Fax: 66 (0) 2408-0272-4 E-mail: theinfo@thesteel.co.th Website: <a href="http://www.thesteel.co.th">www.thesteel.co.th</a>	Manufacture and sale of steel	550,005,080	550,005,080	-
Its Subsidiary					
1) The Steel Logistic Co.,Ltd. (0745551000218)	7/8 Moo 1 Ekkachai Road, Khaerai, Kratumban, Samutsakorn 74110 Tel: 66 (0) 2811-2506-8 66 (0) 2811-3561-3 Fax: 66 (0) 2429-3959	To operate Logistic	10,000,000	10,000,000	80.00%
2) The Steel Industry Co., Ltd. (0745552002940)	196 Moo1, Khae lai, Kratumban, Samutsakorn 74110 Branch 1 7/4,7/6 Moo 1 Khaerai, Kratumban Samutsakorn Tel: 66 (0) 34-476-456 Fax: 66 (0) 34-476-756	Manufacture black pipe	50,000,000	50,000,000	70.00%
3) Liberty Steel Siam Co., Ltd. (0105554023044)	1401 Ekkachai Rd. Bangbon, Bangbon, Bangkok 10150 Tel: 66 (0) 2894-8889-90 Fax: 66 (0) 2408-0272-4	Selling Steel-Round Bars, Hot Rolled Coils, and raw materials for manufacture other forming products	450,000,000	450,000,000	99.99%
4) The Siam Power Co.,Ltd. (0105558168918)	1401 Ekkachai Rd. Bangbon, Bangbon, Bangkok 10150 Tel: 66 (0) 2894-8889-90 Fax: 66 (0) 2408-0272-4	Holding Company to invest in other businesses	500,000	500,000	70.00%
3) Delong (Thailand) Co., Ltd (0745557000163)	2922/298 Cham Issara Tower 2 27 <sup>th</sup> Floor, Phetchaburi Road, Bangkapi, Huaikwang, Bangkok Tel: 66 (0) 2716-5040 Fax: 66 (0) 2716-5041	Selling Hot Roll Coil	1,000,000,000	1,000,000,000	50.00%

## Referrals and Their locations

### Securities Register

Company : Thailand Securities Depository Co.,Ltd  
Address : 14<sup>th</sup> Floor, The Stock Exchange of Thailand Building,  
93 Rachadapisek Road, Dindaeng, Dindaeng ,Bangkok 10400, Thailand  
Telephone : (662) 009-9000  
Fax : (662) 009-9001

### Auditor

Company Name : CWWP Company Limited  
128/180-181, Phayatai Plaza Building,17<sup>th</sup> Floor, Phayatai Road  
Thungphayatai, Ratchatavee, Bangkok 10400, Thailand  
Telephone : +66 (2) 216-2265, +66 (2) 216-2268-9  
Fax : +66 (2) 216-2268-9  
Auditor : Ms.Wanraya Puttasatien CPA.No. 4387 and/or  
Mr.Chersakul On-mongkol CPA.No. 7195 and/or.  
Ms.Waraporn Intraraprasit CPA.No. 7881

## Capital Structure

### (1) Company's Securities

The Companies' registered capital was as follows:-

Registered capital	550,005,080	Baht
Paid-up capital	550,005,080	Baht
Ordinary Shares	550,005,080	Shares
Par value	1.00	Baht

### (2) Shareholder

The 10 major shareholders as at the book closure date on March 7, 2017 are as follows:-

	Name	No. of Shares	%
1	Mr. Boonchai Jirapongtrakul	94,000,000	17.091
2	Ms. Ratana Jirapongtrakul	79,000,000	14.364
3	Mr. Suroj Jiraphongtrakul	75,405,000	13.710
4	Mr. Nirut Ngamchamnunrith	75,000,000	13.636
5	Mrs. Wanna Sithisirinukul	30,269,000	5.503
6	Mr. Panu Jarupilun	30,000,000	5.454
7	UOB KAY HIAN PRIVATE LIMITED	29,510,000	5.365
8	Mr. Jumpod Chuwong	27,000,000	4.909
9	Ms. Suwannee Jirapongtrakul	19,095,000	3.472
10	Mr. Suwit Jiraphongtrakul	17,725,500	3.223

### (3) Dividend Payment Policy

#### *The Company's Dividend Payment Policy*

The Company has the policy to pay dividend to shareholders at the rate not less than 50% of net profit after tax, unless the company has new investment project.

#### *Subsidiaries' Dividend Payment Policy*

For the other subsidiaries, the Company does not set the rate of subsidiaries' dividend payment, but the policy of subsidiaries' dividend payment to the Company has to be complied with subsidiaries' regulation on dividend payment which is resolved by the shareholders meeting. The subsidiaries' payment of dividend will be determined mainly by the performance of the company's earnings which depends on the performance of its operations and economy.

In addition, for the dividend payment, subsidiaries shall allocate not less than one of twentieth (1/20) from its net profit until this account reaches an amount not less than 10% of the registered authorized capital.

## Management Structure

The Management Structure of the Company consists of the Board of Directors and the 3 committees including the Audit Committee, the Executive Committee and the Nomination and Remuneration Committee whose scope of responsibilities and functions could be summarized as follows:-

### The Board of Directors

Name	Position	Meeting Attendance of the Directors	
		Meeting	Attendance
Mr.Prachuab Chaiyasan	Chairman of Director Independent Director Chairman of the Audit Committee	9	8
Mr.Boonchai Jirapongtrakul	Director	9	9
Mr.Suroj Jiraphongtrakul	Director	9	6
Mr.Nirut Ngamchamnurith	Director	9	9
Ms.Proudpalin Vacharabenjapat	Director Nomination and Remuneration Committee	9	9
Mrs.Seenual Tasanapat	Independent Director Audit Committee Chairman of the Nomination and Remuneration Committee	9	7
Mr.Teerapong Tanarukvudhikorn	Independent Director Audit Committee	9	9

### Audit Committee:

On December 31, 2016 the Audit Committee comprised of 3 independent directors with 3 years term as follow:-

1. Mr. Prachuab Chaiyasan Chairman of the Audit Committee
2. Mrs. Seenual Tasanapant Audit Committee
3. Mr. Teerapong Tanarukvudhikorn Audit Committee

The Audit Committee number 2 had adequate expertise and experience to review creditability of the financial reports. (detail of Audit Committee's experiences is on Information of Directors and Managements of the Company)

Secretary of the audit committee: Ms. Thitima Nontavech

**Executive Committee:**

On February 28, 2017 the Executive committee comprised of 5 members as follows:-

- |    |                |                 |                                     |
|----|----------------|-----------------|-------------------------------------|
| 1. | Mr. Boonchai   | Jirapongtrakul  | Chairman of the Executive Committee |
| 2. | Mr. Suroj      | Jiraphongtrakul | Executive Director                  |
| 3. | Mr. Nirut      | Ngamchamnanrith | Executive Director                  |
| 4. | Mr. Sila       | Wangphornphra   | Executive Director                  |
| 5. | Mr. Prasertsuk | Nudthaisong     | Executive Director                  |

**Nomination and Remuneration Committee:**

On December 31, 2016 the Nomination and Remuneration Committee comprised of 3 members as follows:-

- |    |                |                 |   |
|----|----------------|-----------------|---|
| 1. | Mrs. Seenual   | Tasanapant      | Chairman of the Nomination and Remuneration Committee |
| 2. | Mrs. Nartsine  | Sarnvanichpitak | Nomination and Remuneration Committee                 |
| 3. | Ms. Proudpalin | Vacharabenjapat | Nomination and Remuneration Committee                 |

Secretary of the Nomination and Remuneration Committee: Ms. Thitima Nontavech

**Executives:**

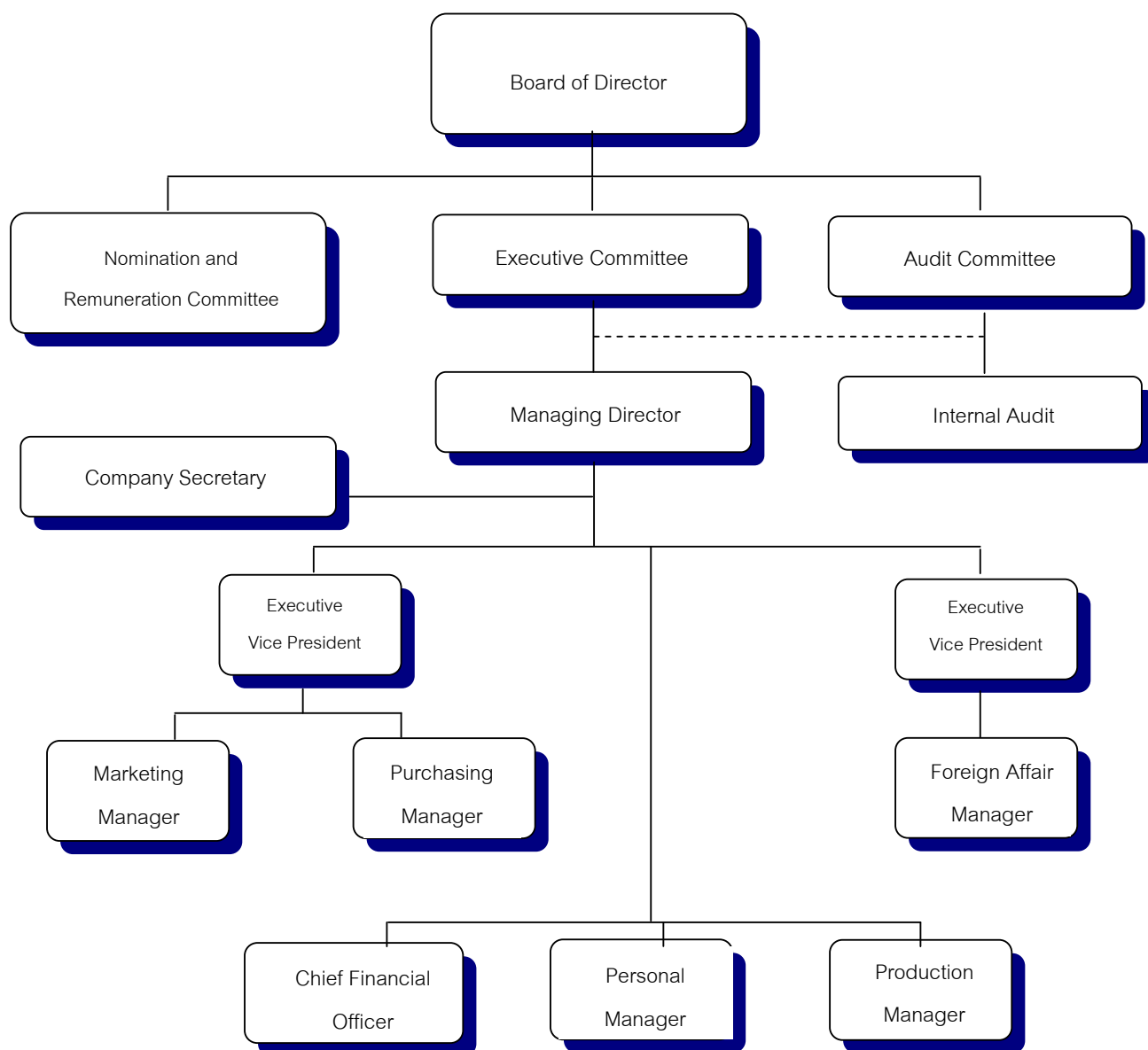
On December 31, 2016 the executives<sup>(1)</sup> comprised of 5 members according to definition of the Securities and Exchange Commission (SEC) as follows:-

- |    |                |                |                         |
|----|----------------|----------------|-------------------------|
| 1. | Mr. Boonchai   | Jirapongtrakul | Managing Director       |
| 2. | Mr. Pornthep   | Pripaisalkij   | Chief Financial Officer |
| 3. | Mr. Sanguan    | Chaichusorn    | Marketing Manager       |
| 4. | Mr. Sila       | Wangphornphra  | Manufacturing Manager   |
| 5. | Mr. Prasertsuk | Nudthaisong    | Purchasing Manager      |

**Note:**

- (1) "Executives" mean directors, managers or those who hold the first four positions lower than the managers (who hold the highest position of the Company), those who hold the position equivalent to the four executives including those who hold management positions in accounting or finance division from division managers or equivalent onwards.

Organization Chart of The Steel Public Company Limited  
(As at December 31, 2016)





**Company Secretary:**

Board of Director had appointed Ms.Thitima Nontavech handle Company Secretary since May 10,2013 with qualification presented in Attachment 1.

**Remuneration of the Directors and Management Team****A. Remuneration in Cash for the Year Ending 31 December 2016**

- **Directors' Remuneration ; Meeting Allowance and Operating Bonus**

Unit : Baht

Name	Meeting Allowance			Bonus	Total
	Board of Directors	Audit Committee	Nomination and Remuneration Committee		
1. Mr.Boonchai Jirapongtrakul	180,000	-	-	75,000	255,000
2. Mr.Suroj Jiraphongtrakul	120,000	-	-	75,000	195,000
3. Mr.Nirut Ngamchamnunrith	180,000	-	-	75,000	255,000
4. Mr.Prachuab Chaiyasan	240,000	120,000	-	300,000	660,000
5. Mrs.Seenual Tasanapant	140,000	80,000	-	75,000	295,000
6. Mr.Teerapong Thanarukvudhikom	180,000	100,000	-	75,000	355,000
7. Ms.Proudpalin Vacharabenjapat	180,000	-	-	75,000	255,000
8. Mrs.Nartsine Samvanichpitak	-	-	-	-	-
<b>TOTAL</b>					<b>2,270,000</b>

- **Management Remuneration**

Unit : Baht

Remuneration	Total (person)	Salary/Bonus/Other
Directors as management	1	3,380,000
Executives	4	7,391,927
<b>Total</b>		<b>10,771,927</b>

**B. Other remunerations**

-None-

### Labor dispute

- (1) The total company employees as of December 31, 2016 were 249 persons (exclude executive). This consisted of the employee according to the work lines as follows.

Department		Numbers of Permanent Staff (Person)
		2016
1.	Office	125
2.	Factory	124
	Total	249

In a period of the past three years. The company did not have any conflicts about labor.

- (2) Employee's compensation

Total compensations of the employee who were not the administrators of the company and subsidiaries (including coming in and going out of the employee during year 2016) was Baht 67.65 million. This compensation was in the form of salary, bonus, wages, overtime wage, living expenses and provident fund.

### Personnel development policy

Human Resource Department had set up policies as follow:-

1. The Company will manage human resources, to comply with and support companies' business goals and strategies.
2. The Company will deploy HR systems and processes with Clarity, Transparency, Justice and the same alignment in the company.
3. The Company adheres the merit system that considers knowledge, ability of employees as most important. Thus, advances in career path and motivations will be subjected to the quality and success of the work, Knowledge and competent and Attitudes and employees' potential which meet companies' requirements.
4. The Company will continuously encourage the development of human resources, in order to make staff have competency and efficiency in their duties.

## Good Corporate Governance

The Board of Director has recognized the importance on following the best practices of good corporate governance. The Company has determined that its policies on the best practices of good corporate governance as stated by the Stock Exchange of Thailand and then brought principles mentioned as a guide of how to operate the company to get the most benefit of running the business and support clearness, efficiency of the management so that Shareholders, the investors, and all relating Investor Relation as follows.

### The policy regarding corporate governance

1. All information must be clearly presented and on time.
2. Directors and management persons must be sufficiency managed.
3. The principle of operating business must be benefited to shareholders.
4. Risk management must to controlled and minimized loss.
5. Ethics must be used for operating a business.

### Sub Committees

The Board of Directors has set up a series of key sub-committees which are composed of knowledgeable persons and those with appropriate expertise to help supervise and examine several issues and assignments to ensure their accuracy, transparency and completeness before submitting to the Board of Directors for approval or acknowledgement on case-by-case basis to support the Company's administration and management:

- **The Audit Committee**  
This committee consists of three independent and with one well-versed in such fields. The term of each committee is three years.
- **The Nomination and Remuneration Committee**  
This committee consists of three Directors, one member be from an outsiders and two member is officer include three members.
- **The Executive Committee**  
This committee consists of three executive directors and two executive include five members. Executive committee was authorized to administration.

### Definition

- **Independent Directors:** mean outside directors who are not the Company's executives or employees, not executive directors or authorized signatory directors, and are independent from major shareholders, executives and stakeholders. Non-executive directors are able to equally protect the benefits of as shareholders, and prevent conflict of interest between the Company and involved persons and have qualifications and independence as required by the SET and SEC as follows:
  1. Does not hold more than 1% of the total number of voting shares in the parent Company, or of any of its subsidiaries or joint venture companies or in any entity likely to give rise to a conflict of interest, shares held by related persons to be included in the calculation in accordance with directive 258 of the Securities Act.
  2. Does not take part in administering the work, is not a contractor or an employee or consultant in receipt of a regular salary and is not in a position to exert control over the Company, its subsidiaries, joint ventures or fellow-subsidiaries or on any entity likely to give rise to a conflict of interest (at present, and in the two years prior to his appointment).

3. Is not related by blood or marriage to (i.e. is not the father, mother, spouse, sibling or child of or the spouse of a child of an Administrator, major shareholder or other person in a position of authority or candidate as Administrator or person in a position of authority Company or any of its subsidiaries.
4. Does not have business dealing with the Company:
  - 4.1 Is not an auditor of the Company
  - 4.2 Does not provide other professional services to the Company such as legal or financial consultancy or appraisal worth more than Bt.2m per year.
  - 4.3 Does not have habitual related party transactions by way of rent or lease, whether as lessor or lessee, of real estate, or concerning assets/services or the receipt or provision of financial assistance with a value exceeding Bt.20m or 3% of NTA, whichever is the lower, including transactions carried out in the one year prior to the carrying out of and given transaction.

He must not have business relations as defined in 4.1 to 4.3 above at present, nor in the two years prior to his appointment except where there is necessary and proper reason and in any case not continuously or constantly. An Independent Director or Audit Committee Member may have relations that go beyond those stipulated while performing his office, but only after obtaining the unanimous prior approval of the Company's Board of Directors and subject to the relationship being disclosed per Form 56-1, in the Annual Report and in the letter of invitation to the Shareholders' Meeting in the event that the Shareholders' Meeting is to be asked to renew the term of office of the Independent Director or Audit Committee Member concerned.

5. Has not been appointed to represent a Director or major shareholder or other shareholder that is a related party to a major shareholder.
6. Does not have any other characteristic limiting his independence.
7. An Independent Director having the characteristics set out in points 1 to 6 above may be given powers by the Board of Directors to decide on matters involving the Company, its subsidiaries, its joint ventures or fellow-subsiidiaries or entities likely to have a conflict of interest on a collective decision basis.

#### **Duties and Responsibilities of Board of Director:**

1. The authority and function according to the Civil and Commercial Code, including other laws which specify to be the authority and function of the committee or the group of the committee in the public company.
2. The authority and function according to the company regulations that is defined to be for the committee group.
3. Consider approval long-term plan, budget plan, and the annual investment budget.
4. Run the company's business according to laws, objectives, and the regulations of the company as well as the resolution of the shareholder meeting
5. Plan the administration policy of the company all until the checking turn over of the company
6. Define other regulations of the company
7. Appoint board of directors or assign to one or more committees or any individual operate instead of the committee and in the limit responsibility that the board should have and has the right to cancel, ignore, edit, or change the mentioned authority.
8. Consider and approve the important activities that are related to the company or are appropriate to make benefit for the company

Except for these following issues that can operate only when permission has been given by the shareholder meeting. The committee who may have gain or loss or conflict in other benefits with the company or the sub company cannot vote for those issues.

- The topic that the law has defined must have the resolution from the shareholder meeting.
- Making the list in which the committee has gain and loss and in the area of law or regulations of the stock market defined have to be authorized from the shareholder meeting.
- Other than that, the following criteria must get the consent from the board meeting and the shareholder meeting with the vote not less than 3 out of 4 of the attending shareholders who have the rights to vote:
  - selling or transferring the company's business all or just important parts
  - buying or receiving the transfer of the other companies or public companies as the company's property
  - making, editing, or canceling the contract regarding renting the company's business all or just important parts; assigning others to manage the company's business or adding the business with other individuals with the objective of sharing profits and loss with each other
  - editing the memorandum or the company's regulation
  - increasing or decreasing capital, issuing the debenture, combining or canceling the business
  - other issues according to the law

#### **Duties and Responsibilities of Audit Committee :**

1. to review the Company's financial reporting process to ensure that it is accurate and adequate;
2. to review the Company's internal control system and internal audit system to ensure that they are suitable and efficient, to determine an internal audit unit's independence, as well as to approve the appointment, transfer and dismissal of the chief of an internal audit unit or any other unit in charge of an internal audit;
3. to review the Company's compliance with the law on securities and exchange, the Exchange's regulations, and the laws relating to the Company's business;
4. to consider, select and nominate an independent person to be the Company's auditor, and to propose such person's remuneration, as well as to attend meeting with the auditor without the presence of the executive directors at least once a year;
5. to review the Connected Transactions, or the transactions that may lead to conflicts of interests, to ensure that they are in compliance with the laws and the Exchange's regulations, and are reasonable and for the highest benefit of the Company;
6. to prepare, and to disclose in the Company's annual report, an audit committee's report which must be signed by the audit committee's chairman and consist of at least the following information:
  - A. an opinion on the accuracy, completeness and creditability of the Company's financial report,
  - B. an opinion on the adequacy of the Company's internal control system,
  - C. an opinion on the compliance with the law on securities and exchange, the Exchange's regulations, or the laws relating to the Company's business,
  - D. an opinion on the suitability of an auditor,
  - E. an opinion on the transactions that may lead to conflicts of interests,
  - F. the number of the audit committee meetings, and the attendance of such meetings by each committee member,
  - G. an opinion or overview comment received by the audit committee from its performance of duties in accordance with this charter, and

- H. other transactions which, according to the audit committee's opinion, should be known to the shareholders and general investors, subject to the scope of duties and responsibilities assigned by the Company's board of directors; and
- 7. to perform any other act as assigned by the Company's board of directors, with the approval of the audit committee.

#### **Duties and Responsibilities Executive Committee :**

1. Empower of decide the significant operations by specified scope works, purpose, discipline, policy, type or size of duties within their authorities including govern general operation, production, customer's relation and must responsible to Board of Directors.
2. Consider all investments including purchasing ,selling company's fixed assets and propose to Broad of Directors.
3. Consider about the purchasing. Each time of buying raw ingredients should not more 20,000 tons.
4. Have the authority to act and be representative of the business to the third party in the related business and giving benefit to the business
5. Consider to collect the company funds for presenting to the company committee.
6. Approve the appointment of the company consultants in other issues that are necessary to the operations.
7. Run the business that relates to the general administration of the company.
8. Consider to approve the operation plans of each company department and to approve the requests from other departments that exceed the authority of such departments.
9. If the operation plans' budget of is over than the approved amount, it must be submitted to the Board of Directors for approval.

That is, the assignment of such authority, the managing director must act according to the rules and regulations that have been approved by the committee. They must not approve any issue that they or opposed individuals may gain or loss, or are opposed to the benefits in other ways with the company and sub-company. They must also reveal the following issues to the committee of the company for consideration.

Things other than what has been mentioned, Executive committee is not allowed to do unless it has been assigned from the committee meeting occasionally.

