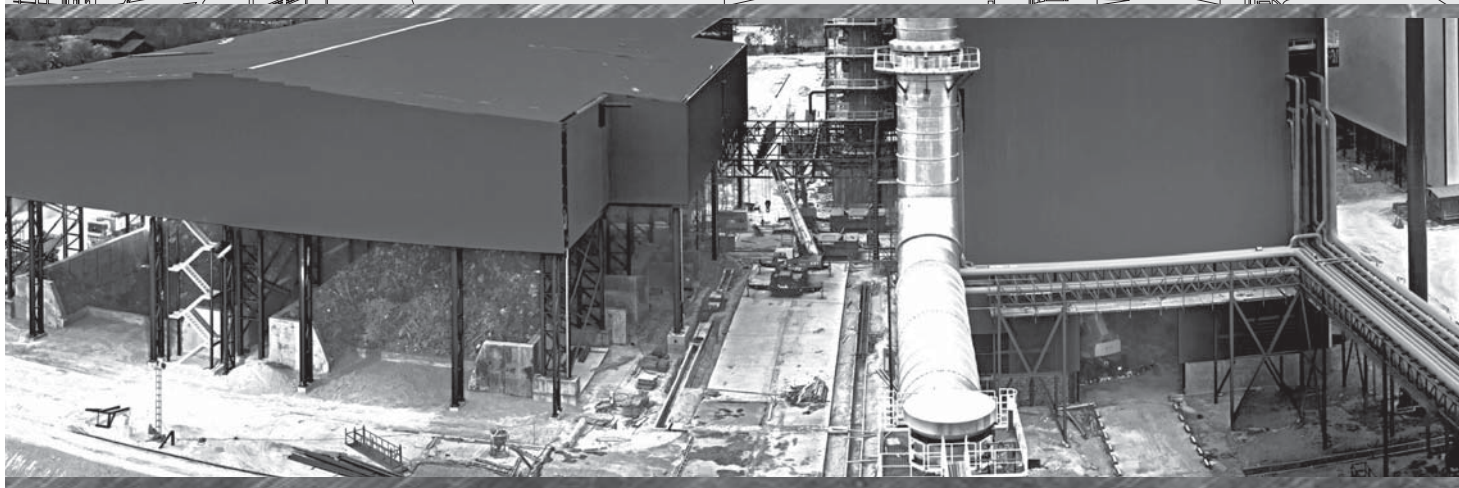


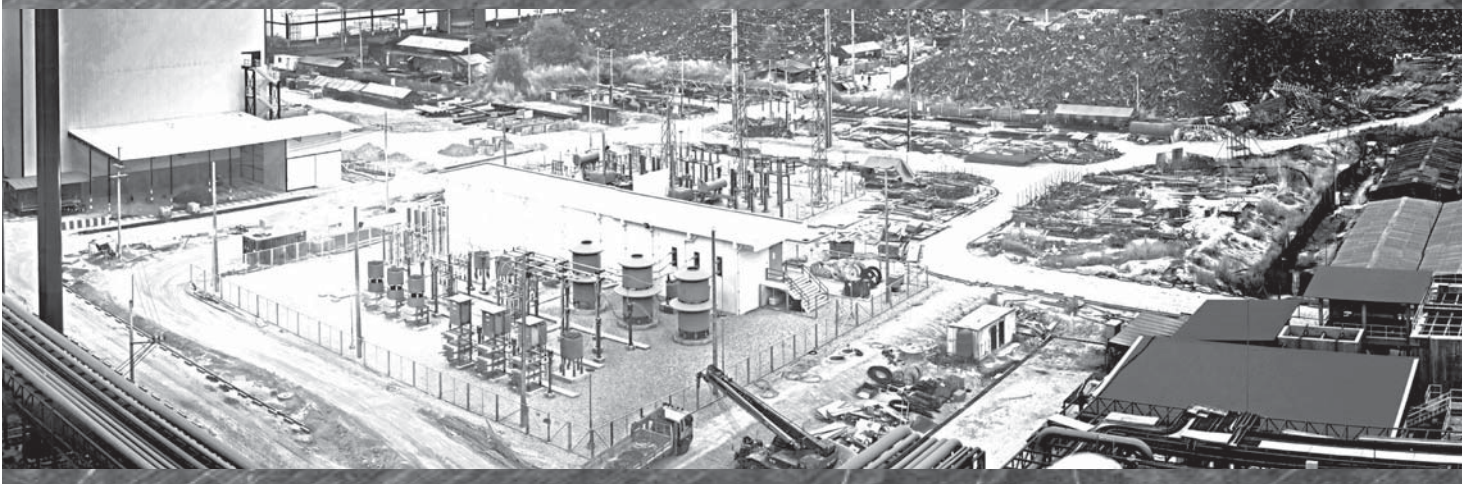
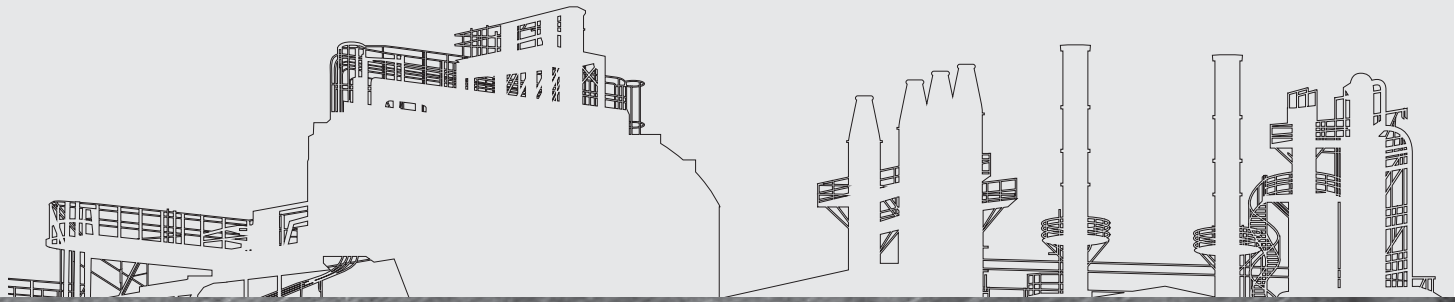