#### **Duties and Responsibilities Nomination and Remuneration Committee :**

1. Define the scope of work and method on the selection and recruitment of directors and sub-committee whose tenure have ended or unoccupied position for submission of the Board's consideration and/or further to shareholders' meetings for approval.
2. Define the method and practice of appropriate compensation for directors and sub-committee to the Board and/or further to Shareholders' meetings for approval.
3. Report to the Board of Director the results of Nomination and Remuneration Committee meetings or other matters that the Board of Directors should be informed.
4. Perform any tasks assigned by the Board of Directors.

#### **Nomination of Directors and Management**

##### **Nomination of Directors:**

Under the Company regulations, one-third of the directors must leave the Board at every annual general meeting. In the case that total number is not divisible by three, the number closest to one-third must used with the exit of the director who stays the longest with the Board of directors. The exit director maybe re-elected to the Board.

Recruitment of directors is under the responsibility of Nomination and Compensation Committee. The committee will screen candidates with qualifications predetermined in Company regulations and qualification in section 68 of the Public Company Limited Act B.E. 2535 (1992) and the related announcements of the Securities and Exchange Commission and tabled them to the Board for consideration before submission to shareholders' meetings to decide and appoint them under the following methods:

1. A shareholder has a score equal to one voice.
2. Committee election can be made through an individual or a group to be committee according to shareholder meeting. To vote, no matter individual or group who the shareholder vote will be the vice according to the number of stocks that the shareholder holds (follow previous step) in which the mentioned shareholder cannot divide their voices to any individual more or less than others.
3. The individuals who receive the majority of the votes (from greatest to least) will be those who win the election of they fulfill the number of required committees. In the case that the individual gets the same number of votes, but one gets more than the required number of the committee at that time, the chairman will be the one to decide who will win the tie.

Since October 18, 2015 – January 31, 2016, shareholders have been allowed to take part in the proposal of candidates for selection. The selection method and process are posted on [www.thesteel.co.th](http://www.thesteel.co.th), and investors are informed of the information through SET's IT information channel (portal). However, no shareholder has proposed any name for consideration in 2016.

#### **Nomination of Management:**

- **Nomination of Managing Director:** The Executive Committee will conduct a preliminary screening of candidates with the required qualifications, knowledge, skills, and experience; then, table them to the Nomination and Compensation Committee for consideration and endorsement before submitting the final list to the Board of Director for consideration.
- **Nomination of Executives:** The Managing Director will select and appoint candidates with the qualifications, knowledge, skills, and experience suitable for each executive position. The recruitment will be done under the human resources department's regulations.

#### **Control of subsidiaries and associated Company**

The Company has policy to control operation in subsidiaries by budgeting system. Every subsidiary has to prepare budget and present to Directors. In addition, control of cash payment will be allowed subsidiaries' management counter sign cheques with parent companies' management.

#### **Control and Prevention of the Use of Inside Information**

Detail Control and Prevention of the Use of inside Information on section 2 : Equitable Treatment of Shareholders

#### **Audit fee**

Auditor from CWWP Co., Ltd was not related party to the company. Amount Baht 3,505,000 was paid as auditor fee for year 2015 for the auditing financial statements of the company and subsidiaries. No other fee was paid.

#### **Good Corporate Governance Compliance**

In 2016, the company duly complied with the principles of good corporate governance for listed companies 2006 in these following five principles:

## **1. RIGHTS OF SHAREHOLDERS**

The company values shareholders' rights by refraining from violating or infringing on such rights as follows:

1. **Fundamental legal rights:** The Company facilitated the exercising of the management of share transfers by reliable registrars.
2. **Right to receive significant information:** The Company disclosed up-to-date information through its website for shareholders to stay abreast of significant Company news, changes, and the information disclosed under regulations. As a rule after disclosure to the Stock Exchange of Thailand (SET), this is posted on the website.
3. **Right to attend meetings and vote:** The Company facilitated all shareholders' attendance at meetings and exercising of their votes. In the annual general meeting (AGM), it instituted a management system to promote and support such rights before the meeting date, during the meeting, and after the meeting date as detailed in AGM Checklist published by the Securities and Exchange Commission (SEC).

## **2. EQUITABLE TREATMENT OF SHAREHOLDERS**

The Company values the equality of all shareholders. Its practical guidelines to promote genuine equality include the following:

1. **Fair exercising of shareholders' rights at Annual General Meetings (AGM)**

### **Before the meeting date:**

- The Company allows each shareholder to propose agenda items for consideration at their meeting ahead of the actual meeting date and also to nominate candidates for directors and Shareholders are allowed to submit written questions about agenda items ahead of the meeting date through its website. In 2015, no shareholder proposed their own agenda and nominates candidates for the Company Directors.
- The Company has authorized Thailand Securities Depository Co., Ltd as the share registrar to deliver invitation letters enclosed with minutes of the previous meeting, annual report, documents to supplement decision making in each agenda, explanations and information of the independent directors, steps to attend the meeting, special regulations relating to the shareholder's meeting, the meeting venue and proxy form to all shareholders at least seven days before the meeting. Such information is also made available through the Company website at [www.thesteel.co.th](http://www.thesteel.co.th) and announced in the newspapers for three consecutive days before the meeting to inform the shareholders in advance.
- Through the meeting notice, the Company informs shareholders of meeting participation criteria, providing them with a list of independent directors on proxy forms designed by the Ministry of Commerce. This proxy forms also provide for shareholders' written opinions on balloting.

### **Shareholders' Meeting:**

- The Company provides two hours before each meeting for registration and even after that, it allows shareholders who still want to attend the meeting to do so and register their attendance without losing their rights and they still have the voting right for the items remaining on the agenda. Souvenirs and food as well as refreshments are also offered to those attending.
- The Company Secretary informs the meeting about the meeting criteria and rules as the procedures for balloting and provides shareholders with the voting right, equivalent to the number of shares held. One share yields one vote.
- The Company encouraged the meeting to use voting ballots and encouraged shareholders to exercise the voting right in selecting director. Prepared ballots for individual director and distributed them to the shareholders during registration before the meeting began. Details of the voting scores were recorded in the Annual General Meeting of



the Shareholders for the Year 2015. The Voting ballots key documentation is systematically compiled and may be inspected for subsequent reference.

- The Company allows shareholders to fully express their views and raise their questions. The Chairman of the Board of Directors, the Chairman of Audit Committee, the Managing Director and CEO attend all meetings to address questions clearly.

**After the meeting date:**

- The Company Secretary records all significant information at an AGM, such as the Directors in attendance; the clarifications of the Chairman of the Board of Directors, the Chairman of Audit Committee, the Managing Director. It includes questions raised and opinions expressed by shareholder; the method for voting and counting votes; the number of votes for, against or non-voting on an Issue; and any other relevant information.
- The Minutes of the Meeting are forwarded to the Stock Exchange of Thailand within 14 days of the Meeting and are also posted on the company's website. This allows shareholders to inspect the accuracy of resolutions and make suggestions for any other details to be recorded prior to proposing the approval of the said Minutes at the next Shareholders' Meeting.

**2. Control and Prevention of the Use of Inside Information:**

- The company sets to have the protection against bringing company information to be used by setting unit that know information and will not reveal it to other unrelated individuals or group.
- The Company administrator who receives the financial of the company will not use the benefit from the mentioned information before reveal to the public. The administrators cannot buy or sell the company's assets for a period of one month before the financial budget will be presented to the public.
- When the company assets register in the stock exchange in Thailand, the company has set that the committee and administrator have functioned in reporting asset holding in the company according to the Sections 59 so that it would be as announced of the National Election Committee Office 14/1997 about making and revealing the report of asset holding on May 12, 1997 and have set the penalty according to the Possession and Stock Exchange Act, 1992 and the regulations of Stock Exchange in Thailand. This includes setting the penalty for those searching for their own benefit from using the company's internal information for personal use reveal to others, thus damaging the company. There will be consideration concerning the punishment according to the situation such as verbal warning, written warning, suspension, including halt employment by firing or dislodge.
- In making connected transactions, the company strictly manages the approval procedure in its best interests. Transactions with possible conflicts of interest are raised for the Audit Committee's scrutiny before submitting to the Board and shareholders' meetings for consideration, if applicable. The Company discloses complete important information in compliance with the regulation.

**3 ROLES OF STAKEHOLDERS**

The Company gives the importance to the right to all group of individuals who gain or loss, no matter if they will gain or loss inside or outside. Because the company realizes the support from those who gain or loss, which will create abilities in competition and make profit for the company, it is considered to bring success to the company on the long-term. These are the important details;

Staffs	:	Equitable treatment and reasonable benefits to all staff.
Traders and Creditors	:	Fair treatment and follow terms and conditions stated in agreement.

Customer	:	Create a satisfaction to the customer, take care and be responsible for the customer by emphasizing the product quality, qualified service.
Competitors	:	Avoid unfair competition, and practice business ethics.
Community/Social	:	The Company considers the environment by being responsible of taking care of making sure there is no effect on the environment of the public and society

In addition, it has instituted a communication channel for requests, opinions and suggestions with the Board of Director to enable parties to make useful recommendations provided a box to receive comment at the front of the office or by website or email at [theinfo@thesteel.co.th](mailto:theinfo@thesteel.co.th), [audit@thesteel.co.th](mailto:audit@thesteel.co.th). The Company's Secretary who receives and summarizes all topics, and to the Audit Committee, and Board of Directors. The Company gives importance to the secrecy of information received in order to build confidence to sender, and complaint will only be known to assigned and related persons.

#### **4 DISCLOSURE OF INFORMATION AND TRANSPARENCY**

The Company highly values the disclosure of financial and other information through various channels for shareholder, investors and stakeholders to equally reach the information as follows:-

- Disclose assorted significant information, including financial information, shareholding structure, good corporate governance and company information submitted to SET through its ELCID system, Annual Report, Form 56-1, notice to shareholders' meeting, minutes of shareholders' meetings in both Thai and English, is regularly updated at [www.thesteel.co.th](http://www.thesteel.co.th)
- On the investor relationship side, currently, the company is in the process of setting the specific unit, but has appointed to the Ms. Proudpalin Vacharabenjapat, communicate with the institutional investor, shareholders, including the analyzer and the related government agency.

#### **5 RESPONSIBILITIES OF THE BOARD**

The company has responsibility and leadership and vision from to be Good Corporate Governance as follows:

##### **1. Composition of the Board:**

- The Board consisted of 7 directors-one non-executives and three executive. Three were independent directors. Information about the terms of each director appears in the annual report, Form 56-1.
- Chairman and Managing Director are individual but they are the relation. Their experience different are advantageous for each department. However, company had divided clearly the authority for each company committee and administration and 3 company's non administration committee for balancing and auditing of company administration.
- The Board has not only defined a formal and transparent recruitment procedure for directors, to be executed by the Nominating and Remuneration Committee, bust has made it possible for shareholders to nominate suitable persons for selection.
- **Terms of Directors:**  
As stated in company regulations, each director's term is three years, in line with that stated in the Public Company Limited Act. It is also stipulated that the Audit Committee can be in office for up to three consecutive terms.
- **Company Secretary**  
Ms. Thitima Nontavech , has been assigned to serve as Company Secretary. This person is a regular employee. Who can be contacted by email at [theinfo@thesteel.co.th](mailto:theinfo@thesteel.co.th).

Meeting Attendance and Remuneration of the Directors in 2016

Name	Attendance/Meeting			
	Board of Directors	Audit Committee	Nomination and Remuneration Committee	Term of Director Term
1. Mr.Boonchai Jirapongtrakul	9/9	-	-	Apr 2016-2020
2. Mr.Suroj Jiraphongtrakul	6/9	-	-	Apr 2015-2018
3. Mr.Nirut Ngamcahmunnrith	9/9	-	-	Apr 2015-2018
4. Mr.Prachuab Chaiyasan	8/9	4/5	-	Apr 2014-2017
5. Mr.Teerapong Thanarukvudhikorn	9/9	5/5	-	Apr 2016-2020
6. Mrs.Seenual Tasanapant	7/9	4/5	-	Apr 2016-2020
7. Ms.Proudpalin Vacharabenjapat	9/9	-	-	Apr 2015-2018
8. Mrs.Nartsine Sarnvanichpitak	-	-	-	-

Note: - No 8 Nomination and Remuneration committee was assigned from outsider.

## Corporate Social Responsibility (CSR)

The Company has been operation for more than 25 years with good governance and honesty, and given important to CSR with following policies:-

1. The Steel Public Company Limited is one of famous Coil Centers in Thailand, operating with one stop service. i.e, manufacturing, forming and trading variety of forming metal products with good quality and faire prices.
2. The Company also has absolutely after sale service, fast delivery and punctual in order to make customers' satisfaction.
3. The purpose of Company is to save customers' timing and costing in ordering variety of goods within one place and getting fair prices.
4. The Company has been improving production processes and quality control in order to get industry standard and improve efficiency to make all customers trust in Companies' products and make sure the production processes will not cause pollutions to public.
5. When there are opportunities, the Company will join social activities with close communities, such as, giving scholarship to schools, etc.
6. The Company Board of Directors had announced "Code of Conduct" to give cooperation to all government officials or any anti-corruption organization. The Company will not do any illegal trades or relate to corruptions.
7. The Company has communicate to all level, directors, managers and all staff strictly doing businesses in line with laws. If there is any deal related to corruption, must be reported to respective supervisors in order to be considered and solved immediately.

## Internal Control and Risk Management

According to Thai Yuan Metal Public Company Limited Board of Director meeting No.3/2017 on February 28,2017, Board had appraised Company internal control system by asking informations from managements and concluded focus 5 topics of internal control system as follows:-

1. Internal Control within organization.
2. Risk appraisal.
3. Operation control.
4. Information system and communication.
5. Follow up system.

Board agreed that Company internal control system was enough and suitable. The Company had provided enough man-power to run the system efficiently and follow up system was provided to ensure all assets were protected from any mis-used by directors or managements who had no authority. Activities with related parties who may have conflict of interests were also controlled.

For appraisal from of SEC for year 2016 which company had complied, found that the Company was able to Completely accounting for all questionnaires. Audit Committee had the opinion that Companies' internal control was adequate for the preparing of financial reportings correctly.

After appraised, Board of Director had opinion that the Company had adequate internal control system and other enough controls for the 5 topics. Internal Auditing was independence to follow up and control. The Company also had good custodian system of documents which facilitate directors, auditor, or Legal Officers to audit within reasonable time frame.

### Head of Internal Audit

Regarding Audit Committee Meeting on November 14,2012, No.4/2012 had appointed Mr.Wisood Charoensilawat as Internal Auditor from November 16,2012 onwards up to present due to his 9 years internal audit experiences. The approval of appointment, transferring, dismiss Internal Auditor has to be getting opinion from Audit Committee.

## Related Party Transactions

### **Necessity and Reasonableness of Connected Transactions.**

Connected transactions with related companies or any persons who may have conflict of interest in the past year were the normal trading such as the merchandise purchasing, merchandise distributing. The company has the policy to let the audit committee consider and give the opinion to such listing. The audit committee will bring the market price of others to compare with the price of listing between each other to consider every details.

### **Policy or Trend of connected transactions between each other**

In the future, if the company has the need to do the connected transactions between each other with the person who may have the conflict with the company, the company has the policy to set the condition according to the nature of normal business and is the market price that can compare with the price occurred to the third party. The company will let the audit committee to check and give opinions regarding the appropriateness of the price and the logic of the listing.

Connected transactions may happen in the future must be practiced by the committee according to other regulations that is defined and the committee must not approve any listing that they or the persons who may have the conflict in any manner with the company and must open such list to the company committee to let them consider. The company must practice to the law regarding the possession and stock exchange and discipline, announce, order, or regulation of the stock exchange of Thailand, including the practice according to the regulation of opening information about doing connected transactions that are related and receiving or distributing the assets of the company or sub-company.

If there are any connected transactions of The Steel Public Company Limited and the subsidiaries that occur with the persons who are the conflict in benefit or has benefits and losses or has the conflict in benefit that is not the normal trading, the company will let the audit committee give opinions concerning the price, compensation rate, including the need and appropriateness of that connected transactions. In the case that the audit committee has no experience in considering the connected transactions that may occur, the company will let the independent evaluator or the expert as the one who give opinion regarding that transactions, and inform the audit committee, committee, or the shareholders according to each situation. The company will open the connected transactions in the note to financial statements, the Annual Form (form 56-1) and the Annual Report of the company (form 56-2).

## Audit Committee's Report 2016

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The Audit Committee of The Steel Public Company Limited of Mr. Prachuab Chaiyasan, Chairman of the Audit Committee, Mrs. Seenuat Tasanapant and Mr. Teerapong Thanarukvudhikorn, members of the Audit Committee. All Audit Committee member possess appropriate qualifications and one of the Directors has adequate experiences and capable to re creditability of the financial report. The Audit Committee reviews performance against its charter issued by the Board of Directors, which aligns with the regulations of the Stock Exchange of Thailand (SET).

In 2016, the Audit Committee convened 4 meetings. Each Audit Committee meeting with senior executives, external auditors and internal auditors with independence in reporting, expressing opinion and giving recommendations. Significant tasks were summarized as follows:

- **Reviewed company's quarterly and audited financial statements of 2016;**

Reviewed a quarterly and audited financial statements of 2016 with executives and auditor to ensure that financial statements of both the Company and its subsidiaries were in accordance with generally accepted accounting principles, including mutually considered and gave opinions for all acquisitions or sale of assets during the year and disclosures were adequate and timely to serve investors.

- **Reviewed the internal control system and the internal audit systems;**

Reviewed audit operations, audit reports and gave advise on quarterly basis and viewed that internal control systems were adequate and internal audit systems were appropriate and efficient.

- **Compliance with Relevant Laws and Regulations;**

The company has a clear policies to comply with all regulations and related governing laws, the Audit committee did not find any significant incompliance to the law. The company realizes the importance of information disclosure, including financial statements and other reports, and ensures that they are complete, accurate, reliable and timely.

- **Consider Appointing the External Auditors and audit fee for year 2017;**

The Audit Committee has taken into consideration the independence, performance, and experience and an appropriate of audit fees. The Audit Committee has passed an unanimous resolution to propose to the Company's Board of Directors for consideration and propose to the shareholders' meeting to consider and approve the appointment of Ms. Wanraya Puttasatien CPA.No. 4387 or Mr. Cherdsakul Onmongkol CPA.No. 7195 or Ms. Waraphorn Intaraprasit CPA.No. 7881 or Ms.Chantra Wongsriudomporn, from CWWP Co., Ltd., to serve as the Company's external auditor for the year 2017, the audit fee will be within Baht 3,765,000 for the Company and subsidiaries.

- **Reviewed related parties transactions;** The Audit Committee has reviewed and given opinion towards related party transactions to ensure the company has complied to normal business conditions, reasonable and created high benefit to company.

In summary, Audit Committee had performed duties according to Charter approved from Board of Directors, and given recommendations to all parties to manage with good governance, legally and appropriate in order to achieve companies' goals.

A handwritten signature in blue ink, appearing to read 'Prachuab Chaiyasan'.

Mr. Prachuab Chaiyasan  
Chairman of the Audit Committee

## Report of the Board of Director's Responsibility to the financial Report

### The Board of Director of Responsibility information to Financial Report

The Board of Director is responsible for financial statement of The Steel Public Co.,Ltd. which included all financial information as in our annual report. This financial statement has been made in applicable practice methods regularly as general accountancy standards. It has also revealed enough information as in its précised remark in order to be beneficial for our shareholders and investors thoroughly.

The Board of Director who has also made the efficient processes of risk management and internal control appropriately. These processes can be ensuring that our information protections in particular to preserve all company assets effectively, moreover to prevent fraud or any significant abnormal operations.

The Board of Director has appointed the Audit Committee to responsible for reviewing all accountancy policies and financial report accuracies. In charge of verification all internal controls, internal audit system together with risk operating processes as already mentioned in annual report.

The financial statement has been verified by auditor from CWWP Co., Ltd with good cooperation from Board of Director to provide all related information in order to support their audit and independent in expressing opinion. The auditor's opinion was already expressed in our financial report as part company annual report.

Thus, the board of director has concluded that our internal control systems are satisfactory. And the financial statement of The Steel Public Co., Ltd. for year ended December 31, 2016 can be reliable and conformed to laws and regulations.



Mr.Prachuab Chaiyasan  
(Chairman)



Mr.Boonchai Jirapongtrakul  
(Managing Director)



## Management Discussion and Analysis

Financial Ratio		For Consolidated Financial Statements			For Separated Financial Statements		
		2016	2015	2014	2016	2015	2014
<b>Liquidity ratio</b>							
Current ratio	(times)	1.21	1.18	1.03	1.19	1.21	1.18
Quick ratio	(times)	0.41	0.52	0.41	0.40	0.49	0.47
Cash flow liquidity ratio	(times)	(0.03)	(0.02)	0.04	(0.05)	(0.14)	(0.19)
Receivables turnover	(times)	9.48	10.06	13.73	8.26	8.58	9.12
Collection period	(day)	37.98	35.78	26.21	43.59	41.95	39.46
Inventory period	(times)	12.34	11.81	9.93	10.57	10.17	11.13
Inventory Turnover period	(day)	29.17	30.48	36.25	34.05	35.39	32.35
Account payable turnover	(times)	43.92	61.94	50.38	32.79	43.57	41.16
Payment period	(day)	8.20	5.81	7.15	10.98	8.26	8.75
Cash Cycle	(times)	58.95	60.46	55.32	66.65	69.08	63.05
<b>Profitability Ratio</b>							
Gross profit margin	(%)	5.39	0.86	2.32	4.84	(0.45)	2.37
Operating Profit Margin	(%)	4.08	(5.11)	0.91	3.23	(0.45)	1.04
Other Income Ratio	(%)	0.23	0.21	0.36	0.79	0.25	0.26
Cash to Profit Ratio	(%)	(15.19)	7.94	79.18	(33.08)	739.51	(347.77)
Net profit margin (loss)	(%)	3.47	(5.25)	0.51	3.59	(7.31)	0.49
Return on equity	(%)	35.76	(67.96)	11.89	29.79	(68.71)	6.64
<b>Efficiency Ratio</b>							
Return on assets	(%)	11.56	(17.97)	2.14	10.03	(21.20)	1.83
Return on fixed assets	(%)	73.06	(99.13)	26.44	93.83	(217.39)	45.07
Assets turnover	(times)	3.33	3.43	4.21	2.79	2.90	3.76
<b>Financial Ratio</b>							
Debt to equity ratio	(times)	2.13	1.93	4.17	2.03	1.90	2.75
Interest coverage	(times)	(2.61)	(1.93)	2.81	(3.22)	(6.66)	(4.15)
Cash Basis	(times)	(0.34)	(0.14)	2.99	(0.55)	(1.09)	(1.39)
Dividend rate	(%)	40.06	-	-	45.48	-	-
Net profit per share (loss)	(baht)	0.99	(1.76)	0.24	0.88	(2.02)	0.16
Book value per share	(baht)	3.14	2.54	2.43	3.19	2.71	2.46
<b>Growth Ratio</b>							
Assets	(%)	31.86	0.76	2.21	22.56	17.23	14.64
Liabilities	(%)	36.16	(17.66)	(1.12)	25.13	4.83	17.76
Total revenue	(%)	13.22	(17.45)	46.01	15.68	(10.55)	91.64
Administrative expenses	(%)	3.29	(12.31)	40.59	3.98	(9.20)	86.60
Net profit (loss)	(%)	174.84	(952.34)	115.46	156.83	(1,443.07)	128.78

## Management Discussion on Operations

The Company's operation results and financial status of year 2016 – 2015 were as follows:

### Statement of Comprehensive Income

Total revenues of the Company and subsidiaries for the year ended December 31, 2016 equaled Baht 15,798.65 million compared with Baht 13,957.30 million of year 2015, increasing Baht 1,841.35 million or 13.19%. Total revenues increased mainly due to increasing of sale quantities around 11.77%, and average selling price increased around 1.25%.

Cost of goods sold for year 2016 presented Baht 14,946.69 million compared with Baht 13,836.61 million of 2015, increased Baht 1,109.88 million or 8.02%, which less than sale increasing, resulting there was gross profit only Baht 852.16 million in 2016, while was gross profit Baht 120.69 million in 2015. Selling and administrative expenses of 2016 equaled Baht 180.07 million compared to Baht 150.50 million in 2015, increasing Baht 29.57 million due to higher commission from adding more selling teams to accelerate sale volumes.

Finance cost of 2016 was Baht 85.97 million, increased from 2015 which was Baht 71.51 million due to higher interest rates and using more short term loans for reserved inventories to support higher sale volumes. For sharing of loss from associated company was also reduced from Baht 53.39 million in 2015 to Baht 5.40 million in 2016. After deducting all expenses and income tax, the Company reported net profit attribute to equity holders of Company for year 2016 Baht 545.29 million, compared to net loss of Baht 740.34 million of 2015, increasing of net profit Baht 1,285.63 million or 173.65%

### Statement of Financial Position

Total Assets of the Company as of December 31, 2016 equaled Baht 5,403.33 million compare to Baht 4,097.63 million of year 2015, assets increased due to higher purchasing of inventories amount Baht 800 million to support sales, consequently, higher accounts receivable amount Baht 350 million close to year end.

Total Liabilities increased from Baht 2,700.64 million in 2015 to Baht 3,677.25 million in year 2016 due to using more short term loans to purchase inventories for sales supporting, resulting D/E ratio increased from 1.97 as at December 31, 2015 to 2.17 as at December 31, 2016.

## INDEPENDENT AUDITOR'S REPORT

To the Shareholders and the Board of Directors of THE STEEL PUBLIC COMPANY LIMITED

### Opinion

I have audited the consolidated and separate financial statements of THE STEEL PUBLIC COMPANY LIMITED and its subsidiaries (“the Group”) and of THE STEEL PUBLIC COMPANY LIMITED (“the Company”), which comprise the consolidated and separate statement of financial position as at 31 December 2016, and the consolidated and separate statement of comprehensive income, the consolidated and separate statement of changes in shareholders’ equity and the consolidated and separate statement of cash flows for the year then ended, and notes to the consolidated and separate 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 consolidated and separate financial position of THE STEEL PUBLIC COMPANY LIMITED and its subsidiaries and of THE STEEL PUBLIC COMPANY LIMITED as at 31 December 2016, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

### Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing (TSAs). My responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Consolidated and Separate Financial Statements* section of my report. I am independent of the Group and the Company in accordance with the Federation of Accounting Professions under the Royal Patronage of His Majesty the King’s Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to my audit of the 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.

### Measurement of Trade Account Receivables

As in Note to the financial statements No.10, the Group and the Company shall report the trade account receivables at the net realizable value as at 31 December 2016, in the consolidated and separate financial statements, the Group and the Company have the trade account receivables amounting to Baht 1,887.86 million and Baht 1,816.20 million, respectively and the allowance for doubtful account amounting to Baht 106.57 million. The net realizable value of the trade account receivables depend on the appropriateness of the amount of the allowance for doubtful account, which is a significant matter that require the management to exercise high level of discretion. The determination of the net realizable value of the trade account receivables is the process involving unavoidable uncertainty because it required several assumptions and factors such as the financial position of the trade account receivables, the forecast of future cash flows expected to receive from the trade account receivables. These have significant effect to the audits.

Therefore, my audit methods have included obtaining an understanding of the process in determining the policy for the management to consider the net realizable value of the trade account receivables, assessing and testing of the controls regarding the calculation of net realizable value. The audit methods also included assessing the quality of the information and system utilized in calculation of the trade account receivable aging report, considering individual trade account receivables' ability to make payment, and considering the payment received from the trade account receivables after the accounting period.

### Related Party Transactions

As in the Note to the financial statements No. 33, the Group shall identify the name of the related person and entity, the nature of the related party relationship, the transactions between the reporting entity with related party and outstanding balances, including the amount of transaction incurred during the year, and the price setting policy for related party transaction. These have significant effect to the audits. The Group have a large number of related persons and entities with mutual shareholders, directors and managements and generate a large number of transactions with related parties. These have significant effect to the audits.

Therefore, my audit methods have included obtaining an understanding of the management's process in identifying and account recording for the related party transaction that generate transaction with the Group, obtaining an understanding of the process in disclosing the nature of the related party relationship and the price-setting policy for the reporting entity with the related party. The audit methods also included assessing the appropriateness and reliability of the information disclosed in the financial statements by the management regarding the relationship with the related persons and entities, reviewing the completeness of the disclosure of transactions, outstanding balances in the assets and liabilities accounts and the price-setting policy for the reporting entity with the related party.

### **Other Information**

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated and separate financial statements and my auditor's report thereon, which 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 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 and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

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

## **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 TFRSs, 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 and the Company's ability to continue as a going concern, disclosing, as applicable, matter relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group and the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group and the Company's the 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 TSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with TSAs, 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 and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management'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 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 and the Company 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 and 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 information.

(Miss Wanraya Puttasatien)

Certified Public Accountant, Registration No. 4387

CWWP Company Limited

Bangkok

28 February 2017



**THE STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**STATEMENT OF FINANCIAL POSITION**

As at 31 December 2016

	Notes	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		31 December 2016	31 December 2015	31 December 2016	31 December 2015
		Baht	Baht	Baht	Baht
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash and Cash Equivalents	8	91,413,595.82	41,196,998.06	68,178,024.96	20,732,278.69
Temporary Investments	9	9,512,842.01	5,071,837.73	9,512,842.01	5,071,837.73
Trade and Other Receivables	10	1,847,965,544.92	1,473,576,632.59	1,762,163,328.49	1,405,745,017.60
Inventories	11	1,617,880,951.17	804,229,991.32	1,603,883,994.36	802,529,812.99
Advance Payment for Inventories	11	777,979,222.62	838,566,968.43	777,979,222.62	1,118,094,738.32
<b>TOTAL CURRENT ASSETS</b>		<b>4,344,752,156.54</b>	<b>3,162,642,428.13</b>	<b>4,221,717,412.44</b>	<b>3,352,173,685.33</b>
<b>NON-CURRENT ASSETS</b>					
Investment in Associate	12	130,001,235.14	135,402,873.00	200,000,000.00	200,000,000.00
Investment in Subsidiaries	13	-	-	110,197,399.36	41,350,000.00
Long - Term Loans and Accrued Interest Income to Subsidiaries	33.3	-	-	195,712,819.18	160,234,363.01
Property, Plant and Equipment	15	901,772,794.11	767,979,993.37	557,332,023.40	548,843,603.42
Intangible Assets	16	1,333,255.57	796,567.05	1,333,253.57	796,565.05
Deferred Tax Assets	17	24,865,436.79	29,808,098.47	24,057,223.17	29,338,202.45
Other Non - Current Assets		602,696.35	996,317.94	325,600.00	247,700.00
<b>TOTAL NON-CURRENT ASSETS</b>		<b>1,058,575,417.96</b>	<b>934,983,849.83</b>	<b>1,088,958,318.68</b>	<b>980,810,433.93</b>
<b>TOTAL ASSETS</b>		<b>5,403,327,574.50</b>	<b>4,097,626,277.96</b>	<b>5,310,675,731.12</b>	<b>4,332,984,119.26</b>

Notes to the financial statements are an integral part of these financial statements.

THE STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF FINANCIAL POSITION

As at 31 December 2016

	Notes	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		31 December 2016	31 December 2015	31 December 2016	31 December 2015
		Baht	Baht	Baht	Baht
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>					
<b>CURRENT LIABILITIES</b>					
Overdrafts and Short - Term Borrowings					
from Financial Institutions	19	3,004,494,665.14	2,462,819,379.67	3,003,218,981.14	2,452,070,528.47
Trade and Other Payables	20	559,727,661.21	190,967,514.22	535,364,951.41	307,773,969.52
Advances Received for Inventories		4,143,977.44	10,071,656.23	4,143,977.44	10,071,656.23
Current Portion					
Liabilities under Finance Lease Agreements	21	9,837,616.38	-	-	-
Long - Term Borrowings from Financial Institutions	22	1,073,820.84	21,600,000.00	-	-
Income Tax Payable		5,153,162.05	2,652,480.52	5,018,113.91	-
<b>TOTAL CURRENT LIABILITIES</b>		<b>3,584,430,903.06</b>	<b>2,688,111,030.64</b>	<b>3,547,746,023.90</b>	<b>2,769,916,154.22</b>
<b>NON-CURRENT LIABILITIES</b>					
Liabilities under Finance Lease Agreements	21	73,773,450.50	-	-	-
Long - Term Borrowings from Financial Institutions	22	-	490,894.13	-	-
Employee Benefits Obligation	23	11,457,565.78	11,011,258.01	7,382,587.77	8,632,844.00
Contingent Liability on Guarantees of the Subsidiary	13	-	-	-	62,638,545.08
Deferred Tax Liabilities		6,194,818.35	-	-	-
Other Non - Current Liabilities		1,392,300.00	1,023,250.00	-	-
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>92,818,134.63</b>	<b>12,525,402.14</b>	<b>7,382,587.77</b>	<b>71,271,389.08</b>
<b>TOTAL LIABILITIES</b>		<b>3,677,249,037.69</b>	<b>2,700,636,432.78</b>	<b>3,555,128,611.67</b>	<b>2,841,187,543.30</b>
<b>SHAREHOLDERS' EQUITY</b>					
Share Capital	24				
Authorized Share Capital					
550,005,080 Ordinary Shares @ Baht 1.00		550,005,080.00	550,005,080.00	550,005,080.00	550,005,080.00
Issued and Paid - Up Share Capital					
550,005,080 Ordinary Shares @ Baht 1.00		550,005,080.00	550,005,080.00	550,005,080.00	550,005,080.00
Share Premium on Common Stocks		941,791,495.95	1,395,249,920.00	941,791,495.95	1,395,249,920.00
Retained Earnings					
Appropriated					
Legal Reserve	26	24,050,000.00	36,620,000.00	24,050,000.00	36,620,000.00
Unappropriated		384,584,669.25	(406,753,395.32)	239,700,543.50	(490,078,424.04)
Other Components of Equity		(202,360,859.69)	(202,360,859.69)	-	-
<b>SHAREHOLDERS' EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT</b>		<b>1,698,070,385.51</b>	<b>1,372,760,744.99</b>	<b>1,755,547,119.45</b>	<b>1,491,796,575.96</b>
Non - Controlling Interests	14	28,008,151.30	24,229,100.19	-	-
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>1,726,078,536.81</b>	<b>1,396,989,845.18</b>	<b>1,755,547,119.45</b>	<b>1,491,796,575.96</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>5,403,327,574.50</b>	<b>4,097,626,277.96</b>	<b>5,310,675,731.12</b>	<b>4,332,984,119.26</b>

Notes to the financial statements are an integral part of these financial statements.

**THE STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**STATEMENT OF COMPREHENSIVE INCOME**

For the year ended 31 December 2016

	Notes	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		31 December 2016	31 December 2015	31 December 2016	31 December 2015
		Baht	Baht	Baht	Baht
Revenue from Sales and Services		15,798,647,665.60	13,957,302,154.85	13,369,773,792.63	11,620,655,683.37
Cost of Sales and Services		(14,946,492,002.38)	(13,836,614,320.61)	(12,722,834,601.78)	(11,673,322,151.00)
<b>GROSS (LOSS) PROFIT</b>		<b>852,155,663.22</b>	<b>120,687,834.24</b>	<b>646,939,190.85</b>	<b>(52,666,467.63)</b>
Other Income		16,128,306.80	32,241,350.57	86,526,147.51	32,078,850.82
Unrealised Gain on Changes in Fair Value of Investments		5,036,210.47	559,578.95	5,036,210.47	559,578.95
Gain (Loss) from Exchange Rate		19,914,355.80	(3,193,382.96)	19,914,355.80	(3,193,382.96)
Gain (Loss) from Sales of Investment in Subsidiaries		-	18,545,208.35	-	(2,955,429.42)
Reversal Loss Impairment on Investment in Subsidiaries		-	-	68,847,399.36	2,979,520.87
Selling Expenses		(72,127,716.05)	(53,211,469.43)	(112,187,210.00)	(85,074,754.61)
Administrative Expenses		(107,943,940.85)	(97,290,864.57)	(81,642,290.45)	(76,973,694.72)
Doubtful Debts		(21,774,451.08)	(34,541,494.68)	(21,774,451.08)	(9,514,975.38)
Loss from Impairment of Goodwill Arising from Business Acquisition	4	-	(595,454,760.81)	-	(595,454,760.81)
Share of Loss of Associate		(5,401,637.86)	(53,385,484.27)	-	-
Finance Costs		(85,967,108.86)	(71,506,957.73)	(80,971,821.09)	(69,987,377.84)
<b>PROFIT (LOSS) BEFORE INCOME TAX</b>		<b>600,019,681.59</b>	<b>(736,550,442.34)</b>	<b>530,687,531.37</b>	<b>(860,202,892.73)</b>
Income Tax (Expense) Revenue	28	(50,935,993.34)	2,854,799.86	(46,981,943.26)	9,061,175.54
<b>PROFIT (LOSS) FOR THE YEAR</b>		<b>549,083,688.25</b>	<b>(733,695,642.48)</b>	<b>483,705,588.11</b>	<b>(851,141,717.19)</b>
<b>Other Comprehensive Income (Expense)</b>					
<b>Items that will not be subsequently reclassified to Profit or Loss</b>					
Actuarial Gain (Loss) for Employee Defined Benefit Plans -					
net of tax		1,075.38	3,671,479.35	41,027.38	3,399,028.00
<b>Total Items that will not be subsequently reclassified to Profit or Loss - net of tax</b>		<b>1,075.38</b>	<b>3,671,479.35</b>	<b>41,027.38</b>	<b>3,399,028.00</b>
<b>TOTAL OTHER COMPREHENSIVE INCOME (EXPENSE) FOR THE YEAR - NET OF TAX</b>		<b>1,075.38</b>	<b>3,671,479.35</b>	<b>41,027.38</b>	<b>3,399,028.00</b>
<b>TOTAL COMPREHENSIVE INCOME (EXPENSE) FOR THE YEAR</b>		<b>549,084,763.63</b>	<b>(730,024,163.13)</b>	<b>483,746,615.49</b>	<b>(847,742,689.19)</b>
<b>Profit (Loss) Attributable to</b>					
Shareholders of the Company		545,291,484.50	(740,339,443.35)		
Non - Controlling Interests		3,792,203.75	6,643,800.87		
<b>PROFIT (LOSS) FOR THE YEAR</b>		<b>549,083,688.25</b>	<b>(733,695,642.48)</b>		
<b>Total Comprehensive Income (Expense) Attributable to</b>					
Shareholders of the Company		545,305,712.52	(736,749,453.50)		
Non - Controlling Interests		3,779,051.11	6,725,290.37		
<b>Total Comprehensive Income (Expense) for the Year</b>		<b>549,084,763.63</b>	<b>(730,024,163.13)</b>		
Basic Earnings (Loss) Per Share	29	0.99	(1.76)	0.88	(2.02)

Notes to the financial statements are an integral part of these financial statements.

**THE STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
For the year ended 31 December 2016  
**CONSOLIDATED FINANCIAL STATEMENTS**

	Notes	Attribute to Owners of the Parent										Non-Controlling Interests	Total
		Issued and Paid-Up Share Capital	Share Premiums	Retained(Loss) Earnings		Other Components of Shareholder's equity				Total Shareholders of the Parent Company			
				Appropriated Legal reserve	Unappropriated	Discount on Change of Interest in Subsidiaries	Discount on Change of Interest in Associate	Total					
									Baht		Baht		
		Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	
Beginning Balance as at 1 January 2015		400,005,080.00	191,499,920.00	33,420,000.00	333,114,568.68	(104,656,958.88)	(6,750,000.00)	(111,406,958.88)	846,632,609.80	(66,832,934.83)	779,799,674.97		
Total Comprehensive Income (Expense) for the year													
Profit (Loss) for the Year		-	-	-	(740,339,443.35)	-	-	-	(740,339,443.35)	6,643,800.87	(733,695,642.48)		
Other Comprehensive Income (Expense) for the Year		-	-	-	3,671,479.35	-	-	-	3,671,479.35	-	3,671,479.35		
Total Comprehensive Income (Expense) for the Year		-	-	-	(736,667,964.00)	-	-	-	(736,667,964.00)	6,643,800.87	(730,024,163.13)		
Transactions with Owners													
Contributions by and Distributions to Owners of the Company													
Issued of Increase Ordinary Shares	24	150,000,000.00	1,203,750,000.00	-	-	-	-	-	1,353,750,000.00	-	1,353,750,000.00		
Appropriated Legal Reserve	26	-	-	3,200,000.00	(3,200,000.00)	-	-	-	-	-	-		
Total Contributions by and Distributions to Owners of the Company		150,000,000.00	1,203,750,000.00	3,200,000.00	(3,200,000.00)	-	-	-	1,353,750,000.00	-	1,353,750,000.00		
Changes in Equity Ownership in the Subsidiaries of Non-Controlling Interests													
Increase from Investment in Subsidiaries		-	-	-	-	-	-	-	-	150,000.00	150,000.00		
Decreased on Disposal of Investment in Subsidiaries		-	-	-	-	-	-	-	-	(17,182,188.47)	(17,182,188.47)		
Increase (Decrease) Non-Controlling Interests without a Change in Control		-	-	-	-	(93,253,057.78)	2,299,156.97	(90,953,900.81)	(90,953,900.81)	101,450,422.62	10,496,521.81		
Total Changes in Ownership Interest without a Change in Control		-	-	-	-	(93,253,057.78)	2,299,156.97	(90,953,900.81)	(90,953,900.81)	84,418,234.15	(6,535,666.66)		
Total Transactions with Owners of the Company		150,000,000.00	1,203,750,000.00	3,200,000.00	(3,200,000.00)	(93,253,057.78)	2,299,156.97	(90,953,900.81)	1,262,796,099.19	84,418,234.15	1,347,214,333.34		
Ending Balance as at 31 December 2015		550,005,080.00	1,395,249,920.00	36,620,000.00	(406,753,995.32)	(197,910,016.66)	(4,450,843.03)	(202,360,859.69)	1,372,760,744.99	24,229,100.19	1,396,989,845.18		

Notes to the financial statements are an integral part of these financial statements.

THE STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY  
For the year ended 31 December 2016  
CONSOLIDATED FINANCIAL STATEMENTS

	Notes	Attribute to Owners of the Parent										Total
		Issued and Paid-Up Share Capital	Share Premiums	Retained(Loss) Earnings		Other Components of Shareholder's equity				Shareholders of the Parent Company	Non-Controlling Interests	
				Appropriated Legal reserve	Unappropriated	Discount on Change of Interest in Subsidiaries	Discount on Change of Interest in Associate	Total				
		Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	
Beginning Balance as at 1 January 2016		550,005,080.00	1,395,249,920.00	36,620,000.00	(406,753,395.32)	(197,910,016.66)	(4,450,843.03)	(202,360,859.69)	1,372,760,744.99	24,229,100.19	1,396,989,845.18	
Total Comprehensive Income (Loss) for the year												
Profit (Loss) for the Year		-	-	-	545,291,484.50	-	-	-	545,291,484.50	3,792,203.75	549,083,688.25	
Other Comprehensive Income (Expense) for the Year		-	-	-	14,228.02	-	-	-	14,228.02	(13,152.64)	1,075.38	
Total Comprehensive Income (Expense) for the Year												
		-	-	-	545,305,712.52	-	-	-	545,305,712.52	3,779,051.11	549,084,763.63	
Transactions with Owners												
Contributions by and Distributions to												
Owners of the Company												
Appropriated Legal Reserve	26	-	-	24,050,000.00	(24,050,000.00)	-	-	-	-	-	-	
Legal Reserve Compensating Deficit	24	-	-	(36,620,000.00)	36,620,000.00	-	-	-	-	-	-	
Share Premiums Compensating Deficit	24	-	(453,458,424.05)	-	453,458,424.05	-	-	-	-	-	-	
Dividend	25	-	-	-	(219,996,072.00)	-	-	-	(219,996,072.00)	-	(219,996,072.00)	
Total Contributions by and Distributions to												
		-	(453,458,424.05)	(12,570,000.00)	246,032,352.05	-	-	-	(219,996,072.00)	-	(219,996,072.00)	
Owners of the Company												
Total Transactions with Owners of the Company		-	(453,458,424.05)	(12,570,000.00)	246,032,352.05	-	-	-	(219,996,072.00)	-	(219,996,072.00)	
Ending Balance as at 31 December 2016		550,005,080.00	941,791,495.95	24,050,000.00	384,584,669.25	(197,910,016.66)	(4,450,843.03)	(202,360,859.69)	1,698,070,385.51	28,008,151.30	1,726,078,536.81	

Notes to the financial statements are an integral part of these financial statements.

**THE STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**

For the year ended 31 December 2016

**SEPARATE FINANCIAL STATEMENTS**

	Notes	Issued and Paid-Up Share Capital	Share Premiums on Common Stocks	Retained(Loss) Earnings		Total
				Appropriated Legal reserve	Unappropriated	
		Baht	Baht	Baht	Baht	Baht
<b>Beginning Balance as at 1 January 2015</b>		400,005,080.00	191,499,920.00	33,420,000.00	360,864,265.15	985,789,265.15
<b>Total Comprehensive Income (Expense) for the year</b>						
Profit (Loss) for the Year		-	-	-	(851,141,717.19)	(851,141,717.19)
Other Comprehensive Income (Expense) for the Year		-	-	-	3,399,028.00	3,399,028.00
<b>Total Comprehensive Income (Expense) for the Year</b>		-	-	-	(847,742,689.19)	(847,742,689.19)
<b>Transactions with Owners</b>						
<b>Contributions by and Distributions to Owners of the Company</b>						
Issued of Increase Ordinary Shares	24	150,000,000.00	1,203,750,000.00	-	-	1,353,750,000.00
Appropriated Legal Reserve	26	-	-	3,200,000.00	(3,200,000.00)	-
<b>Total Contributions by and Distributions to Owners of the Company</b>		150,000,000.00	1,203,750,000.00	3,200,000.00	(3,200,000.00)	1,353,750,000.00
<b>Total Transactions with Owners</b>		150,000,000.00	1,203,750,000.00	3,200,000.00	(3,200,000.00)	1,353,750,000.00
<b>Ending Balance as at 31 December 2015</b>		550,005,080.00	1,395,249,920.00	36,620,000.00	(490,078,424.04)	1,491,796,575.96
<b>Total Comprehensive Income (Expense) for the year</b>						
Profit (Loss) for the Year		-	-	-	483,705,588.11	483,705,588.11
Other Comprehensive Income (Expense) for the Year		-	-	-	41,027.38	41,027.38
<b>Total Comprehensive Income (Expense) for the Year</b>		-	-	-	483,746,615.49	483,746,615.49
<b>Transactions with Owners</b>						
<b>Contributions by and Distributions to Owners of the Company</b>						
Appropriated Legal Reserve	26	-	-	24,050,000.00	(24,050,000.00)	-
Legal Reserve Compensating Deficit	24	-	-	(36,620,000.00)	36,620,000.00	-
Share Premiums Compensating Deficit	24	-	(453,458,424.05)	-	453,458,424.05	-
Dividend	25	-	-	-	(219,996,072.00)	(219,996,072.00)
<b>Total Contributions by and Distributions to Owners of the Company</b>		-	(453,458,424.05)	(12,570,000.00)	246,032,352.05	(219,996,072.00)
<b>Total Transactions with Owners</b>		-	(453,458,424.05)	(12,570,000.00)	246,032,352.05	(219,996,072.00)
<b>Ending Balance as at 31 December 2016</b>		550,005,080.00	941,791,495.95	24,050,000.00	239,700,543.50	1,755,547,119.45

Notes to the financial statements are an integral part of these financial statements.