**MILLCON STEEL**  
A PASSION FOR STEEL

Annual Report **2013**

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## A PASSION FOR STEEL

Sittichai Leeswadtrakul



**MILLCON STEEL**  
A PASSION FOR STEEL

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To ensure all relevant work units operating in alignment with one another and moving toward the same common goal, MILL has established clear Vision and Mission that is responsive to the Vision, as well as creating and instill strong Core Values in the work spirits of the employees of all levels to jointly drive the organization efficiently, firmly with sustainability toward the targets set forth.

## Vision

Determine to develop the steel products to serve every need of customers (Think Steel...Think Mill) with our knowledge, concern and understanding in the steel production (A Passion for Steel) to be a leader in the steel business globally.

## Mission

- **Our Steel:** Manufacture and distribute diversified type of steel products with standardized quality and service.
- **Our Customer:** Provide the best product and service to all customers and partners with sincere, transparency and fairness.
- **Our People:** Steady accumulate intellectual and develop personnel to be a mechanism in organization propulsion with efficiency.
- **Our Culture:** Indoctrinate thinking outside the box by not concerning to any obstacle. Create entrepreneurship and positive thinking in every occasion to be a robust organization.
- **Our Environment:** Pay attention to a quality of life building and an environment preservation in community for the sustainable happiness of co-existence between community and business.
- **Our Shareholder:** Operate the business by adhering to good governance for the benefit of interested person and create value added to long-term shareholders.



## Core Value “30”



### Open Mind

- Be ready to accept different ideas and opinions.
- Be always prepared to learn and acquire beneficial knowledge and information.
- Think, say and express what is right and beneficial properly and courageously.
- Take part in expressing ideas and opinions without ignoring problems.
- Think “out of the box” allowing no obstacles and difficulties to disrupt ongoing improvement, development and innovation.

### Operation

- Recognize importance of prudent cost management in all work units.
- Take into account efficiency and effectiveness in operations.
- Be aware of and have mutual sense of ownership of the Company.

### Opportunity

- Keep positive thinking: Opportunity is everywhere.
- Be flexible in line with the circumstances.
- Ensure ongoing self-development to be prepared for any potential opportunities.





## Message from Chairman of the board



Professor Emeritus Dr. Wissanu Krea-ngam  
Chairman of the Board

In 2013, there was fluctuated in Thailand economic status as to be seen from the expansion of the Gross Domestic Product (GDP) at the rate of 2.9 percent. Despite in the construction sectors which related to the Company business in overall has declined toward the diminishing of construction in government sector, the expansion of steel consumption in private sectors and the ongoing of the approved construction projects in government sectors continuously.

For the operating result of year 2013, the Company and its subsidiaries have income from goods sold and services provided at Baht 13,811 Million which become lower than the precious year 15 percent and having its net loss Baht 114 Million because of the decreasing in goods sold at 14.68 percent as a result of the deflation in Thailand. The testing of special grade steel products by the subsidiaries affected to the quantity of manufactured products in year 2013. Such testing aims to be accomplished in Q2 of year 2014. However, the Company had already decided to involve in approved construction project of government sectors such as electric train project and high volume purchase orders from potential customers.