THE STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF CASH FLOWS

For the year ended 31 December 2016

	CONSOLIDATED		SEPARATE		
	Notes	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		31 December 2016	31 December 2015	31 December 2016	31 December 2015
	Baht	Baht	Baht	Baht	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>					
Profit (Loss) before Income Tax	600,019,681.59	(736,550,442.34)	530,687,531.37	(860,202,892.73)	
Adjustment to Profit (Loss) before Income Tax for					
Cash Received (Paid) from Operations :					
Depreciation and Amortization	57,373,585.33	42,989,367.46	33,252,352.10	25,798,148.61	
Doubtful Debts	21,774,451.08	34,541,494.63	21,774,451.08	9,514,975.38	
Loss from Decline in Value of Inventories (Reversal)	(41,892,880.79)	31,202,760.33	(41,892,880.79)	31,202,760.33	
Loss Impairment on Investment in Subsidiaries (Reversal)	-	-	(68,847,399.36)	(2,979,520.87)	
Contingent Liability on Guarantees of the Subsidiary (Reversal)	-	-	(62,638,545.08)	-	
(Gain) Loss from Disposal of Investment in Subsidiary	-	(18,545,208.35)	-	2,955,429.42	
Unrealised Loss on Exchange Rate	(5,823,338.18)	-	(5,823,338.18)	-	
Loss from Impairment of Goodwill Arising from Business Acquisition	-	595,454,760.81	-	595,454,760.81	
Unrealised Gain on Changes in Fair Value of Temporary Investments	(5,036,210.47)	(559,578.95)	(5,036,210.47)	(559,578.95)	
(Gain) Loss on Disposal of Fixed Assets	(1,282,820.10)	245,180.46	(575,307.62)	-	
Loss from Written - off of Fixed Assets	27,970.00	-	27,970.00	12.00	
Written-off of Assets to Expenses	1,654,973.08	-	621,123.91	-	
Share of Loss of Associate	5,401,637.86	53,385,484.27	-	-	
Employee Benefit Expenses	4,365,350.00	2,252,962.04	2,415,902.00	1,633,532.00	
Interest Income	(163,926.83)	(6,800,795.97)	(11,265,567.97)	(7,349,149.86)	
Interest Expenses	85,492,336.13	71,506,957.73	80,971,821.09	69,987,377.84	
Profit (Loss) from Operating Activities before Changes in					
Operating Assets and Liabilities	721,910,808.70	69,122,942.12	473,671,902.08	(134,544,146.02)	
(Increase) Decrease in Operating Assets					
Trade and Other Receivables	(426,710,830.27)	(186,414,350.28)	(378,192,761.97)	(157,390,969.87)	
Inventories	(774,369,466.32)	661,921,016.87	(762,072,687.84)	661,351,536.22	
Advances Payment for Inventories	63,199,133.07	(504,978,583.34)	342,726,902.96	(784,506,353.23)	
Other Non - Current Assets	393,621.59	(862,117.94)	(77,900.00)	(130,500.00)	
Increase (Decrease) in Operating Liabilities					
Trade and Other Payables	367,779,493.12	(76,523,659.05)	227,325,528.43	42,548,166.61	
Advance Received for Inventories	(5,927,678.81)	(9,873,889.07)	(5,927,678.81)	(9,873,889.07)	
Employee Benefits Obligation	(3,917,698.00)	(13,430.00)	(3,614,874.00)	(13,430.00)	
Other Non-Current Liabilities	369,050.00	391,750.00	-	-	
Cash Received (Paid) from Operating Activities	(57,273,566.92)	(47,230,320.69)	(106,161,569.15)	(382,559,585.36)	
Cash Received from Withholding Tax	-	550,178.50	-	-	
Cash Received from Interest Income	163,926.83	43,966.69	152,433.70	67,601.90	
Cash Paid for Income Tax	(40,848,474.00)	(9,965,258.79)	(36,693,106.92)	(6,981,476.93)	
<b>Net Cash Provided from (Use in) Operating Activities</b>	<b>(97,958,114.09)</b>	<b>(56,601,434.29)</b>	<b>(142,702,242.37)</b>	<b>(389,473,460.39)</b>	

Notes to the financial statements are an integral part of these financial statements.

THE STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF CASH FLOWS

For the year ended 31 December 2016

	Notes	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		31 December 2016	31 December 2015	31 December 2016	31 December 2015
		Baht	Baht	Baht	Baht
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>					
Cash Paid for Temporary Investments		-	(595,206.19)	-	(595,206.19)
Cash Paid for Investments in Associate		-	(50,000,000.00)	-	(50,000,000.00)
Cash Received from Disposal of Investment in Subsidiary		-	29,993,104.18	-	30,000,000.00
Cash Paid for Investments in Subsidiaries		-	-	-	(350,001.00)
Cash Received from Long - Term Loans to Subsidiaries		-	-	89,000,000.00	13,500,000.00
Cash Paid for Long - Term Loans to Subsidiaries		-	-	(124,300,000.00)	(68,000,000.00)
Cash Received from Long - Term Loans to Related Company		-	23,000,000.00	-	23,000,000.00
Cash Paid for Purchase of Fixed Assets		(69,131,702.46)	(394,902,497.44)	(41,245,274.61)	(356,718,235.20)
Cash Received from Disposal of Fixed Assets		1,646,268.91	474,766.36	596,268.91	-
Cash Paid for Purchase of Intangible Assets		(571,500.00)	(663,000.00)	(571,500.00)	(663,000.00)
Cash Received from Interest Income for Loans to Subsidiaries		-	-	10,934,678.10	6,727,479.46
Cash Received from Interest Income for Loans to Related Company		-	419,356.18	-	419,356.18
<b>Net Cash Provided from (Use in) Investing Activities</b>		<b>(68,056,933.55)</b>	<b>(392,273,476.91)</b>	<b>(65,585,827.60)</b>	<b>(402,679,606.75)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>					
Increase (Decrease) In Overdrafts and Short - Term Borrowings from					
Financial Institutions		547,498,623.65	(192,879,994.48)	556,971,790.85	110,143,678.42
Cash Received from Short - Term Loans from Subsidiary		-	-	90,000,000.00	-
Cash Paid from Short - Term Loans from Subsidiary		-	-	(90,000,000.00)	-
Cash Received from Short - Term Borrowings from Related Company and Persons		-	80,000.00	-	80,000.00
Cash Paid for Short - Term Borrowings from Related Company and Persons		-	(80,000.00)	-	(80,000.00)
Cash Paid for Long - Term Borrowings from Financial Institutions		(21,017,073.29)	(19,997,453.42)	-	-
Cash Paid for Liabilities under Finance Lease Agreements		(3,529,811.03)	-	-	-
Cash Paid in Payable for Assets		(2,144,839.22)	-	-	-
Cash Paid in Interest Expenses		(84,595,005.43)	(78,400,775.45)	(81,257,725.33)	(72,699,882.37)
Cash Paid in Dividend		(219,980,249.28)	-	(219,980,249.28)	-
Cash Received from Increase Capital		-	750,000,000.00	-	750,000,000.00
Cash Received from Shares Capital of Non-Controlling Interests		-	150,000.00	-	-
Cash Paid from Shares Capital of Non-Controlling Interests		-	(1.00)	-	-
<b>Net Cash Provided from (Use in) Financing Activities</b>		<b>216,231,645.40</b>	<b>458,871,775.65</b>	<b>255,733,816.24</b>	<b>787,443,796.05</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>		<b>50,216,597.76</b>	<b>9,996,864.45</b>	<b>47,445,746.27</b>	<b>(4,709,271.09)</b>
<b>Cash and Cash Equivalents at The Beginning of the Period</b>		<b>41,196,998.06</b>	<b>31,200,133.61</b>	<b>20,732,278.69</b>	<b>25,441,549.78</b>
<b>Cash and Cash Equivalents at The Ending of the Period</b>	<b>8</b>	<b>91,413,595.82</b>	<b>41,196,998.06</b>	<b>68,178,024.96</b>	<b>20,732,278.69</b>

Notes to the financial statements are an integral part of these financial statements.



## **THE STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

### **NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 31 December 2016**

#### **1. General Information**

THE STEEL PUBLIC COMPANY LIMITED became a public company limited on 3 July 2006 and listed on the Stock Exchange of Thailand on 9 August 2007 with the Company registration number 0107549000106. Its head office is situated at 1401 Eagachai Rd., Bang Bon, Bang Bon, Bangkok, Thailand and have three branches constitution. The Company's major shareholder is Jirapongtrakul family.

The Company main businesses activities are selling and transforming hot rolled coils and sheets and structural steels.

#### **2. Basis of the Preparation of Financial Statements**

- 2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards including related interpretations and guidelines promulgated by the Federation of Accounting Professions under the Royal Patronage of His Majesty the King's Code of Ethics for Professional Accountants, applicable rules and regulations of the Securities and Exchange Commission and the Stock Exchange of Thailand.
- 2.2 The financial statements were presented in compliance with the notification of Department of Business Development regarding "Brief particulars must be contained in financial statements B.E. 2554" dated on September 28, 2011, notified according to Accounting Act B.E. 2543.
- 2.3 In order to prepare the financial statements to comply with Thai Financial Reporting Standards, the Company's management had to make some estimates and assumptions which may have an effect on the amount shown for revenues, expenses, assets and liabilities and also on the disclosures concerning to assets and contingent liabilities, therefore the actual result may differ from the estimated amount.
- 2.4 The financial report in Thai language is the official statutory financial report of the Company. The financial report in English language has been translated from the Thai language financial report.

### 3. Basis of The Preparation of Consolidated Financial Statements

3.1 The consolidated financial statements include the financial statements of THE STEEL PUBLIC COMPANY LIMITED and its subsidiary, and have been prepared on the same basis as applied for the consolidated financial statements The Company holds shares in subsidiary companies with the percentage of shareholdings in subsidiary companies are as follows:

Name of the entity	Type of business	% Ownership interest	
		2016	2015
The Steel Logistic Co., Ltd.	Logistic service	60.00	60.00
The Steel Industry Co., Ltd. (formerly T.Y.K. Industry Co., Ltd.)	Manufacturing and distributing pipe	70.00	70.00
Liberty Steel Siam Co., Ltd.	Selling hot rolled coils and structural steels	99.99	99.99
The Siam Power Co.,Ltd.	Study and invest in Electrical business	70.00	70.00

3.2 Subsidiaries are fully consolidated, from the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.

3.3 The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.

3.4 Material balances and transactions between the Company and its subsidiaries have been eliminated from the consolidated financial statements.

3.5 Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.

### 4. Business Acquisition

The extraordinary shareholders' meeting no. 1/2015 held on 28 August 2015 has resolved to purchase assets for the Company's operation by issuing additional 150,000,000 ordinary shares at the par value of Baht 1.00 per share. The shares have been offered under Private Placement at Baht 5.00 per share, where 75,000,000 shares offered to Mr. Suroj Jirapongtrakul and another 75,000,000 shares offered to Mr. Nirut Ngamchumnarit to purchase the following assets:

1. To purchase land together with constructions from Mr. Suroj Jirapongtrakul.
2. To purchase machines and equipment from Kim Seng Steel Co., Ltd. (Mr. Suroj Jirapongtrakul is the company's major shareholder and director).
3. To purchase land together with constructions from Mr. Nirum Ngamchumnanrit (Mr. Nirut Ngamchumnanrit's father).
4. To purchase machines and equipment from Mahachai Steel Center Co., Ltd. (Mr. Nirut Ngamchumnanrit is the company's major shareholder) and Mr. Nirum Ngamchumnanrit (Mr. Nirut Ngamchumnanrit's father is the company's major shareholder and director).

After the purchase of the said assets have been made, Mr.Suroj Jirapongtrakul and Mr.Nirut Ngamchumnanrit have been appointed as the Company's directors and executives on 3 September 2015.

The objectives of the business combination are expansion of customer base and market share and reducing of competitor in the industry.

Details of the consideration transferred and the assets acquired from the business acquisition are as follows:

	Fair Value Baht
The Consideration Transferred and	
The Steel Public Company Limited's Ordinary Shares	
(Fair value as at date of the transfer of shares with the value per share of Baht 9.00-9.05)	1,353,750,000.00
Net Asset Acquired	
Cash	397,413,326.52
Property, Plant and Equipment	360,881,912.67
Total Identifiable Assets	758,295,239.19
The Value of Consideration Transferred Exceed the Value of Consideration Acquired (Goodwill)	595,454,760.81
<u>Less</u> Allowance for Impairment of Goodwill	(595,454,760.81)
Net	-

Since the third quarter of 2015, the Company has issued additional ordinary shares to purchase assets from its related persons and companies as in Note 24. This transaction is considered as business combination. As of the acquisitions date, the fair value of the consideration transferred exceed the fair value of the consideration acquired, thus it is shown as an asset of Baht 595.45 million under the account of goodwill in the consolidated and separate financial statements. However, subsequently in the fourth quarter of 2015, the Company has reviewed the value of the goodwill arising from business combinations and found that it does not obviously cause the

economic benefits to the Group and the Company. The management have reviewed the carrying value of the goodwill, and considered that an impairment of such goodwill must be made as the whole amount. The Company has recorded an allowance for impairment of goodwill and an impairment loss of goodwill arising from business combinations in the amount of Baht 595.45 million in the consolidated and separate financial statements.

## **5. The Adoption of New Financial Reporting Standards**

The Company has adopted the new conceptual framework for financial reporting, accounting standards, financial reporting standards, accounting standard interpretations, financial reporting standard interpretations and accounting guidance, which are effective for accounting periods beginning on or after 1 January 2016, with no impact to the current financial report.

## **6. New Financial Reporting Standards Not Yet Effective**

New accounting standards, financial reporting standards, accounting standard interpretations, financial reporting standard interpretations and accounting guidance, which are not yet effective for the current accounting periods that the Company has not early adopted, are as follows:

### Effective for the accounting period beginning on or after 1 January 2017

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 Rate
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
TFRS 2 (revised 2016)	Share-Based Payments
TFRS 3 (revised 2016)	Business Combinations
TFRS 4 (revised 2016)	Insurance Contracts
TFRS 5 (revised 2016)	Non-current Assets Held for Sale and Discounted 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
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
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
TFRIC 7 (revised 2016)	Applying the Restatement Approach under TAS 29 (revised 2016) Financial Reporting in Hyperinflationary Economies
TFRIC 10 (revised 2016)	Interim Financial Reporting and Impairment
TFRIC 12 (revised 2016)	Service Concession Arrangements
TFRIC 13 (revised 2016)	Customer Loyalty Programmes

TFRIC 14 (revised 2016)	TAS 19 (revised 2016) – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
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
TAS 104 (revised 2016)	Accounting for Troubled Debt Restructurings
TAS 105 (revised 2016)	Accounting for Investments in Debt and Equity Securities
TAS 107 (revised 2016)	Financial Instruments: Disclosure and Presentation
Accounting Guidances for Derecognition of Financial Assets and Financial Liabilities	

The management of the Company believes that above financial reporting standards will not have any significant impact on the financial statements when they are applied.

## 7. Summary of Significant Accounting Policies

### 7.1 Measurements bases used in the Preparation of Financial Statements

Measurement bases used in the preparation of financial statements are historical cost measurement basis and combination of variety measurement bases used. Some assets and liabilities that use other measurement bases have been disclosed the measurement bases used in the particular accounting policies.

### 7.2 Foreign Currencies

Items denominated in foreign currencies are recorded in Baht at the prevailing exchange rate when the transactions occur, and their balances of assets and liabilities at the ended of period are converted into Baht by closing rate as at ended period. Profit or loss arising from such conversion is shown as revenues or expense in the statement of comprehensive income for that period.

### 7.3 Financial Instruments

Financial assets which are shown in the statement of financial position composed of cash and cash equivalents, investments, trade and other receivables, advance payment for inventories and long-term loans and accrued interest income to subsidiaries. Financial liabilities which are shown in the statement of financial position composed of overdrafts and short-term borrowings from financial institutions, trade and other payables, advances received

for inventories, liabilities under finance lease agreements and long-term borrowings. The accounting policy of each item would be disclosed in separated items.

#### 7.4 Cash and Cash Equivalents

Cash and cash equivalents include bank deposit in type of current accounts, saving accounts and not over 3 months fixed accounts without guarantee obligation.

#### 7.5 Temporary Investments

Investment is investment in marketable security which the Company holds as trading security is reflected by fair value. The fair value of registered security is computed as of the date in the statement of financial position from the latest price offered of The Stock Exchange of Thailand. The Company recognized the change of investment value as gain (loss) transaction in the statement of comprehensive income, for the cost of investment disposed during the period computed according to the average method.

#### 7.6 Trade and Other Receivables

Trade and other receivables are stated at the net realizable value.

#### 7.7 Inventories

Inventories are stated at the lower of cost or net realisable value. Cost is determined by the weighted average method. The cost of purchase comprises both the purchase price and costs directly attributable to the acquisition of the inventory, such as import duties and transportation charges, less all attributable discounts, allowances or rebates. The cost of finished goods comprises raw materials, direct labour, other direct costs and related production overheads, the latter being allocated on the basis of normal operating activities. Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses.

#### 7.8 Investment

Investments in subsidiaries and associated are reported by using the cost method of accounting in the separate financial statements.

Investments in associated are reported by using the equity method of accounting in the consolidated financial statements.

A test for impairment is carried out when there is a factor indicating that an investment might be impaired. If the carrying value of the investment is higher than its recoverable amount, impairment loss is charged to the statement of comprehensive income.

## 7.9 Property, Plant and Equipment

Property, plant and equipment are recorded at initial cost deducted by the accumulated depreciation and the accumulated impairment loss (if any). Depreciation is calculated on a straight-line basis over the approximate useful-life as follows:

Buildings and structures	5 - 32 Years
Machineries and equipment	5 - 10 Years
Fixtures and office equipment	5 Years
Motor vehicles	5 - 15 Years

Depreciation of assets occurred during the usage period of producing the other fixed assets is calculated and capitalized as a part of the cost of that other assets and it would be ceased when that other fixed assets is ready for its intended use.

The Company did not carry depreciation for land, land improvements and assets under construction.

Replacement cost will be capitalized as a part of carrying amount of assets when it is probable that the Company will obtain the future economic benefits from that transaction and able to measure the cost of that transaction reliably. Replacement cost will be depreciated by the basis of estimated useful-life. Repair and maintenance expenses are recognized as expenses during the period that they are incurred.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the net proceeds and the carrying amount and recognized as revenue or expense in profit or loss of that period.

## 7.10 Intangible Assets

### Computer Software License

Acquired computer software license are recorded as assets by the costs incurred to acquire and bring that software to intended use. These costs are amortized over 5 years estimated useful-live.

## 7.11 Borrowing Costs

Interest expenses is the borrowing costs for acquiring the assets for several projects. The Group recorded interest expenses into the portion of construction assets and it will stop to record when the construction is finished.

## 7.12 Impairment of Assets

The carrying amounts of assets are assessed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the



assets' recoverable amounts are estimated of asset or its cash-generating unit to which the asset is included in the recognition of an impairment loss when the recoverable amount less than the carrying amount of the asset or its cash-generating unit.

Impairment loss is recognized as expenses in profit or loss immediately.

#### Calculation of Recoverable Amount

- The recoverable amount is the higher of the asset's fair value less cost to sell of asset or the cash-generating unit or its value in use.
- In assessing value in use of an asset by estimating the present value of future cash flows generated by the asset, discounted using a pre-tax discount rate which reflects current market assessments of the time value of money and the risks specific to the asset.
- The asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

#### Reversals of Impairment Loss

- The loss on impairment of assets recognized in the prior period will be reversed if the estimation for indicated recoverable amount changes since the last impairment loss was recognized just to be the carrying amount of the asset not exceed the carrying amount that would have been determine (net of depreciation or amortization), if no impairment loss had been recognized.
- Reversals of impairment loss will be recognized as income in profit or loss immediately.

### 7.13 Trade and Other Payables

Trade and other payables are shown at cost.

### 7.14 Employee Benefits

#### Short-Term Employee Benefits

- The Group recognized salary, wage, bonus, social security fund and provident fund contribution as expenses on date when the transactions occur.

#### Long-Term Employee Benefits

- The Group recognizes the post-employment employee benefits or retirement employee benefits to employees under the labor laws applicable in Thailand which is defined benefit plans. Employee benefits obligation is calculated by an independent actuary in accordance with the actuarial technique, and discounted benefits by the projected unit credit method. The expected future cash flows shall reflect employee salaries, turnover rate, mortality rate, length of service and others. The Company presents employee benefits obligation as non-

current liabilities. The costs associated with employee benefits are recognized in the statement of comprehensive income so as to spread the cost over the employment period.

#### 7.15 Provision

Provision will be recognized when the Group has a present legal or constructive obligation as a result of past events which it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Reimbursement is recognized as a separate asset, when, and only when it is virtually certain that reimbursement will be received if the Group settles the obligation, but not exceed the amount of related provision.

#### 7.16 Appropriation of Legal Reserve

The appropriation of legal reserve is attributable to the Public Limited Companies Act B.E. 2535 which the Company will appropriate legal reserve when it is approved at the board of directors which will report to the next meeting of shareholders. This legal reserve is not available for dividend distribution.

#### 7.17 Recognition of Revenues

- Revenue from sales is recognized when the significant risks and rewards of ownership have been transferred to the buyer.
- Revenue from services is recognized when service have been provided to customer.
- Interest income is recognized by the effective interest rate method.

#### 7.18 Recognition of Expenses

- Expenses are recognized on accrual basis.

## 7.19 Income Taxes

Income tax comprises current tax and deferred tax. Income tax is recognized in profit or loss except to the extent that related to items recognized in other comprehensive income or recognized directly in equity which will be recognized in other comprehensive income or directly in equity as same as that item.

### Current Tax

Current tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation, using the tax rates enacted at the end of reporting period.

### Deferred Tax

Deferred tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of reporting period.

Deferred tax asset is recognized only to the extent that it is probable that future taxable profit will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that the related tax benefit will be realized.

## 7.20 Earnings(Loss) per Share

Basic earnings(loss) per share are calculated by dividing the profit or loss with the weighted average number of issued and paid-up ordinary shares. There is not calculate the fully diluted earnings per share because it does not have ordinary share equivalents.

## 7.21 Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Company applies a quoted market price in an active market to measure the assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Company will measure fair value using valuation technique that are appropriate in the circumstances and maximizes the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy into three levels based on categories of input to be used in fair value measurement as follows:

Level 1 inputs are quoted prices in active market for identical assets or liabilities that the Company can access at the measurement date.

Level 2 inputs are other observable inputs either directly or indirectly, for the assets or liabilities other than quoted price included within Level 1 inputs.

Level 3 inputs are unobservable inputs for the assets and liabilities.

At the end of each reporting period, the Company will determine the necessary of any transfers between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

## 7.22 Significant Accounting Judgments and Estimates

The preparation of financial statements in conformity with financial reporting standards requires management to make judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures in the financial statements which the actual results may differ from these estimates. Significant judgements and estimates are as follows:

### **Lease**

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgment regarding whether significant risk and rewards of ownership of the leased asset have been transferred, taking into consideration terms and conditions of the arrangement.

### **Allowance for Doubtful Accounts - Trade and Other Receivables**

In determining an allowance for doubtful accounts-trade and other receivables, the management needs to make judgment and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

### **Reduction of Inventories to become Net Realizable Value**

In estimating the reduction of inventories to become net realizable value, the management uses the discretion in estimating the net realizable value of inventories. The sum of money expected to receive from inventories is considered from the change in sale price or cost directly related to the events occurring after of report period.

### **Property, Plant and Equipment and Depreciation**

In determining depreciation of plant and equipment, the management is required to make estimates of the useful lives and residual values of the Company's plant and equipment and to review estimate useful lives and residual values when there are any changes. In addition, the management is required to review plant and equipment for impairment on a periodical basis

and record impairment losses in the period when it is determined that their recoverable amount is lower than the carrying amount. This requires judgments regarding forecast of future revenues and expenses relating to the assets subject to the review.

#### **Intangible Asset and Amortization**

Intangible assets are systematically amortized over their estimated useful lives, and are subject to impairment if there is an indication they may be impaired.

#### **Post-Employment Employee Benefits**

Liabilities on post-employment employee benefits plan are calculated by actuarial techniques, of which assumptions consist of discount rate, salary increase rate, turnover rate and related demographic factors. To indicate discount rate, the management has considered the interest rate which reflecting the present economic situation. However, actual post-employment benefits may differ from the estimates.

### **8. Cash and Cash Equivalents**

Consist of:

	Consolidated Financial Statements		Separate Financial Statements	
	As at	As at	As at	As at
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
	Baht	Baht	Baht	Baht
Cash	339,632.00	353,149.00	60,849.00	174,558.00
Cheque on hand	4,314,453.19	3,119,837.25	4,314,453.19	3,119,837.25
Bank deposit – Current accounts	52,888,623.64	34,615,000.01	34,297,942.87	17,410,350.66
Bank deposit – Savings accounts	33,870,886.99	3,109,011.80	29,504,779.90	27,532.78
Total	<u>91,413,595.82</u>	<u>41,196,998.06</u>	<u>68,178,024.96</u>	<u>20,732,278.69</u>

### **9. Temporary Investments**

Consist of:

	Consolidated Financial Statements		Separate Financial Statements	
	As at	As at	As at	As at
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
	Baht	Baht	Baht	Baht
<u>Investment Units in Marketable Security</u>				
G J STEEL PUBLIC COMPANY LIMITED				
Original Value as at Date of Transfer	13,989,473.54	13,989,473.54	13,989,473.54	13,989,473.54

<u>Less</u> Allowance for Devaluation	(4,561,982.07)	(4,561,982.07)	(4,561,982.07)	(4,561,982.07)
Original Value as at Date of Transfer– Net	9,427,491.47	9,427,491.47	9,427,491.47	9,427,491.47
Unrealized Loss on Changes in				
Fair Value of Investments	85,350.54	(4,950,859.93)	85,350.54	(4,950,859.93)
Fair Value of Investment	9,512,842.01	4,476,631.54	9,512,842.01	4,476,631.54
Investment in Gold	-	595,206.19	-	595,206.19
Total	9,512,842.01	5,071,837.73	9,512,842.01	5,071,837.73

For the year ended 31 December 2016 and 2015, the movement of unrealized gain (losses) on changes in fair value of investments were as follows:

	Consolidated Financial Statements		Separate Financial Statements	
	For the year ended	For the year ended	For the year ended	For the year ended
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
	Baht	Baht	Baht	Baht
Beginning Carrying Amount	(4,950,859.93)	(40,590,343.01)	(4,950,859.93)	(5,510,438.88)
Increased during the year	5,036,210.47	35,639,483.08	5,036,210.47	559,578.95
Decreased during the year	-	-	-	-
Ending Carrying Amount	85,350.54	(4,950,859.93)	85,350.54	(4,950,859.93)

The fair value measurement of investment units in marketable security using the last bid price quoted on the Stock Exchange of Thailand as at the date of statement of financial position which are Level 1 inputs.

The fair value measurement of investment in gold using the last bid price quoted on the Gold Traders Association as at the date of statement of financial position which are Level 1 inputs.

## 10. Trade and Other Receivables

Consist of:

	Consolidated Financial Statements		Separate Financial Statements	
	As at	As at	As at	As at
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
	Baht	Baht	Baht	Baht
Trade and Note Receivables	1,887,863,770.57	1,445,455,363.82	1,816,199,570.53	1,421,240,198.52
<u>Less</u> Allowance for Doubtful Debt	(106,574,857.58)	(84,800,406.50)	(106,566,607.58)	(84,792,156.50)
Trade Receivables-Net	1,781,288,912.99	1,360,654,957.32	1,709,632,962.95	1,336,448,042.02

Other Receivables	66,733,981.77	112,979,025.11	52,530,365.54	69,296,975.58
<u>Less</u> Allowance for Doubtful Debt	(57,349.84)	(57,349.84)	-	-
Other Receivables-Net	66,676,631.93	112,921,675.27	52,530,365.54	69,296,975.58
Total	1,847,965,544.92	1,473,576,632.59	1,762,163,328.49	1,405,745,017.60

As at 31 December 2016 and 2015, trade and note receivables were classified by aging as follows:

	Consolidated Financial Statements		Separate Financial Statements	
	As at	As at	As at	As at
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
	Baht	Baht	Baht	Baht
Within due period	1,273,246,736.81	751,244,181.28	1,221,221,347.28	727,944,733.92
Trade and Note Receivables over due period :				
Less than 3 months	281,335,989.92	474,353,224.75	262,731,429.41	473,445,756.81
Over 3 months to 6 months	50,001,487.66	81,328,174.05	48,975,487.66	81,328,174.05
Over 6 months to 12 months	93,102,092.45	52,212,780.35	93,102,092.45	52,212,780.35
Over over 12 months	190,177,463.73	86,317,003.39	190,169,213.73	86,308,753.39
Total	1,887,863,770.57	1,445,455,363.82	1,816,199,570.53	1,421,240,198.52
<u>Less</u> Allowance for doubtful debt	(106,574,857.58)	(84,800,406.50)	(106,566,607.58)	(84,792,156.50)
Net	1,781,288,912.99	1,360,654,957.32	1,709,632,962.95	1,336,448,042.02

As at 31 December 2016 and 2015, other receivables consist of:

	Consolidated Financial Statements		Separate Financial Statements	
	As at	As at	As at	As at
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
	Baht	Baht	Baht	Baht
Advance Payments for				
Purchase of Property	-	33,954,270.00	-	-
Advance Payment	8,588,424.64	869,483.36	8,256,607.64	436,217.36
Revenue Department Receivable	41,538,319.28	65,328,499.28	30,214,327.72	58,853,865.57
Others	16,607,237.85	12,826,772.47	14,059,430.18	10,006,892.65
Total	66,733,981.77	112,979,025.11	52,530,365.54	69,296,975.58
<u>Less</u> Allowance for doubtful debt	(57,349.84)	(57,349.84)	-	-
Net	66,676,631.93	112,921,675.27	52,530,365.54	69,296,975.58

For the year ended 31 December 2016 and 2015, the movement of allowance for doubtful account was as follows:

	Consolidated Financial Statements		Separate Financial Statements	
	For the year ended	For the year ended	For the year ended	For the year ended
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
	Baht	Baht	Baht	Baht
Beginning Carrying Amount	(84,857,756.34)	(75,334,530.96)	(84,792,156.50)	(75,277,181.12)
Increased during the year	(21,774,451.08)	(9,523,225.38)	(21,774,451.08)	(9,514,975.38)
Ending Carrying Amount	<u>(106,632,207.42)</u>	<u>(84,857,756.34)</u>	<u>(106,566,607.58)</u>	<u>(84,792,156.50)</u>

## 11. Inventories

Consist of:

	Consolidated Financial Statements		Separate Financial Statements	
	As at	As at	As at	As at
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
	Baht	Baht	Baht	Baht
Finished Goods	1,384,708,965.33	845,360,116.23	1,370,712,008.52	843,659,937.90
Goods in Transit	235,020,617.22	-	235,020,617.22	-
<u>Less Allowance for Decline in Value of</u>				
Inventories	<u>(1,848,631.38)</u>	<u>(41,130,124.91)</u>	<u>(1,848,631.38)</u>	<u>(41,130,124.91)</u>
Net	<u>1,617,880,951.17</u>	<u>804,229,991.32</u>	<u>1,603,883,994.36</u>	<u>802,529,812.99</u>

For the year ended 31 December 2016 and 2015, the movement of allowance for decline in value of inventories was as follows:

	Consolidated Financial Statements		Separate Financial Statements	
	For the year ended	For the year ended	For the year ended	For the year ended
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
	Baht	Baht	Baht	Baht
Beginning Carrying Amount	(41,130,124.91)	(14,911,950.91)	(41,130,124.91)	(12,550,409.42)
Increased during the year	(13,229,177.51)	(28,579,715.49)	(13,229,177.51)	(28,579,715.49)
Decreased during the year	52,510,671.04	-	52,510,671.04	-
Decreased on Disposal of Investment				
in Subsidiary	-	2,361,541.49	-	-
Ending Carrying Amount	<u>(1,848,631.38)</u>	<u>(41,130,124.91)</u>	<u>(1,848,631.38)</u>	<u>(41,130,124.91)</u>



As at 31 December 2016, the consolidated and the separate financial statements, the Group and the Company had advance payments for inventories of Baht 777.98 million, a part of recorded an allowance for decline in value of Baht 0.01 million.

As at 31 December 2015, the consolidated and the separate financial statements, the Group and the Company had advance payments of inventories of Baht 838.57 million and Baht 1,118.09 million respectively, a part of recorded an allowance for decline in value of Baht 2.62 million.

These represented advance payments of inventory to the subsidiary and other companies with these inventories do not yet receive at the end of the period.

## 12. Investment in Associate

### 12.1 Details of Associate

Consolidated Financial Statements							
Name of Equity	Paid-up Share Capital	Investments		Equity method		Dividend Income	
		Ratio		As at 31 December		For the year ended 31 December	
		2016	2015	2016	2015	2016	2015
	Baht	%	%	Baht	Baht	Baht	Baht
Delong (Thailand) Co., Ltd.	1,000,000,000.00	20	20	130,001,235.14	135,402,873.00	-	-

Separate Financial Statements							
Name of Equity	Paid-up Share Capital	Investments		Cost Method		Dividend Income	
		Ratio		As at 31 December		For the year ended 31 December	
		2016	2015	2016	2015	2016	2015
	Baht	%	%	Baht	Baht	Baht	Baht
Delong (Thailand) Co., Ltd.	1,000,000,000.00	20	20	200,000,000.00	200,000,000.00	-	-

### 12.2 The Financial Information of Associate

Summary financial information of significant associate is as follows:

	Delong (Thailand) Co., Ltd.	
	As at	As at
	31 December 2016	31 December 2015
	Baht	Baht
Current Assets	1,055,615,080.00	710,649,398.00
Non-Current Assets	1,906,537,265.00	1,829,224,723.00
Current Liabilities	(2,308,106,907.00)	(1,861,291,843.00)
Non-Current Liabilities	(13,068,770.00)	(1,567,913.00)
Net Assets	640,976,668.00	677,014,365.00

	For the year ended 31 December 2016	For the year ended 31 December 2015
	Baht	Baht
Total Revenue	3,971,818,201.00	398,043,419.00
Total Expenses	(4,007,855,897.00)	(675,001,768.00)
Profit (Loss) for the year	(36,037,696.00)	(276,958,349.00)
Other Comprehensive Income (Expense) for the year	-	-
Total Comprehensive Income (Expense) for the year	(36,037,696.00)	(276,958,349.00)

The reconciliation of the above financial information with the carrying amount of interest in associate which is recognized in the financial statements in which the equity method is applied is as follows:

	Delong (Thailand) Co., Ltd.	
	As at 31 December 2016	As at 31 December 2015
	Baht	Baht
Net Assets	640,976,668.00	677,014,365.00
Investments Ratio (%)	20	20
Carrying Amount of Investments	128,195,333.80	135,402,873.00
Add Share of Loss in Inventories	1,805,901.34	-
Ending Carrying Amount	130,001,235.14	135,402,873.00

### 13. Investment in Subsidiaries

Consist of:

Company's name	Type of business	Paid-up Capital	Percentage of shareholding		Separate Financial Statements Cost method	
			2016	2015	As at 31 December 2016	As at 31 December 2015
		'000 Baht	%	%	Baht	Baht
The Steel Logistic Co., Ltd.	Logistic services	10,000	60	60	6,000,000.00	6,000,000.00
The Steel Industry Co., Ltd.	Manufacturing and distributing pipe	50,000	70	70	35,000,000.00	35,000,000.00

			Percentage of		Separate Financial Statements	
			shareholding		Cost method	
		Paid-up	2016	2015	As at	As at
		Capital			31 December	31 December
					2016	2015
Company's name	Type of business	'000 Baht	%	%	Baht	Baht
Liberty Steel Siam Co., Ltd.	Selling hot rolled coils					
	and structural steels	450,000	99.99	99.99	297,500,005.00	297,500,005.00
The Siam Power Co.,Ltd.	Study and invest in					
	electrical business	500	70	70	350,000.00	350,000.00
Total					338,850,005.00	338,850,005.00
Less Allowance for Impairment Investment					(228,652,605.64)	(297,500,005.00)
Net					110,197,399.36	41,350,000.00

For the year ended 31 December 2016 and 2015, the movements of allowance for impairment investment were as follows:

	Separate Financial Statements	
	For the year ended	For the year ended
	31 December 2016	31 December 2015
	Baht	Baht
Beginning Carrying Amont	(297,500,005.00)	(307,524,096.45)
Increased during the year	-	-
Decreased during the year	68,847,399.36	2,979,520.87
Decreased on Disposal of Investment in Subsidiary	-	7,044,570.58
Ending Carrying Amount	(228,652,605.64)	(297,500,005.00)

#### Liberty Steel Siam Co., Ltd.

The separate financial statements for the year ended 31 December 2016, the Company reversal to reflected loss of the subsidiary's registered capital as the guarantor in Liberty Steel Siam Co., Ltd, in amount of Baht 62.64 million. As the Company has not risk result in loss above.

In accordance with the resolution of Board of Directors Meeting no. 2/2015 held on 15 May 2015, approved the purchase of shares in Liberty Steel Siam Co., Ltd. in the Liberty Siam Holding Pte. Ltd., amounting of shares 979,999 in amount of Baht 1. The Company received the transfer of shares on 10 June 2015. The purchase of these shares, the proportion increased to 99.99 percent.

The Siam Power Co.,Ltd.

In accordance with the resolution of Board of Directors Meeting no. 7/2015 held on 12 October 2015, has passed the resolution to approve the establishment subsidiary namely The Siam Power Company Limited (TSP) with the objective to engage in the business of study and invest in electrical business The subsidiary company has registered capital in amount of Baht 500,000. The Company has will subscribe 70% in this subsidiary.

Later, on 20 February 2017, in accordance with the resolution of Board of Directors Meeting no. 2/2017, resolved to cancel the investment in the power plant business.

#### 14. Non-controlling Interests

The Group's subsidiaries with non-controlling interests which are significant before eliminations

	As at 31 December 2016				(unit: Baht)
	The Steel Logistic Co., Ltd. 40%	The Steel Industry Co., Ltd. 30%	Other Subsidiaries are immaterial	Eliminations	Total
Percentage of Non-controlling Interests					
Current Assets	38,718,829.50	24,241,900.14			
Non-Current Assets	77,061,678.44	274,168,362.42			
Current Liabilities	(21,953,387.30)	(23,707,717.95)			
Non-Current Liabilities	(59,659,525.30)	(221,480,439.74)			
Net Assets	34,167,595.34	53,222,104.87			
Carrying Amount of Non-controlling Interests	13,667,038.14	15,966,631.46	99,606.10	(1,725,124.40)	28,008,151.30
Revenue	163,720,822.44	87,197,881.31			
Profit(Loss) for the year	13,840,546.52	(5,673,232.73)			
Other comprehensive Income	(11,670.40)	(28,281.60)			
Total Comprehensive Income	13,828,876.12	(5,701,514.33)			
Profit(Loss) Attributable to Non-Controlling Interests	5,536,218.61	(1,701,969.82)	(42,045.04)	-	3,792,203.75
Comprehensive Income Attributable to Non-Controlling Interests	5,531,550.45	(1,710,454.30)	(42,045.04)	-	3,779,051.11
Net Cash Provided from (Used in) Operating Activities	25,590,224.04	12,485,937.57			
Net Cash Provided from (Used in) Investing Activities	(2,264,060.48)	(23,479,499.14)			
Net Cash Provided from (Used in) Financing Activities	(22,259,815.07)	11,678,363.56			
Net Increase (Decrease) in Cash and Cash Equivalents	1,066,348.49	684,801.99			

	As at 31 December 2015				(unit:Baht)
	The Steel Logistic Co.,Ltd 40%	The Steel Industry Co.,Ltd. 30%	Other Subsidiaries are immaterial	Eliminations	Total
Percentage of Non-controlling Interests					
Current Assets	20,781,598.99	41,739,832.62			
Non-Current Assets	82,035,832.54	140,183,939.60			
Current Liabilities	(9,051,317.23)	(36,616,862.96)			
Non-Current Liabilities	(77,740,206.09)	(86,383,290.06)			
Net Assets	16,025,908.21	58,923,619.20			
Carrying Amount of Non-controlling Interests	6,410,363.28	17,677,085.76	141,651.15	-	24,229,100.19
Revenue	120,049,257.14	64,752,110.25			
Profit(Loss) for the year	10,975,220.23	7,540,205.45			
Other comprehensive Income	(2,459.00)	274,910.00			
Total Comprehensive Income	10,972,761.23	7,815,115.45			
Profit(Loss)Attributable to Non-Controlling Interests	4,390,088.09	2,262,061.64	(8,348.86)	-	6,643,800.87
Comprehensive Income Attributable to Non-Controlling Interests	4,389,104.47	2,344,534.76	(8,348.86)	-	6,725,290.37
Net Cash Provided from (Used in) Operating Activities	15,994,875.58	(14,667,269.51)			
Net Cash Provided from (Used in) Investing Activities	(11,226,456.60)	(26,483,039.29)			
Net Cash Provided from (Used in) Financing Activities	(4,500,000.00)	41,067,992.33			
Net Increase(Decrease) in Cash and Cash Equivalents	268,418.98	(82,316.47)			

Consist of:

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Consolidated Financial Statements							
	Land	Building and improvement	Machine and factory equipment	Office equipment	Vehicles	Construction in progress	Total
	Baht	Baht	Baht	Baht	Baht	Baht	Baht
As at 31 December 2015							
Costs	278,059,039.43	390,936,371.08	258,477,289.51	16,831,159.58	166,229,950.36	32,256,903.63	1,142,790,713.59
Less Accumulated Depreciation	(171,139.88)	(121,193,100.19)	(165,384,469.05)	(11,745,351.99)	(76,316,659.11)	-	(374,810,720.22)
Carrying Amount	277,887,899.55	269,743,270.89	93,092,820.46	5,085,807.59	89,913,291.25	32,256,903.63	767,979,993.37
Transactions During the Year ended 31 December 2016							
Purchase	-	15,040,226.87	1,737,470.40	3,847,990.67	3,119,840.00	134,739,392.13	158,484,920.07
Transfer in	-	59,050,793.87	130,123,356.53	-	-	33,954,270.00	223,128,420.40
Disposal	-	-	(58,026.53)	(28,337.00)	(4,416,500.00)	-	(4,502,863.53)
Write off	-	-	(186,156.20)	(578,893.53)	-	-	(765,049.73)
Transfer out	-	-	-	(101,917.72)	-	(190,064,429.35)	(190,166,347.07)
Depreciation for the Year	-	(19,693,819.44)	(24,932,104.08)	(1,767,534.79)	(10,751,561.86)	-	(57,145,020.17)
Accumulated Depreciation for Disposal	-	-	50,801.46	14,604.78	4,074,008.48	-	4,139,414.72
Accumulated Depreciation for Write off	-	-	186,146.20	550,933.53	-	-	737,079.73
Accumulated Depreciation for Transfer out	-	-	-	(117,753.68)	-	-	(117,753.68)
Ending Carrying Amount	277,887,899.55	324,140,472.19	200,014,308.24	6,904,899.85	81,939,077.87	10,886,136.41	901,772,794.11
As at 31 December 2016							
Costs	278,059,039.43	465,027,391.82	390,093,933.71	19,970,002.00	164,933,290.36	10,886,136.41	1,328,969,793.73
Less Accumulated Depreciation	(171,139.88)	(140,886,919.63)	(190,079,625.47)	(13,065,102.15)	(82,994,212.49)	-	(427,196,999.62)
Carrying Amount	277,887,899.55	324,140,472.19	200,014,308.24	6,904,899.85	81,939,077.87	10,886,136.41	901,772,794.11

Depreciation for the year ended 31 December 2015 (Included in Cost of Sales amount of Baht 31.95 million, the rest included in Administrative Expenses)

Depreciation for the year ended 31 December 2016 (Included in Cost of Sales amount of Baht 40.58 million, the rest included in Administrative Expenses)

42,895,311.71

57,145,020.17





		Separate Financial Statements						
		Land	Building and improvement	Machine and factory equipment	Office equipment	Vehicles	Construction in progress	Total
		Baht	Baht	Baht	Baht	Baht	Baht	Baht
<b>As at 31 December 2015</b>								
Costs		268,558,066.00	312,963,658.11	179,865,355.66	14,120,068.58	22,649,133.13	720,247.67	798,876,529.15
Less Accumulated Depreciation		-	(102,817,031.76)	(123,922,696.63)	(10,153,898.28)	(13,139,299.06)	-	(250,032,925.73)
<b>Carrying Amount</b>		<b>268,558,066.00</b>	<b>210,146,626.35</b>	<b>55,942,659.03</b>	<b>3,966,170.30</b>	<b>9,509,834.07</b>	<b>720,247.67</b>	<b>548,843,603.42</b>
Transactions During the Year ended 31 December 2016								
Purchase		-	8,229,982.63	267,884.11	2,286,752.39	-	30,996,190.48	41,780,809.61
Transfer in		-	24,984,557.23	6,551,880.92	-	-	-	31,536,438.15
Disposal		-	-	(58,026.53)	(28,337.00)	(3,135,000.00)	-	(3,221,363.53)
Write off		-	-	(186,156.20)	(578,893.53)	-	-	(765,049.73)
Transfer out		-	-	-	(101,917.72)	-	(31,536,438.15)	(31,638,355.87)
Depreciation for the Year		-	(15,242,524.95)	(13,174,558.88)	(1,203,027.84)	(3,403,675.27)	-	(33,023,786.94)
Accumulated Depreciation for Disposal		-	-	50,801.46	14,604.78	3,134,996.00	-	3,200,402.24
Accumulated Depreciation for Write off		-	-	186,146.20	550,933.53	-	-	737,079.73
Accumulated Depreciation for Transfer out		-	-	-	(117,753.68)	-	-	(117,753.68)
<b>Ending Carrying Amount</b>		<b>268,558,066.00</b>	<b>228,118,641.26</b>	<b>49,580,630.11</b>	<b>4,788,531.23</b>	<b>6,106,154.80</b>	<b>180,000.00</b>	<b>557,332,023.40</b>
<b>As at 31 December 2016</b>								
Costs		268,558,066.00	346,178,197.97	186,440,937.96	15,697,672.72	19,514,133.13	180,000.00	836,569,007.78
Less Accumulated Depreciation		-	(118,059,556.71)	(136,860,307.85)	(10,909,141.49)	(13,407,978.33)	-	(279,236,984.38)
<b>Carrying Amount</b>		<b>268,558,066.00</b>	<b>228,118,641.26</b>	<b>49,580,630.11</b>	<b>4,788,531.23</b>	<b>6,106,154.80</b>	<b>180,000.00</b>	<b>557,332,023.40</b>

Depreciation for the year ended 31 December 2015 (Included in Cost of Sales amount of Baht 15.56 million, the rest included in Administrative Expenses)

Depreciation for the year ended 31 December 2016 (Included in Cost of Sales amount of Baht 23.92 million, the rest included in Administrative Expenses)

25,713,536.96

33,023,786.94

### Consolidated Financial Statements

As at 31 December 2016, vehicles under financial leases agreements with costing in amount of Baht 119.27 million and the carrying amount of Baht 114.59 million.

As at 31 December 2016 and 2015, the Group has assets which fully depreciated but still in use, costing in amount of Baht 174.95 million and Baht 174.24 million, respectively. The carrying amounts are in amount of Baht 774 and Baht 776, respectively.

### Separate Financial Statements

As at 31 December 2016 and 2015, the Company has assets which fully depreciated but still in use, costing in amount of Baht 159.08 million and Baht 148.14 million, respectively. The carrying amounts are in amount of Baht 758 and Baht 638, respectively.

## **16. Intangible Asset**

Consist of:

	Consolidated Financial Statements Computer Software Baht	Separate Financial Statements Computer Software Baht
<b>As at 31 December 2014</b>		
Costs	3,509,567.81	1,090,840.00
<u>Less</u> Accumulated Amortization	(1,294,283.44)	(872,663.30)
<b>Carrying Amount</b>	<b>2,215,284.37</b>	<b>218,176.70</b>
Transactions During the Year Ended 31 December 2015		
Purchase	663,000.00	663,000.00
Decreased on Disposal of Investment in Subsidiary	(2,350,727.81)	-
Accumulated Amortization Decrease from Disposal of Investment	363,066.24	-
Amortization for the Year	(94,055.75)	(84,611.65)
<b>Ending Carrying Amount</b>	<b>796,567.05</b>	<b>796,565.05</b>
<b>As at 31 December 2015</b>		
Costs	1,821,840.00	1,753,840.00
<u>Less</u> Accumulated Amortization	(1,025,272.95)	(957,274.95)
<b>Carrying Amount</b>	<b>796,567.05</b>	<b>796,565.05</b>

	Consolidated Financial Statements Computer Software Baht	Separate Financial Statements Computer Software Baht
<b>As at 31 December 2015</b>		
Costs	1,821,840.00	1,753,840.00
<u>Less Accumulated Amortization</u>	<u>(1,025,272.95)</u>	<u>(957,274.95)</u>
<b>Carrying Amount</b>	<b>796,567.05</b>	<b>796,565.05</b>
Transactions During the Year Ended 31 December 2016		
Purchase	571,500.00	571,500.00
Transfer in	76,000.00	76,000.00
Amortization for the Year	(228,565.16)	(228,565.16)
Accumulated Amortization for Transfer out	117,753.68	117,753.68
<b>Ending Carrying Amount</b>	<b>1,333,255.57</b>	<b>1,333,253.57</b>
<b>As at 31 December 2016</b>		
Costs	2,469,340.00	2,401,340.00
<u>Less Accumulated Amortization</u>	<u>(1,136,084.43)</u>	<u>(1,068,086.43)</u>
<b>Carrying Amount</b>	<b>1,333,255.57</b>	<b>1,333,253.57</b>

## 17. Deferred Tax Assets

Deferred income taxes are calculated on temporary differences, using the liability method and applying a principal tax rate of 20%. The deferred taxation related to the temporary differences between the carrying amounts and the tax bases of assets and liabilities of the Group are summarized below:

	Consolidated Financial Statements			
	As at	Recognized in	Recognized in other	As at
	31 December 2015	profit or (loss)	comprehensive	31 December 2016
	Baht	Baht	income (Expense)	Baht
Deferred Tax Assets				
Allowance for Doubtful Debt	16,958,431.30	4,354,890.22	-	21,313,321.52
Allowance for Doubtful Debt –				
Advance Payment for Inventories	-	2,331.51	-	2,331.51
Loss from Decline in Value of Inventories	8,750,633.95	(8,380,907.67)	-	369,726.28
Unrealised Loss on Changes in				
Fair Value of Investments	1,902,568.40	(1,007,242.09)	-	895,326.31
Employee Benefits Obligation	2,196,464.82	89,149.96	(883.61)	2,284,731.17

Consolidated Financial Statements

	As at 31 December 2015	Recognized in profit or (loss) for the year	Recognized in other comprehensive income (Expense) for the year	As at 31 December 2016
	Baht	Baht	Baht	Baht
Total	29,808,098.47	(4,941,778.07)	(883.61)	24,865,436.79
Deferred Tax Liabilities				
Assets under Finance Lease Agreements	-	(4,451,423.35)	-	(4,451,423.35)
Current Portion Liabilities				
under Finance Lease Agreements	-	(625,414.97)	-	(625,414.97)
Liabilities under Finance Lease Agreements	-	(1,117,980.03)	-	(1,117,980.03)
Total	-	(6,194,818.35)	-	(6,194,818.35)
Deferred Tax Assets	29,808,098.47	(11,136,596.42)	(883.61)	18,670,618.44

Consolidated Financial Statements

	As at 31 December 2014	Recognized in profit or (loss) for the year	Recognized in other comprehensive income (Expense) for the year	As at 31 December 2015
	Baht	Baht	Baht	Baht
Deferred Tax Assets				
Allowance for Doubtful Debt	15,055,436.22	1,902,995.08	-	16,958,431.30
Loss from Decline in Value of Inventories	2,510,081.88	6,240,552.07	-	8,750,633.95
Unrealised Loss on Changes in				
Fair Value of Investments	2,014,484.19	(111,915.79)	-	1,902,568.40
Employee Benefits Obligation	2,858,064.65	(5,250,949.02)	4,589,349.19	2,196,464.82
Total	22,438,066.94	2,780,682.34	4,589,349.19	29,808,098.47
Deferred Tax Liabilities				
Depreciation	(896,475.18)	896,475.18	-	-
Total	(896,475.18)	896,475.18	-	-
Deferred Tax Assets	21,541,591.76	3,667,157.52	4,589,349.19	29,808,098.47

Separate Financial Statements

	As at 31 December 2015	Recognized in profit or (loss) for the year	Recognized in other comprehensive income (Expense) for the year	As at 31 December 2016
	Baht	Baht	Baht	Baht
Deferred Tax Assets				
Allowance for Doubtful Debt	16,958,431.30	4,354,890.22	-	21,313,321.52
Allowance for Doubtful Debt –	-	2,331.51	-	2,331.51
Advance Payment for Inventories				

Separate Financial Statements				
		Recognized in	Recognized in other	
	As at	profit or (loss)	comprehensive	As at
	31 December 2015	for the year	for the year	31 December 2016
Loss from Decline in Value of Inventories	8,750,633.95	(8,380,907.67)	-	369,726.28
Unrealised Loss on Changes in				
Fair Value of Investments	1,902,568.40	(1,007,242.09)	-	895,326.31
Employee Benefits Obligation	1,726,568.80	(239,794.40)	(10,256.85)	1,476,517.55
Total	29,338,202.45	(5,270,722.43)	(10,256.85)	24,057,223.17
Deferred Tax Liabilities	-	-	-	-
Deferred Tax Assets	29,338,202.45	(5,270,722.43)	(10,256.85)	24,057,223.17

Separate Financial Statements				
		Recognized in	Recognized in other	
	As at	profit or (loss)	comprehensive	As at
	31 December 2014	for the year	for the year	31 December 2015
Deferred Tax Assets	Baht	Baht	Baht	Baht
Allowance for Doubtful Debt	15,055,436.22	1,902,995.08	-	16,958,431.30
Loss from Decline in Value of Inventories	2,510,081.88	6,240,552.07	-	8,750,633.95
Unrealised Loss on Changes in				
Fair Value of Investments	2,014,484.19	(111,915.79)	-	1,902,568.40
Employee Benefits Obligation	2,443,256.80	(4,965,473.00)	4,248,785.00	1,726,568.80
Total	22,023,259.09	3,066,158.36	4,248,785.00	29,338,202.45
Deferred Tax Liabilities				
Depreciation	(896,475.18)	896,475.18	-	-
Total	(896,475.18)	896,475.18	-	-
Deferred Tax Assets	21,126,783.91	3,962,633.54	4,248,785.00	29,338,202.45

## 18. Credit Facility and Guarantee

As at 31 December 2016 and 2015, the Group has credits line from Commercial bank and several financial institutions in term of bank overdrafts, trust receipts Promissory note, letter of guarantee and credits line for forward contracts below:

	Consolidated Financial Statements		Separate Financial Statements	
	For the year ended		For the year ended	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
	Million Baht	Million Baht	Million Baht	Million Baht
Bank Overdrafts	165.00	165.00	165.00	165.00
Trust Receipts and Promissory Notes	6,470.00	6,471.00	6,470.00	6,470.00
Total	<u>6,635.00</u>	<u>6,636.00</u>	<u>6,635.00</u>	<u>6,635.00</u>

	Consolidated Financial Statements		Separate Financial Statements	
	For the year ended		For the year ended	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
	USD	USD	USD	USD
Forward Contract	-	1,366,300.00	-	-
Total	<u>-</u>	<u>1,366,300.00</u>	<u>-</u>	<u>-</u>

## 19. Overdrafts and Short – Term Borrowings from Financial Institutions

Consisted of :

	Consolidated Financial Statements		Separate Financial Statements	
	As at	As at	As at	As at
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
	Baht	Baht	Baht	Baht
Bank Overdrafts	1,275,684.00	18,883,017.31	-	11,810,826.11
Trust Receipt Payables	453,218,981.14	43,936,362.36	453,218,981.14	40,259,702.36
Promissory Notes	2,550,000,000.00	2,400,000,000.00	2,550,000,000.00	2,400,000,000.00
Total	<u>3,004,494,665.14</u>	<u>2,462,819,379.67</u>	<u>3,003,218,981.14</u>	<u>2,452,070,528.47</u>

The consolidated and separate financial statements as at 31 December 2016 and 2015, Bank overdrafts has the interest rates of MOR per annum.

The consolidated and separate financial statements as at 31 December 2016 and 2015, trust receipts is carried by interest rates of 1.00% – 5.00% and 1.40% – 2.55% per annum respectively. The ownership of merchandise purchased from the contract performance of trust receipt is still belonged to the commercial bank until there will be repayment of trust receipt to the commercial bank.

The consolidated and separate financial statement as at 31 December 2016 and 2015, short term loan from the financial institutes is borrowing in term of promissory note, carried interest rate of 2.50% – 3.95% per annum and 2.50% – 2.87% per annum, respectively.

## 20. Trade and Other Payables

Consisted of:

	Consolidated Financial Statements		Separate Financial Statements	
	As at	As at	As at	As at
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
	Baht	Baht	Baht	Baht
Trade Payables – Domestic	277,539,274.61	168,096,679.05	256,266,324.78	284,713,928.15
Trade Payables – Overseas	235,020,617.22	-	235,020,617.22	-
Other Payables	47,167,769.38	22,870,835.17	44,078,009.41	23,060,041.37
Total	<u>559,727,661.21</u>	<u>190,967,514.22</u>	<u>535,364,951.41</u>	<u>307,773,969.52</u>

As at 31 December 2016 and 2015, other payables consist of :

	Consolidated financial statements		Separate financial statements	
	As at	As at	As at	As at
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
	Baht	Baht	Baht	Baht
Revenue Department Payable	-	163,140.33	-	163,140.33
Accrued Interest Expenses	1,029,246.58	1,315,150.82	1,029,246.58	1,315,150.82
Accrued Commission				
Expenses	17,762,923.31	1,638,139.00	15,258,487.03	1,638,139.00
Other Payables	1,151,150.22	1,440,320.70	996,632.38	1,440,320.70
Payables for Assets	3,185,501.00	2,144,839.22	535,535.00	-
Accrued Expenses	24,038,948.27	16,169,245.10	26,258,108.42	18,503,290.52
Total	<u>47,167,769.38</u>	<u>22,870,835.17</u>	<u>44,078,009.41</u>	<u>23,060,041.37</u>



## 21. Liabilities under Finance Lease Agreements

Consisted of:

	Consolidated Financial Statements	
	As at	As at
	31 December 2016	31 December 2015
	Baht	Baht
Minimum Lease Payments under Finance Lease Agreements	92,328,041.91	-
<u>Less</u> Deferred Interest	(8,716,975.03)	-
Liabilities under Finance Lease Agreements	83,611,066.88	-
<u>Less</u> Current Portion	(9,837,616.38)	-
Net	73,773,450.50	-

As at 31 December 2016 and 2015, the aggregate minimum lease payments under finance leases agreements are as follows:

	Consolidated Financial Statements	
	As at	As at
	31 December 2016	31 December 2015
	Baht	Baht
Not Over 1 year	12,964,691.25	-
Over 1 year but not over 5 years	79,363,350.66	-
Total	92,328,041.91	-

## 22. Long-Term Borrowings from Financial Institutions

Consisted of:

Credit line		Term of repayment	Monthly repayment (Million Baht)	Interest rate (Per annum)	Consolidated Financial Statements	
Subsidiary No.	(Million Baht)				31 December 2016 Baht	31 December 2015 Baht
1	120	September 2011 - February 2017	1.8	MLR-2.25	1,073,820.84	22,090,894.13
Long-Term Borrowings from Financial Institutions					1,073,820.84	22,090,894.13
<u>Less</u> Current Portion					(1,073,820.84)	(21,600,000.00)
Long-Term Borrowings from Financial Institutions – Net					-	490,894.13

For the years ended 31 December 2016 and 2015, Long-term loans from financial institution were as follows:

Consolidated Financial Statements		
	For the years ended	For the years ended
	31 December 2016	31 December 2015
	Baht	Baht
Beginning Carrying Amount	22,090,894.13	126,088,347.55
Increased during the year	-	-
Decreased during the year	(21,017,073.29)	(19,997,453.42)
Decreased on Disposal of Investment in Subsidiary	-	(84,000,000.00)
Ending Carrying Amount	1,073,820.84	22,090,894.13

These long – term borrowings are guaranteed by the Company, some directors of the subsidiary and pledged by the subsidiary's land with building.

Under the loan agreement terms, the subsidiaries must comply with the condition of loan covenants such as:

- Debt to Equity Ratio not over than 1.5 times
- Debt Service Coverage at lease 1.1 times

## 23. Employee Benefits Obligation

For the year end 31 December 2016 and 2015, employee benefits obligation has the movement are as follows:

	Consolidated Financial Statements		Separate Financial Statements	
	As at	As at	As at	As at
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
	Baht	Baht	Baht	Baht
Present Value of the Obligation as at 1 January	11,011,258.01	13,801,830.91	8,632,844.00	11,261,527.00
Current Service Cost	3,532,679.17	1,728,706.51	2,138,882.00	1,213,527.00
Interest Expenses	832,670.83	524,255.53	277,020.00	420,005.00
Actuarial Gain for Employee Defined				
Benefit Plans	(1,344.23)	(4,589,349.19)	(51,284.23)	(4,248,785.00)
Benefits Paid During the Year	(3,917,698.00)	(13,430.00)	(3,614,874.00)	(13,430.00)
Decreased on Disposal of Investment in				
Subsidiary	-	(440,755.75)	-	-
Present Value of the Obligation as at 31 December	11,457,565.78	11,011,258.01	7,382,587.77	8,632,844.00

Employee Benefit Expenses which included in profit (loss) for the year consist of:

	Consolidated Financial Statements		Separate Financial Statements	
	For the year ended	For the year ended	For the year ended	For the year ended
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
	Baht	Baht	Baht	Baht
Current Service Cost	3,532,679.17	1,728,706.51	2,138,882.00	1,213,527.00
Interest Expenses	832,670.83	524,255.53	277,020.00	420,005.00
Total	<u>4,365,350.00</u>	<u>2,252,962.04</u>	<u>2,415,902.00</u>	<u>1,633,532.00</u>

The above expenses are included in the items as follows:

	Consolidated Financial Statements		Separate Financial Statements	
	For the year ended	For the year ended	For the year ended	For the year ended
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
	Baht	Baht	Baht	Baht
Cost of Sales	2,031,038.42	667,897.11	828,049.00	346,694.48
Selling Expenses	475,046.00	291,287.75	475,046.00	291,287.76
Administrative Expenses	1,859,265.58	1,293,777.18	1,112,807.00	995,549.76
Total	<u>4,365,350.00</u>	<u>2,252,962.04</u>	<u>2,415,902.00</u>	<u>1,633,532.00</u>

Actuarial gain recognised in other comprehensive income as at the end of the reporting period arising from:

	Consolidated	Separate
	Financial Statements	Financial Statements
	For the year ended	For the year ended
	31 December 2016	31 December 2016
	Baht	Baht
Demography Assumption	(36,696.23)	(51,284.23)
Finance Assumption	(29,362.00)	-
Adjustment Experience	64,714.00)	-
Total	<u>(1,344.23)</u>	<u>(51,284.23)</u>

The key assumptions used for the purposes of the actuarial valuation were as follows:

	Consolidated/Separate Financial Statements	
	For the year ended	For the year ended
	31 December 2016	31 December 2015
Discount Rate	2.57 – 3.54 % per annum	2.57 - 2.59 % per annum
Salary Increase Rate	2.54 – 6.54 % per annum	5.05 – 5.75 % per annum
Turnover Rates	0 – 75 % per annum	0 – 67 % per annum

#### 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 as follows:

	Consolidated Financial Statements	
	As at 31 December 2016	As at 31 December 2015
	Baht	Baht
Discount Rate		
Rate Increase 0.50 %	(467,716.00)	(349,550.00)
Rate Decrease 0.50 %	499,021.00	371,278.00
Salary Increase Rate		
Rate Increase 0.50 %	512,470.00	351,854.00
Rate Decrease 0.50 %	(484,856.00)	(334,734.00)
Turnover Rate		
Rate Increase 0.50 %	(553,574.00)	(317,684.00)
Rate Decrease 0.50 %	449,183.00	396,216.00

	Separate Financial Statements	
	As at 31 December 2016	As at 31 December 2015
	Baht	Baht
Discount Rate		
Rate Increase 0.50 %	(281,958.00)	(268,370.00)
Rate Decrease 0.50 %	299,039.00	284,706.00
Salary Increase Rate		

Separate Financial Statements		
	As at 31 December 2016	As at 31 December 2015
	Baht	Baht
Rate Increase 0.50 %	324,611.00	273,962.00
Rate Decrease 0.50 %	(308,565.00)	(261,151.00)
Turnover Rate		
Rate Increase 0.50 %	(351,890.00)	(284,039.00)
Rate Decrease 0.50 %	373,154.00	300,960.00

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.

## 24. Share Capital

For the years ended 31 December 2016 and 2015, The movements of share capital are as follows:

	For the year ended			For the year ended		
	Par value	31 December 2016		Par value	31 December 2015	
	Per Share Baht	Number of share Shares	Amount Shares	Per Share Baht	Number of share Shares	Amount Shares
Authorized Share Capital						
Beginning Ordinary Shares	1.00	550,005,080	550,005,080.00	1.00	500,000,000	500,000,000.00
<u>Less</u> Unissued authorized share	-	-	-	1.00	(99,994,920)	(99,994,920.00)
<u>Add</u> Issuing new shares	-	-	-	1.00	150,000,000	150,000,000.00
Ending Ordinary Shares	1.00	550,005,080	550,005,080.00	1.00	550,005,080	550,005,080.00
Issued and Paid-up Share Capital						
Beginning Ordinary Shares	1.00	550,005,080	550,005,080.00	1.00	400,005,080	400,005,080.00
Add Issue of Ordinary Shares	-	-	-	1.00	150,000,000	150,000,000.00
Ending Ordinary Shares	1.00	550,005,080	550,005,080.00	1.00	550,005,080	550,005,080.00

For the year ended 31 December 2016 and 2015, The movements of share premium on common stocks are as follows:

	For the year ended 31 December 2016 Consolidated/Separate Financial Statements Baht	For the year ended 31 December 2015 Consolidated/Separate Financial Statements Baht
Beginning Premium on Common Stocks	1,395,249,920.00	191,499,920.00
Increased during the year	-	1,203,750,000.00
Decreased during the year	(453,458,424.05)	-
Ending Share Premium on Common Stocks	941,791,495.95	1,395,249,920.00

In accordance with the resolution of Annual General Shareholders' Meeting for year 2016 held on 29 April 2016, it resolved to grant approval to transfer Baht 453.46 million of capital surplus and Baht 36.62 million of legal reserve to offset Baht 490.08 million of deficit to zero.

In accordance with the resolution of Board of Directors Meeting no. 4/2015 held on 17 July 2015, resolved as follows:

1. Resolved to reduce the Company's registered capital from Baht 500,000,000.00 to Baht 400,005,080.00 with the par value of Baht 1.00 by way of eliminating the unissued shares in the amount of 99,994,920 shares. The Company has been registered to reduce the capital with the Department of Business Development, Ministry of Commerce on 2 September 2015.
2. Resolved to increase the Company's registered capital from Baht 400,005,080.00 to Baht 550,005,080.00 with the par value of Baht 1.00 by way of issuance of the newly issued shares in the amount of 150,000,000 shares. And further resolved to allocate the newly issued shares in the amount of 150,000,000 shares with the par value of Baht 1.00 on private placement basis at the offering price of Baht 5.00. The Company has been registered to increase the capital with the Department of Business Development, Ministry of Commerce on 3 September 2015.

To acquire assets for the Company's operation from related person and companies as in Note 4.

## 25. Dividend Payment

In accordance with the Company's board of directors meeting No. 8/2016 held on 15 August 2016, has passed the resolution to pay the interim dividend from the operating result for the first six

months of the year 2016 to the shareholders of 550,005,080 ordinary shares at Baht 0.40 per share, aggregated to in the amount of Baht 220.00 million. Moreover, there is to set the record date to receive the interim dividend on 30 August 2016 and the interim dividend will be paid on 15 September 2016.

## **26. Legal Reserve**

Under the provisions of the Public Company Limited Act B.E. 2535, the Company is required to appropriate at least 5% of its annual net income after deduction of any deficit brought forward as a legal reserve until the reserve reaches 10% of the authorized capital.

In accordance with the resolution of Board of Directors Meeting no. 3/2017 held on 28 February 2017, approved allocation of net profit for year 2016 as legal reserve at least 5% amounting of Baht 24.05 million.

In accordance with the resolution of Annual General Shareholders' Meeting for year 2015 held on 27 April 2015, approved no allocation of net profit for legal reserve and no dividend payment for year 2014.

In accordance with the resolution of Board of Directors Meeting no. 2/2015 held on 15 May 2015, approved allocation of net profit for year 2014 as legal reserve at least 5% amounting of Baht 3.20 million.

## **27. Capital Management**

The management of the Group has the capital management policy to maintain a strong capital base by emphasis on planning and determining the operating strategies resulting in good business's performance and sustained good cash flows management. In addition, the Group considers investing in projects which have good rate of return, appropriate working capital management, maintain a strong financial position and appropriate investment structure as to maintain sustained future operations of the business and to maintain shareholders, investors, creditors and others interest's confidence.

## 28. Tax Income (Expenses)

Income tax which is recognized in the profit (loss) for the period, consist of:

	Consolidated Financial Statements		Separate Financial Statements	
	For the year ended		For the year ended	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
	Baht	Baht	Baht	Baht
Current Tax				
Income Tax (Expense) Revenue for				
Current year	(39,798,782.16)	(6,329,576.69)	(41,711,220.83)	-
Deferred Income Tax				
Deferred Income Tax (Expense) Revenue	(11,137,211.18)	9,184,376.55	(5,270,722.43)	9,061,175.54
Income Tax (Expense) Revenue Recognized				
in Profit (Loss) for the year	(50,935,993.34)	2,854,799.86	(46,981,943.26)	9,061,175.54

The differences between income tax (expense) revenue which were calculated from accounting profit (loss) at the tax rate for the year ended 31 December 2016 and 2015, in 20%, are as follows:

	Consolidated Financial Statements		Separate Financial Statements	
	For the year ended		For the year ended	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
	Baht	Baht	Baht	Baht
Profit (Loss) before Income Tax	600,019,681.59	(736,550,442.34)	530,687,531.37	(860,202,892.73)
Income Tax (Expense) Revenue calculated at				
the tax rate of 20%	(120,003,936.32)	147,310,088.47	(106,137,506.27)	172,040,578.55
Expenses that are not deductible for income tax	69,067,942.98	(144,455,288.61)	59,155,563.01	(162,979,403.01)
Income Tax (Expense) Revenue recognized				
in the Profit (Loss) for the year	(50,935,993.34)	2,854,799.86	(46,981,943.26)	9,061,175.54

Income tax which is recognized in the other comprehensive income (expense), consist of:

	Consolidated Financial Statements		
	Amount	Income tax	Amount
	Before Tax	(Expenses) Revenues	Net of Tax
		Income Tax	
	Baht	Baht	Baht
For the year ended 31 December 2016			
Actuarial Gain for Employee Defined			
Benefit Plans	1,344.23	(268.85)	1,075.38



For the year ended 31 December 2015

Actuarial Gain for Employee Defined

Benefit Plans	4,589,349.19	(917,869.84)	3,671,479.35
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Separate Financial Statements

Amount	Income tax	Amount
Before Tax	(Expenses) Revenues	Net of Tax
	Income Tax	
Baht	Baht	Baht

For the year ended 31 December 2016

Actuarial Gain for Employee Defined

Benefit Plans	51,284.23	(10,256.85)	41,027.38
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For the year ended 31 December 2015

Actuarial Gain for Employee Defined

Benefit Plans	4,248,785.00	(849,757.00)	3,399,028.00
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Deferred tax assets which are not recognized in the financial statements as at 31 December

2016 and 2015 consisted of:

	Consolidated Financial Statements		Separate Financial Statements	
	As at	As at	As at	As at
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
	Baht	Baht	Baht	Baht
Tax Losses	43,054,029.91	125,237,679.35	-	43,219,650.24
Deductible Temporary Differences	-	-	45,730,521.13	59,500,001.00
Total	43,054,029.91	125,237,679.35	45,730,521.13	102,719,651.24

As at 31 December 2016 and 2015, whole amount of deferred tax assets for tax losses was derived from accumulated tax losses which was classified by expiring year of tax benefits as follows:

	Consolidated Financial Statements		Separate Financial Statements	
	As at	As at	As at	As at
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
	<u>Million Baht</u>	<u>Million Baht</u>	<u>Million Baht</u>	<u>Million Baht</u>
Expiring year of tax benefits				
2018	12.14	50.86	-	-
2019	30.88	31.15	-	-
2020	0.01	43.23	-	43.22
2021	0.03	-	-	-
Total	<u>43.06</u>	<u>125.24</u>	<u>-</u>	<u>43.22</u>

Deferred tax assets for deductible temporary differences do not expire under current tax legislation.

The Company has not recognized the above deferred tax assets because it is not probable that future taxable profit will be available which the Company can utilize the tax benefits there from.

## 29. Earnings (Loss) per share

For the year ended 31 December 2016 and 2015, the Company calculates the basic earnings (loss) per share by dividing profit (loss) for the year with weighted average number of ordinary shares are as follows:

	Consolidated Financial Statements		Separate Financial Statements	
	For the year ended		For the year ended	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
	Baht	Baht	Baht	Baht
Net profit(loss) attributable to shareholders				
of the Company	545,291,484.50	(740,339,443.35)	483,705,588.11	(851,141,717.19)
Weighted average number of shares (shares)	550,005,080	421,708,433	550,005,080	421,708,433
Earnings(loss) per share	0.99	(1.76)	0.88	(2.02)

### 30. Expenses by Nature

Expenses by nature for the year ended 31 December 2016 and 2015

	Consolidated Financial Statements		Separate Financial Statements	
	For the year ended		For the year ended	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
	Baht	Baht	Baht	Baht
Changes in finished goods (Increase) Decrease	(4,274,679,137.31)	708,557,147.93	(527,052,070.62)	661,351,536.22
Purchases of finished goods	18,927,365,666.23	12,901,691,171.00	13,151,859,992.93	10,854,295,453.75
Service cost of manufacturing from a subsidiary and other person	85,968,352.85	5,903,587.92	85,968,352.85	64,152,933.77
Depreciation and amortization	57,373,585.33	42,989,367.46	33,252,352.10	25,798,148.61
Employee benefit Expenses	161,456,374.58	127,994,240.30	88,806,180.64	87,529,777.22
Transportation and distribution expenses	26,229,608.81	48,357,848.31	54,393,463.39	56,158,846.93
Utilities expenses	15,651,080.20	15,347,026.27	4,200,529.51	7,796,712.95
Repairs and maintenance expenditure	86,462,871.23	57,101,168.45	572,280.90	2,374,798.57
Commission and sales promotion	51,548,426.30	24,249,225.59	44,330,011.10	10,009,620.92
Doubtful debts	21,774,451.08	34,541,494.68	21,774,451.08	9,514,975.38
Loss from decline in value of inventories	(41,892,880.79)	31,202,760.33	(41,892,880.79)	31,202,760.33
(Gain)Loss on Disposal of investment in subsidiary	-	(18,545,208.35)	-	2,955,429.42
Loss impairment of good will arising from business combination	-	595,454,760.81	-	595,454,760.81
Financial consulting fee	2,884,929.44	10,967,870.00	2,884,929.44	10,967,870.00
Other expenses	28,194,782.41	15,948,624.01	19,340,960.78	26,925,524.02
Total	<u>15,148,338,110.36</u>	<u>14,601,761,084.71</u>	<u>12,938,438,553.31</u>	<u>12,446,489,148.90</u>

### 31. Operating Segments

The Group is engaged in the business of manufacturing and distributing many types of coils and of logistic service. The operating segment can be classified into 3 segments as follows:

- A. Transactions relating to sales of coils
- B. Transactions relating to service cutting of coils and manufacturing
- C. Transactions relating to logistic services

In the consolidated financial statements for the year ended 31 December 2016 and 2015,  
information based on operating sectors is as follow:

Consolidated Financial Statements  
For the year ended 31 December 2016

(‘000:Baht)

	A	B	C	Eliminate Items	Total
Revenue from Sales and Services					
External Customers	19,333,017	86,987	162,393	(3,783,749)	15,798,648
Inter-Segment	-	-	-	-	-
Total	19,333,017	86,987	162,393	(3,783,749)	15,798,648
Gross (Loss)Profit	848,016	18,357	29,392	(43,609)	852,156
Other Income					16,128
Unrealized Gain on Changes in Fair Value of Investments					5,036
Gain (Loss) from Exchange Rate					19,914
Selling Expenses					(72,128)
Administrative Expenses					(107,944)
Doubtful Debts					(21,774)
Share of Loss of Associate	(5,402)	-	-	-	(5,402)
Financial Costs					(85,967)
Income Tax (Expense) Revenue					(50,936)
Less Gain of Non - Controlling Interests					(3,792)
Profit (Loss) Attributable to Shareholders of the Company					545,291
Depreciaton and Amortization	33,352	16,657	7,364	-	57,373
Assets as at 31 December 2016					
Investment in Associate	130,001	-	-	-	130,001
Other Assets	5,256,387	298,410	115,781	(397,251)	5,273,327
Total	5,386,388	298,410	115,781	(397,251)	5,403,328
Total Liabilities as at 31 December 2016	3,561,655	245,188	81,613	(211,207)	3,677,249

Consolidated Financial Statements  
For the year ended 31 December 2015

(‘000:Baht)

	A	B	C	Eliminate Items	Total
Revenue from Sales and Services					
External Customers	20,432,284	64,752	120,049	(6,659,783)	13,957,302
Inter-Segment	-	-	-	-	-
Total	20,432,284	64,752	120,049	(6,659,783)	13,957,302
Gross (Loss)Profit	116,506	21,323	29,288	(46,429)	120,688

Other Income					32,241
Unrealized Gain on Changes in Fair Value of Investments					560
Gain (Loss) from Exchange Rate					(3,194)
Gain(Loss) from Disposal of Investment in Subsidiary					18,545
Selling Expenses					(53,211)
Administrative Expenses					(97,291)
Doubtful Debts					(34,541)
Loss on Impairment of Goodwill Arising from Business Acquisition					(595,455)
Share of Loss of Associate	(53,385)	-	-	-	(53,385)
Financial Costs					(71,507)
Income Tax (Expense) Revenue					2,855
<u>Less</u> Gain Non - Controlling Interests					(6,644)
Profit (Loss) Attributable to Shareholders of the Company					<u>(740,339)</u>
Depreciaton and Amortization	25,897	10,628	6,464	-	42,989
Assets as at 31 December 2015					
Investment in Associate	135,403	-	-	-	135,403
Other Assets	4,395,634	181,924	102,817	(718,152)	3,962,223
Total	<u>4,531,037</u>	<u>181,924</u>	<u>102,817</u>	<u>(718,152)</u>	<u>4,097,626</u>
Total Liabilities as at 31 December 2015	3,167,675	123,000	86,792	(676,831)	2,700,636

## 32. Financial Instruments

### 32.1 Policy of Financial Risk Management

The Group are not engaged in the trading of any derivative financial instruments for speculative purposes.

### 32.2 Interest Rate Risk

The interest rate risk arises from the fluctuation of interest rates in the future which will affected the financial performance and cash flows of the Group. The Group had financial assets and financial liabilities which it exposes to risk on interest rate as follows:

Consolidated Financial Statements

As at 31 December 2016

	Floating Interest	Fixed Interest	Non-Interest		Interest
	Rate	Rate	Bearing	Total	Rate
	Baht	Baht	Baht	Baht	% per annum
<u>Financial Assets</u>					
Cash and Cash Equivalents	33,538,424.63	-	57,875,171.19	91,413,595.82	0.125 – 0.75
<u>Financial Liabilities</u>					
Bank Overdrafts	1,275,684.00	-	-	1,275,684.00	MOR
Short-Term Borrowings from					
Financial Institutions	-	3,003,218,981.14	-	3,003,218,981.14	2.26 – 5.00
Long-Term Borrowings from					
Financial Institutions	1,073,820.84	-	-	1,073,820.84	4.525
Liabilities under Finance Lease					
Agreements	-	83,611,066.88	-	83,611,066.88	5.50

Consolidated Financial Statements

As at 31 December 2015

	Floating Interest	Fixed Interest	Non-Interest		Interest
	Rate	Rate	Bearing	Total	Rate
	Baht	Baht	Baht	Baht	% per annum
<u>Financial Assets</u>					
Cash and Cash Equivalents	6,209,011.80	-	34,987,986.26	41,196,998.06	0.25 – 0.625
<u>Financial Liabilities</u>					
Bank Overdrafts	18,883,017.31	-	-	18,883,017.31	MOR
Short-Term Borrowings from					
Financial Institutions	-	2,443,936,362.36	-	2,443,936,362.36	1.40 – 2.55
Long-Term Borrowings from					
Financial Institutions	22,090,894.13	-	-	22,090,894.13	4.775

Separate Financial Statements

As at 31 December 2016

	Floating	Fixed Interest	Non-Interest		Interest
	Interest Rate	Rate	Bearing	Total	Rate
	Baht	Baht	Baht	Baht	% per annum
<u>Financial Assets</u>					
Cash and Cash Equivalents	29,504,779.90	-	38,673,245.06	68,178,024.96	0.25 – 0.625
Long – Term Loans to Subsidiaries	-	194,800,000.00	-	194,800,000.00	5.50

Separate Financial Statements

As at 31 December 2016

	Floating Interest Rate	Fixed Interest Rate	Non-Interest Bearing	Total	Interest Rate
	Baht	Baht	Baht	Baht	% per annum
<u>Financial Liabilities</u>					
Short – Term Borrowings from					
Financial Institutions	-	3,003,218,981.14	-	3,003,218,981.14	2.26 – 5.00

Separate Financial Statements

As at 31 December 2015

	Floating Interest Rate	Fixed Interest Rate	Non-Interest Bearing	Total	Interest Rate
	Baht	Baht	Baht	Baht	% per annum
<u>Financial Assets</u>					
Cash and Cash Equivalents	27,532.78	-	20,704,745.91	20,732,278.69	0.25 – 0.625
Long – Term Loans to Subsidiaries	-	159,500,000.00	-	159,500,000.00	5.50
<u>Financial Liabilities</u>					
Bank Overdrafts	11,810,826.11	-	-	11,810,826.11	MOR
Short – Term Borrowings from					
Financial Institutions	-	2,440,259,702.36	-	2,440,259,702.36	1.40 – 2.55

### 32.3 Risk on Exchange Rate

The Group constitutes risk on exchange rate regarding to purchase raw material, machines and sales denominated in foreign currencies. The Group has financial assets and financial liabilities in foreign currencies as follows:

Currencies	Consolidated/ Separate Financial Statements			
	Financial assets		Financial Liability	
	As at	As at	As at	As at
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
USD Dollar	-	-	-	349,473.02

### 32.4 Credit Risks

The Group constitutes credit risk related to general trading accounts receivable. However, since the Company will mainly provide credit facility to accounts receivable who have ability in debt repayment. As a result, the Company does not anticipate to receive damage that is materiality from debt collection from those accounts receivable apart from portion that already set up allowance for doubtful debt.

### 32.5 Fair Value Hierarchy

#### 32.5.1 Financial Assets and Financial Liabilities Measurement at Fair Value

As at 31 December 2016 and 2015, the Group has financial assets and financial liabilities which have fair value disclosures are categorized by the fair value hierarchy as follows:

	Consolidated/ Separate Financial Statements				
	Fair Value				Total
	Carrying	Level 1	Level 2	Level 3	
	Amount	Inputs	Inputs	Inputs	
	Baht	Baht	Baht	Baht	Baht
<b>As at 31 December 2016</b>					
<b>Current Financial Assets</b>					
Investment Units in Marketable Security	9,512,842.01	9,512,842.01	-	-	9,512,842.01
<b>As at 31 December 2015</b>					
<b>Current Financial Assets</b>					
Investment Units in Marketable Security	5,071,837.73	5,071,837.73	-	-	5,071,837.73



### 32.5.2 Financial Assets and Financial Liabilities not Measurement at Fair Value

Book value of financial assets and financial liabilities are cash and cash equivalent, temporary investment, account receivable and other receivable, borrowing, trade payable and other payable, loan and liabilities under financial lease agreement. They are having its value nearly fair value. Since it have short-term installment.

## 33. Inter-Transaction Between Related Persons and Partie

The Company constitutes important business transaction with subsidiary companies, the related companies and persons. Such business transactions are complied with trading term and criteria as per mutually agreed between the Company and related companies which is complied with the normal course of business whereby it can be summarized as follows

### 33.1 Relationship of the Company

Name of Related Parties	Nature of Relationship
The Steel Logistic Co., Ltd.	60% shareholding
The Steel Industry Co., Ltd.	70% shareholding
Precision Perfect Pipe Co.,Ltd.	40% shareholding but the Company had the ability to control the company (On 13 March 2015, the Company sold all shares to a third party.) but also Directorship
Liberty Steel Siam Co., Ltd.	99.99% shareholding
The Siam Power Co.,Ltd.	70% shareholding
Delong (Thailand) Co., Ltd.	20% shareholding
Thaithanol Power PCL.	Common shareholders and Directorship
Taiping Ethanol Co., Ltd.	Common shareholders and Directorship
Kim Yuan Enterprise Co., Ltd.	Common shareholders
Bearings Corporation Co., Ltd.	Common shareholders
Liberty Siam Holdings Pte.Ltd.	49% shareholding in Liberty Steel Siam Co., Ltd. . (The relationship ended on 10 June 2015 on the transfer of shares to the Company.)
K.S. Metaltech Co., Ltd.	14.99% shareholding in Precision Perfect Pipe Co., Ltd.
Liberty Commodities Limited, Liberty Fe Trade DMCC, Liberty Commodities Asia Limited	Companies in the group of the company that holds 49% shareholding in Liberty Steel Siam Ltd. (The relationship ended on 10 June 2015 on the transfer of shares to the Company.)
Kim Heng Loha Co., Ltd.	Close relative of directors
Kim Chua Steel Co., Ltd.	Close relative of directors
Kim Seng Steel Co., Ltd.	Common directorship
Kim Chai Steel Co., Ltd.	Close relative of directors

Name of Related Parties	Nature of Relationship
Kim Hong Metal Co., Ltd.	Close relative of directors
V. P. Steel & Wire Mesh Co., Ltd.	Common shareholders
Kim Logistic Co., Ltd.	The Closed Relative of Related Company's Directors
Numthai Steel Co., Ltd.	Close relative of directors
Metal Inter Co., Ltd.	Close relative of directors
Mahachai Steel Center Co., Ltd.	Close relative of directors
Mahachai Steel Inter Co., Ltd.	Close relative of directors (Ended Liquidation)
K Steel Center Co., Ltd.	Common directorship
Bangkok Steel Center Co., Ltd.	The Closed Relative of Subsidiary Company's Directors
KNT Intertrade Co., Ltd.	Directorship of Related Company
G Steel Public Co., Ltd.	The Closed Relative of Director and Director of Company that holds 11.51% shareholding
Kyoei Global Logistic (Thailand) Co.,Ltd.	Common shareholders and Directorship
Mr. Nirum Ngamchumnanrit	Shareholder and Close relative of directors
Mr.Win Suteerachai	Director of Related Company
Mr.Boonchai Jirapongtrakul	Director of Company
Mr. Suroj Jirapongtrakul	Director of Company
Mr.Somsak Wongsirisup	Director of Subsidiary Company
Mrs.Wanna Sittisirinukul	Director of Related Company and shareholders

### 33.2 Inter-Transactions

		Consolidated Financial Statements For the year ended		Separate Financial Statements For the year ended	
Pricing Policy		31 December 2016 Baht	31 December 2015 Baht	31 December 2016 Baht	31 December 2015 Baht
<b>Inter-Transactions with Subsidiary (Eliminated from the Consolidated Financial Statements)</b>					
Revenue from Sales	As normal course of business prices closed to other entities	-	-	-	2,614,900.54
Interest Income	Interest rate 5 % per annum	-	-	11,113,134.26	6,969,630.14
Rental Income	Agreed price and contract price	-	-	3,790,000.00	270,000.00
Purchase of Raw Materials and	At normal course of	-	-	3,624,061,986.67	6,545,509,392.10

	Pricing Policy	Consolidated Financial Statements For the year ended		Separate Financial Statements For the year ended	
		31 December 2016	31 December 2015	31 December 2016	31 December 2015
		Baht	Baht	Baht	Baht
Goods and Supplies	business prices closed to other entities				
Transportation Expenses	At normal course of business prices closed to other entities	-	-	-	111,644,428.86
Service Cost of Manufacturing	At normal course of business prices closed to other entities	-	-	84,022,877.80	58,249,345.85
Repair Expenses	At normal course of business prices closed to other entities	-	-	-	14,380.00
Interest Expense	Interest rate 5.50 % per annum	-	-	269,726.33	-
<b>Inter-Transactions with Associate</b>					
Revenue from Sales	As normal course of business prices closed to other entities	1,012,402,474.45	128,978,110.00	1,003,323,194.88	128,978,110.00
Purchase of Raw Materials and Goods and Supplies	At normal course of business prices closed to other entities	1,171,120,790.33	77,358,445.13	1,171,120,790.33	77,358,445.13
<b>Inter-Transactions with Related Companies</b>					
Revenue from Sales	As normal course of business prices closed to other entities	1,343,288,648.45	1,150,891,435.46	858,603,573.23	1,141,330,080.46
Interest Income	Interest rate 5 % per annum	-	5,984,352.86	-	311,917.82
Rental Income	Contract price	180,000.00	615,000.00	-	270,000.00

		Consolidated Financial Statements For the year ended		Separate Financial Statements For the year ended	
Pricing Policy		31 December 2016	31 December 2015	31 December 2016	31 December 2015
		Baht	Baht	Baht	Baht
Purchase of Raw Materials and Goods and Supplies	At normal course of business prices closed to other entities	7,220,646,067.25	977,354,689.17	3,233,356,015.49	977,354,689.17
Transportation Expense	At normal course of business prices closed to other entities	-	7,525,149.18	-	-
Service Cost of Manufacturing	At normal course of business prices closed to other entities	-	771,668.98	-	771,668.98
Repair Expenses	At normal course of business prices closed to other entities	1,035,242.18	-	574,953.04	-
Machinery Rental Expenses	Contract price	600,000.00	1,950,000.00	600,000.00	1,950,000.00
Vehicles Rental Expenses	Contract price	1,605,000.00	-	-	-
Commission	Contract price	-	1,262,600.00	-	-
<b>Inter - Transactions with Related Person</b>					
Factory Building	Contract price	900,000.00	-	900,000.00	-

### 33.3 Inter – Outstanding Balances

		Consolidated Financial Statements		Separate Financial Statements	
		As at	As at	As at	As at
		31 December 2016	31 December 2015	31 December 2016	31 December 2015
		Baht	Baht	Baht	Baht
<b>Trade Receivable</b>					
Subsidiary					
The Steel Industry Co., Ltd.		-	-	1,277,287.37	2,234,569.02
Associate					
Delong (Thailand) Co., Ltd.		412,061,859.70	137,673,272.70	407,130,926.80	137,673,272.70

	Consolidated Financial Statements		Separate Financial Statements	
	As at	As at	As at	As at
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
	Baht	Baht	Baht	Baht
<b>Related Parties</b>				
Precision Perfect Pipe Co., Ltd	546,316.11	1,220,622.86	856.00	1,029,661.86
Taiping Ethanol Co., Ltd.	23,796,951.75	55,802.64	23,119,951.75	55,802.64
Thaithanol Power PCL.	200,978.10	-	200,978.10	-
Kim Chua Steel Co., Ltd.	84,750,978.49	-	83,821,371.29	-
Kim Heng Loha Co., Ltd.	929,205.50	498,077.41	929,205.50	498,077.41
Kim Chai Steel Co., Ltd.	680,952.17	634,128.27	680,952.17	634,128.27
V. P. Steel & Wire Mesh Co., Ltd.	18,108.00	4,320,000.00	-	-
K.S. Metaltech Co., Ltd	20,701,077.54	27,801,238.17	20,682,944.54	27,801,238.17
Kim Hong Metal Co., Ltd.	5,396,391.99	4,437,581.68	5,396,391.99	4,437,581.68
Kim Yuan Enterprise Co., Ltd.	2,741.34	851.72	2,741.34	851.72
G Steel Public Co., Ltd.	50,586,234.25	19,454,842.69	-	-
Metal Inter Co., Ltd.	1,953,000.00	-	-	-
Mahachai Steel Center Co., Ltd.	10,170,000.00	-	-	-
Bangkok Steel Center Co., Ltd.	125,984,524.60	-	125,984,524.60	-
Kyoei Global Logistic (Thailand) Co., Ltd.	2,239,575.60	244,887.20	-	-
Total	<u>740,018,895.14</u>	<u>196,341,305.34</u>	<u>669,228,131.45</u>	<u>174,365,183.47</u>
<b>Cheques in Transit</b>				
<b>Related Parties</b>				
Kim Hong Metal Co., Ltd.	1,916,343.25	1,829,572.67	1,916,343.25	1,829,572.67
Kim Chai Steel Co., Ltd.	-	274,723.50	-	274,723.50
Total	<u>1,916,343.25</u>	<u>2,104,296.17</u>	<u>1,916,343.25</u>	<u>2,104,296.17</u>
<b>Advance Payment</b>				
<b>Director</b>				
Mr.Bunchai Jirapongtrakul	-	500,000.00	-	-
<b>Advance Payment for Inventories</b>				
<b>Subsidiary</b>				
Liberty Steel Siam Co., Ltd.	-	-	-	292,761,295.00
<b>Associate</b>				
Delong (Thailand) Co., Ltd.	213,888,715.28	203,422,171.61	213,888,715.28	203,422,171.61
<b>Related Parties</b>				
Numthai Steel Co., Ltd.	-	160,034,282.75	-	160,034,282.75
V. P. Steel & Wire Mesh Co., Ltd.	<u>78,402,374.70</u>	<u>360,000,000.00</u>	<u>78,402,374.70</u>	<u>360,000,000.00</u>

	Consolidated Financial Statements		Separate Financial Statements	
	As at	As at	As at	As at
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
	Baht	Baht	Baht	Baht
Total	292,291,089.98	723,456,454.36	292,291,089.98	1,016,217,749.36
<b>Long – Term Loan</b>				
Subsidiaries				
The Steel Logistic Co., Ltd.	-	-	57,000,000.00	75,500,000.00
The Steel Industry Co., Ltd.	-	-	137,800,000.00	84,000,000.00
<b>Accrued Interest</b>				
Subsidiaries				
The Steel Logistic Co., Ltd.	-	-	269,123.29	352,678.08
The Steel Industry Co., Ltd.	-	-	643,695.89	381,684.93
Total	-	-	195,712,819.18	160,234,363.01
<b>Accrued Income</b>				
Subsidiaries				
Liberty Steel Siam Co., Ltd.	-	-	60,000.00	60,000.00
The Steel Industry Co., Ltd.	-	-	3,370,000.00	-
Total	-	-	3,430,000.00	60,000.00
<b>Trade Payables</b>				
Subsidiaries				
The Steel Industry Co., Ltd.	-	-	4,757,863.16	2,066,827.99
Liberty Steel Siam Co., Ltd.	-	-	-	152,538,810.11
Related Parties				
K.S. Metaltech Co., Ltd	3,522,295.55	10,603,795.74	3,522,295.55	10,591,972.24
Kim Yuan Enterprise Co., Ltd.	159,280.20	37,978.58	-	-
G Steel Public Co.,Ltd.	76,426,546.40	26,738.00	76,426,546.40	-
Total	80,108,122.15	10,668,512.32	84,706,705.11	165,197,610.34
<b>Other Payables</b>				
Subsidiary				
The Steel Logistic Co., Ltd.	-	-	5,938,644.26	4,284,007.60
<b>Advance Received</b>				
Director				
Mr.Bunchai Jirapongtrakul	-	350,000.00	-	350,000.00

For the year ended 31 December 2016 and 2015, the movement of long-term loans and accrued interest income of subsidiaries are as follows:

	Separate Financial Statements			
	As at	Movement during the period		As at
	1 January 2016	Increase	Decrease	31 December 2016
	Baht	Baht	Baht	Baht
<b>Long-Term Loan</b>				
The Steel Logistic Co., Ltd.	75,500,000.00	-	(18,500,000.00)	57,000,000.00
The Steel Industry Co., Ltd.	84,000,000.00	124,300,000.00	(70,500,000.00)	137,800,000.00
<b>Accrued Interest</b>				
The Steel Logistic Co., Ltd.	352,678.08	3,676,260.28	(3,759,815.07)	269,123.29
The Steel Industry Co., Ltd.	381,684.93	7,436,873.98	(7,174,863.02)	643,695.89
Total	<u>160,234,363.01</u>	<u>135,413,134.26</u>	<u>(99,934,678.09)</u>	<u>195,712,819.18</u>

	Separate Financial Statements				
	As at	Movement during the period		Decreased on	As at
	1 January 2015	Increase	Decrease	Disposal	31 December 2015
	Baht	Baht	Baht	of Investment	Baht
<b>Long-Term Loan</b>					
The Steel Logistic Co., Ltd.	80,000,000.00	9,000,000.00	(13,500,000.00)	-	75,500,000.00
The Steel. Industry Co., Ltd.	25,000,000.00	59,000,000.00	-	-	84,000,000.00
Precision Perfect Pipe Co., Ltd.	23,000,000.00	-	-	(23,000,000.00)	-
<b>Accrued Interest</b>					
The Steel Logistic Co., Ltd.	375,431.51	4,364,513.71	(4,387,267.14)	-	352,678.08
The Steel. Industry Co., Ltd.	116,780.82	2,605,116.43	(2,340,212.32)	-	381,684.93
Precision Perfect Pipe Co., Ltd.	107,438.36	-	-	(107,438.36)	-
Total	<u>128,599,650.69</u>	<u>74,969,630.14</u>	<u>(20,227,479.46)</u>	<u>(23,107,438.36)</u>	<u>160,234,363.01</u>

	Consolidated / Separate Financial Statements			
	As at	Movement during the period		As at
	1 January 2015	Increase	Decrease	31 December 2015
	Baht	Baht	Baht	Baht
<b>Long-Term Loan</b>				
Precision Perfect Pipe Co., Ltd.	-	23,000,000.00	(23,000,000.00)	-
<b>Accrued Interest</b>				
Precision Perfect Pipe Co., Ltd.	-	419,356.18	(419,356.18)	-
Total	<u>-</u>	<u>23,419,356.18</u>	<u>(23,419,356.18)</u>	<u>-</u>

For the year ended 31 December 2016 and 2015, the movement of short-term borrowings from subsidiary are as follows:

	Separate Financial Statements			
	As at	Movement during the period		As at
	1 January 2015	Increase	Decrease	31 December 2015
	Baht	Baht	Baht	Baht
<b>Long-Term Loan</b>				
Liberty Steel Siam Co., Ltd.	-	90,000,000.00	(90,000,000.00)	-
<b>Accured Interest</b>				
Liberty Steel Siam Co., Ltd.	-	269,726.03	(269,726.03)	-
Total	-	90,269,726.03	(90,269,726.03)	-

### 33.4 Key Management Personal Compensation

	Consolidated/Separate Financial Statements	
	For the year ended	
	31 December 2016	31 December 2015
	Baht	Baht
Short – Term Employee Benefits	14,389,596.00	9,626,255.00
Post – Employee Benefits	571,108.23	1,756,770.68
Total	14,960,704.23	11,383,025.68

Remuneration represents the benefits paid to the executive directors of the Company include monetary compensation including salary, benefits and director compensation including compensation in any other form.

### 34. Non-Cash Flow Transaction

	Consolidated Financial Statements		Separate Financial Statements	
	For the year ended		For the year ended	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
	Baht	Baht	Baht	Baht
Long-term Loans and Accrued Interest				
Income of Related Increase from				
Transfer in long-term Loans and				
Accrued Interest Income of				
Subsidiary	-	23,107,438.36	-	23,107,438.36
Purchase Fixed Assets with Credit				
Trade Payables for Fixed Assets	3,185,501.00	5,946,122.32	535,535.00	-



	Consolidated Financial Statements		Separate Financial Statements	
	For the year ended		For the year ended	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
	Baht	Baht	Baht	Baht
Finance Lease Agreements	86,167,716.61	-	-	-
Fixed Assets Increase from Transfer in				
Deposit Transferred	33,954,270.00	-	-	-

### 35. Obligation and Contingent Liabilities

The Group has commitments and contingent liabilities below.

35.1 As at 31 December 2016 and 2015, the consolidated and separate financial statements, the Group has letters of guarantee issued by bank for the payment of electricity and utility fee of the Company amounting of Baht 3.02 million and 1.88 million respectively.

35.2 As at 31 December 2016 and 2015, the Company has contingent liability from guarantee for two subsidiaries' credit facilities amounting of Baht 120.00 million equally for two periods.

35.3 As at 31 December 2016 and 2015, the Group has obligation under lease company contract of rent for office and goods ,lease machinery and the contract security as follows :

	Consolidated Financial Statements		Separate Financial Statements	
	As at	As at	As at	As at
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
	Million Baht	Million Baht	Million Baht	Million Baht
Not over 1 year	2.90	4.07	2.24	3.31
Over 1 year but not over 5 years	0.09	1.05	-	0.06
Total	2.99	5.12	2.24	3.37

35.4 As at 31 December 2015, the consolidated and separate financial statements, the Group have obligation under lease company contract design to improve the structure factory amounting of Baht 0.10 million.

35.5 As at 31 December 2016 and 2015, the consolidated and separate financial statements, the Group have obligation under Financial and legal consulting contract amounting of Baht 0.38 million and 5.25 million respectively.

35.6 As at 31 December 2016, the Group have obligation under lease company contract to buy the machines in the country and abroad as follows :

	Consolidated Financial Statements		Separate Financial Statements	
	As at	As at	As at	As at
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
	<u>'000</u>	<u>'000</u>	<u>'000</u>	<u>'000</u>
Leasing to buy the machines				
Baht	481.40	8,877.75	-	-
USD	3.95	3,136.60	-	110.60

35.7 As at 31 December 2016 and 2015, the Group still remains contingent liabilities with the financial institutions follows:

	As at	As at
	31 December 2016	31 December 2015
	<u>Million Baht</u>	<u>Million Baht</u>
Consolidated Financial Statements		
- Letters of Credit		
Credit Line for Baht 6,470.00 Million, Unusance Line	5,591.09	-
Credit Line for Baht 6,515.60 Million, Unusance Line	-	6,438.76
Separate Financial Statements		
- Letters of Credit		
Credit Line for Baht 6,470 Million, Unusance Line	5,591.09	6,437.49

### 36. Employee Provident Fund

The Group and its employees have jointly registered a provident fund scheme under the Provident Fund Act B.E. 2530. The fund is contributed equally by both the employees at the rate of 2 percent of the employee's salary (based on the number of employees' working year). The fund will be paid to the employees upon termination in accordance with the rules of the fund. The Company and subsidiary payment is starting 1 July 2006 and 1 March 2011, respectively.

### 37. Events After the Reporting Period

37.1 In accordance with the resolution of the Board of Directors Meeting of the Company No. 1/2017 held on 25 January 2017, has passed the resolution to approve the acquisition of investment ordinary shares of Delong (Thailand) Ltd. from Delong Steel Singapore Project Private Ltd. totaling 3,000,000 shares in amount of Baht 70 per share totaling in amount of Baht 210 million.

Presently, the Company has paid for the whole amount. The proportion increased from 20% to 50% (Note 12).

37.2 In accordance with the resolution of the Board of Directors Meeting No. 2/2017 held on 20 February 2017, has passed the resolution to approve as follows:

- Resolved to cancel the investment in the power plant business.
- Resolved to acquire assets for business operation from related persons and parties total in amount of Baht 362.60 million.
- Resolved to acquire assets by The Steel Logistics Co., Ltd. (subsidiary) for business operation operation from related persons and parties total in amount of Baht 128.80 million.
- Resolved to lease to a related party for a period of 2 years with the rent of Baht 32,000.00 per month.
- Resolved to propose to consider and approve the alteration of the Company's par value from Baht 1.00 per share to Baht 0.50 per share.
- Resolved to propose to the shareholders' meeting the increase of Company's capital from amount of Baht 550,005,080 to amount of Baht 825,007,620 by issuing the newly issued shares in the amount of 275,002,540 shares with the par value of Baht 1.00 to support the exercise of THE-W2.
- Resolved to propose to the shareholders' meeting the issuance of warrants to purchase ordinary shares of The Steel Public Company Limited Series 2 (THE-W2) in the amount not exceeding 2,200,020,320 units to the existing shareholders, without any consideration, at the proportion of 1 share to 2 units of THE-W2.
- Resolved to propose to the shareholders' meeting the allocation of the newly issued shares in the amount of 550,005,080 shares with the par value of Baht 0.50 to support the exercise of THE-W2.

37.3 In accordance with the Company's board of directors meeting No. 3/2017 held on 28 February 2017, has passed the resolution to pay the dividend from the operating result for the year 2016 to the shareholders of 550,005,080 ordinary shares at Baht 0.10 per share, aggregated to in the amount of Baht 55.00 million. Moreover, there is to set the record date to receive the dividend on 15 March 2017 and the dividend will be paid on 24 May 2017. However, it will be further proposed for the shareholders' approval in the Annual General Meeting of the Shareholders for fiscal year 2017.

**38. Approval of the Financial Statements**

These financial statements have been approved by Board of the Company on 28 February 2017.

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Information of Director and Managements of the Company (at December 31, 2016)

Name		Age (Year)	Education	Total of Voting right experience (%)	Relationship with other management	Experience	
						Time	Position
1	Mr.Prachuab Chaiyasan Independent Director/ Chairman of the Board Chairman of the Audit Committee	73	- B.A (Political Science), Thammasat University  - Honorary Doctorate Degree in Political Science  - Director Accreditation Program (DAP) 54 - Director Certification Program (DCP) 83	None	-	2006 - Present   2006 - Present   2006 - Present 2006 - Present  2001 - 2006	- Chairman of Director / Independent Director / Chairman of the Audit Committee The Steel Public Company Limited  - Chairman / Director / Chairman of the Audit Committee Thai Ethanol Power Public Company Limited  - Director , Thai Ping Ethanol Co.,Ltd - President of the University Council, Ramkhamhaeng University - Thai Trade Representative and Chairman of Joint Committee Thai-Laos on Business and Investment Promotion in Laos PDR
2	Mr.Boonchai Jirapongtrakul Director/ Chairman of the Executive Committee/ Managing Director	48	- year 12, Brisbane International College Australia  - Director Accreditation Program (DAP) 54 - Director Certification Program (DCP) 79	17.091	-	1991 - Present   2015 - Present 2014 - Present 2012 - Present 2011 - Present 2009 - Present 2008 - Present 2006 - Present	- Director/ Chairman of the Executive Committee/ Managing Director The Steel Public Company Limited  - Director, The Siam Power Co.,Ltd. - Director, Delong (Thailand) Co.,Ltd. - Director, Presition Perfect Pipe Co.,Ltd. - Director, Liberty Steel Siam Co.,Ltd. - Director, The Steel Industry Co.,Ltd. - Director, The Steel Logistics Co.,Ltd. - Director, Thai Ethanol Power PLC.
3	Mr.Suroj Jirapongtrakul Director / Executive Director	50	- Bachelor Degree of Business Administration, Abac University	13.710	-	2015 – Present 2015 – Present 2010 – Present 2016 - Present 2010 – 2015 2010 – 2015	- Director/ Executive Director The Steel PLC. - Director , The Siam Power Co.,Ltd. - Director , H Habitat Co.,Ltd. - Director, Liberty Steel Siam Co.,Ltd. - Managing Director , Kim Seng Co.,Ltd. - Managing Director, K Steel Center Co.,Ltd.
4	Mr.Nirut Ngamchamnunrith Director/ Executive Director	37	- Master Degree in Administrative Marylhurst University  - Bachelor Degree of Business Administration, ABAC University	13.636	-	2015 – Present 2015 – Present 2015 – Present 2016 - Present 2013 – Present 2010 – Present 2010 – Present 2010 – Present 2010 – Present	- Director/ Executive Director The Steel PLC. - Director , The Siam Power Co.,Ltd. - Director , Good Holding Co.,Ltd. - Director, Liberty Steel Siam Co.,Ltd. - Director , K Wave Co.,Ltd. - Managing Director, Sumico Vanachai Golf Co.,Ltd. - Director, Sumico Development Thai Co.,Ltd. - Director, K to Land Co.,Ltd. - Director, S S Maintenance Co.,Ltd.
5	Ms.Proudpalin Vacharabenjapat Director/ Nomination and Remuneration Committee	40	- MBA: Marketing Thunderbird, The American Graduate School of International Management  - Director Accreditation Program (DAP) 62	None	Wife of Mr.Boonchai	2007 - Present	- Director/ Nomination and Remuneration Committee The Steel Public Company Limited
6	Mrs.Seenual Tasanapant Independent Director/ Audit Committee/ Chairman of the Nomination and Remuneration Committee	73	- Bachelor Degree of laws, Thammasat University  - Bachelor Degree of accountancy, Thammasat University  - Director Accreditation Program (DAP) 55 - Director Certification Program (DCP) 79 - Audit Committee Program (ACP) 17	None	-	2006 - Present   2007 - 2009   1998 - 2006	- Independent Director / Audit Committee/ Nomination and Remuneration Committee The Steel Public Company Limited  - Advisor of the Board Committee Mahidol University Saving and credit co-op Ltd.  - Manager Mahidol University Saving and credit co-op Ltd.
7	Mr.Teerapong Thanarukvudhikom Independent Director/ Audit Committee	63	- Bachelor Degree of Business Administrator (Accounting), Rajamangala University of Technology  - Director Accreditation Program (DAP) 59	None	-	2010 - Present  2006 - Present  2001 - Present  1994 - Present  1991 - Present	- Independent Director / Audit Committee The Steel Public Company Limited  - Independent Director/ Audit Committee Thai Ethanol Power Public Company Limited  - Executive Director House Holding Group Co.,Ltd - Executive Director Korn Kaen Royal Dragon Co.,Ltd - Executive Director Royal International Business Co.,Ltd

Name	Age (Year)	Education	Total of Voting right experience (%)	Relationship with other management	Experience	
					Time	Position
8	Mr.Sila Wangphornphra Executive Director/ Production Manager	45	- Bachelor Degree of Business Administration, Siam University	None	-	1995 - Present - Executive Director/ Production Manager The Steel Public Company Limited
9	Mr.Prasertsuk Nudthaisong Executive Director/ Purchasing Manager	45	- Secondary School	None	-	1996 - Present - Executive Director/ Purchasing Manager The Steel Public Company Limited
10	Mr.Pornthep Pripaisalkij Chief Financial Officer	57	- Master Degree in Administrative, Thammasat University	None	-	2009 - Present - Chief Financial Officer The Steel Public Company Limited
11	Mr.Sanguan Chaichusorn Marketing Manager	68	- Diploma (Account)	None	-	2002 - Present - Marketing Manager The Steel Public Company Limited
12	Ms.Thitima Nontavech Company Secretary	33	Bachelor of Business Administration,UTCC	None	-	2013-present - Company Secretary The Steel Public Company Limited

### Duties and Responsibilities of Company Secretary

1. Prepare and keep documents as follows: -

- 1.1 Director registration
- 1.2 Board of Director meeting letters, Minute of Board of Director meetings, and annual reports.
- 1.3 Annual General Shareholder Meetings and Minute of the meetings.

2. Benefit interest reports prepared by Directors or Managements.

3. Handle other issues per SEC committee announcements

In addition, Company Secretary also has other duties as company assignments as follows: -

1. Handle conducting meeting for BOD, AC, remuneration committee, and AGM.
2. Coordinate within organization to perform per BOD meeting or resolution from Shareholders meeting
3. Coordinate with regulators, such as, SET, SEC and take care all disclosures to report correctly.
4. Others per company assignments.

## Details of Directors of the company in Subsidiaries and Associates

Name - Surname	THE	Subsidiaries				Associates or Related Companies		
		TSL	TSI	LSS	TSP	DL	PPP	TEP
1. Mr.Boonchai Jirapongtrakul	3,5,6	5	5	1,5	1,5	5	5	5
2. Mr.Suroj Jiraphongtrakul	5			5	5			
3. Mr.Nirut Ngamchamnunrith	5			5	5			
4. Ms.Proudpalin Vacharabenjapat	5							
5. Mr.Prachuab Chaiyasan	1,2,5							1,2
6. Mrs.Seenual Tasanapat	4,5							
7. Mr.Teerapong Thanarukvudhikorn	4,5							4,5
8. Mr.Sila Wangpomptra	7,8							
9. Mr.Prasertsuk Nudthaisong	7,8							
10. Mr.Pornthep Pripaisalkij	8							
11. Mr.Sanguan Chaichusorn	8							

### Remark :

- Symbol position of Director and Management
  - 1 = Chairman                      2 = Chairman of the Audit Committee
  - 3 = Managing Director        4 = Audit Committee
  - 5 = Director                      6 = Chairman of the Executive Board
  - 7 = Executive Director        8 = Executive
- Symbol of Company and Subsidiaries and Associates
  - THE              The Steel Public Company Limited
  - TSL              The Steel Logistic Company Limited
  - TSI              The Steel Industry Company Limited
  - LSS              Liberty Steel Siam Company Limited
  - TSP              The Siam Power Company Limited
  - DL              Delong (Thailand) Company Limited
  - PPP              Precision Perfect Pipe Company Limited
  - TEP              Thai Ethanol Power Public Company Limited

#### Details of Directors of the company in Subsidiaries

Name - Surname		Subsidiaries			
		TSL	TSI	LSS	TSP
1.	Mr.Boonchai Jirapongtrakul	2	2	2,3	2,3
2.	Mr.Suroj Jiraphongtrakul				2
3.	Mr.Nirut Ngamchamnunrith				2
4.	Mr.Siri Sirimahachai	1,3			
5.	Mr.Somsak Wongsirisup		1,3		

**Remark :**

- Symbol position of Director and Management  
1 = Chairman      2 = Director      3 = Managing Director
- Symbol of Company and Subsidiaries and Associates  
TSL      The Steel Logistic Company Limited  
TSI      The Steel Industry Company Limited  
LSS      Liberty Steel Siam Company Limited  
TSP      The Siam Power Company Limited





บริษัท เดอะ สตีล จำกัด (มหาชน)  
THE STEEL PUBLIC COMPANY LIMITED

1401 Ekachai Road Bangbon Bangkok 10150

1401 ถนนเอกชัย แขวงบางบอน เขตบางบอน กรุงเทพฯ 10150

Tel. 0-2894-8889, 0-2408-0262

โทรศัพท์ 0-2894-8889, 0-2408-0262