In this year, NESDB projects forecast that Thai economy will grow in the range of 3.0 to 4.0 percent, improving from 2.9 percent in year 2013. The main contributions include the recovery

of export sectors in line with the recovery of the global economy. Despite some impacts from the political unrest during the first half of year 2014. In addition, the increasing in disbursement of government budgets and the recovery of private investment are likely to contribute to the economic growth. It is expected that the enactment of investment promotion policy will be made clear and effective in the second half of the year which will direct effected to the Company and its subsidiaries's operating outcomes. Consequently, the Company shall confront the economic challenges throughout the year 2014.

On behalf of board members, I wish to tender my sincere thankful to the shareholders and every person for their excellent support. The Board of Directors, the Management and the employees would try our best to ensure the outstanding performances and in consequence providing great profit to our shareholders.

On behalf of Board of Directors

Professor Emeritus Dr. Wissanu Krea-ngam  
Chairman of the Board

## Message from CEO of MILLCON Group



Mr. Sittichai Leeswadtrakul  
Chief Executive Officer

In 2013, an overall of Thailand steel industries have well expanded as expected the increasing of domestic usage at Baht 17.70 Million higher than the previous year around 4.64 percent and the increasing of long products exportation around 7.94 percent which been supported by the expansion of construction parts. The overall of construction parts have also expanded 1.2 percent even though the political crisis in Thailand. The trend of Thailand economy aims to be expanded 3.0 to 4.0 percent according to the Office of the National Economic and Social Development Board (NESDB), though there is balance in global economic but there is also having a good signal to turnaround gradually in the economy of US, EU group and Japan while China economy trends to growth continuously and also well expand in East Asia countries economy.

Even though, the construction parts have been supported from the approved construction project of government sectors i.e. electric train projects and the investment of private sectors i.e. housing and condominium real estate projects that seem to be growth continuously, the effect of ongoing political crisis caused the diminished investment volume of government sectors i.e. the development of national infrastructure 2 Trillion Baht project, water management project and etc. gather with the



high competition in both prices and manufacturers in steel industries which caused to uncertainty of the Company profit. The Company, therefore, has emphasized on production and value added services, including production on special grade products in order to expand the market into other related industries which will enhance the potential for generating the Company's interests by investing Thai Special Steel Industry PCL. The expectation after accomplished on this investment plan is able to distribute the special grade products to a bigger market share which is the important factor to the growth of profit in the future, including stepping into various service business i.e. cut and bend with high technology machine, machinery maintenance services and etc.. Those services will support customers to save their budgets and time and able to fulfill customers demand including strengthen the capacity of the group Company.

Business group of MILLCON Steel PCL. is well operated the business under full awareness of risk management by operating inventory and not speculated for profit from the fluctuation of price and still remain focused on 3O's core value (open mind, operation and opportunity) to drive as being leader of Thailand steel industries in order to provide a fully integrated steel production and distribution service under the concept of "Think Steel...Think Mill".

Furthermore, the Company also pays attention on committed to improve the quality of life of the community, environmental preservation and social responsibility in every ways. Despite the positive factor in the country and negative factors from the global economic. We also operate the business with full awareness to get through an uncertain circumstance. MILLCON and our subsidiaries operate the business with responsibility and fairness under good corporate governance principles to ensure the interest of all shareholders and companies.

This is the best time we would like to convey our sincere gratitude to our shareholders, customers, business partners and stakeholders for the great support and our employees at all level for their kind cooperation and hardworking with a passion of steel that drive MILLCON's sustained growth to the next path of an international business leader in steel industries.

On behalf of Executive Committee



Mr. Sittichai Leeswadtrakul  
Chief Executive Officer





## General Information of Mill

### MILLCON STEEL PUBLIC COMPANY LIMITED

Head Office Location (Rolling Mill-Bangkok, Factory Flat Product)	9,11,13 Banggradee Soi 32, Banggradee Road, Samaredum, Bangkhuntien, Bangkok 10150 Tel. 0 2896 4444 Fax. 0 2896 9622, 0 2896 4420
Branch Office 1 (Admin Office)	52 Thaniya Plaza Building, Floor 29, Silom Road, Suriyawongse, Bangrak, Bangkok 10500 Tel. 0 2652 3333 Fax. 0 2632 9899
Branch Office 2 (Rolling-Rayong)	99 Moo 3 Tumbon Nikhom Phatthana, Amphoe Nikhom Phatthana, Rayong 21180 Tel. 0 386 6041-2 Fax. 0 3860 6043
Type of Business	Production and distribution of steel bar, deformed steel and structural steel
Registration no.	017550000076
Home Page	<a href="http://www.millconsteel.com">www.millconsteel.com</a>

### Registered Capital and Paid Up Capital

Registered Capital	Baht 1,839.68 million		
	Ordinary share	Baht 1,421.74	million
	Preferred shares	Baht 417.94	million
Paid Capital	Baht 825.01 million		
	Ordinary shares	Baht 672.80	million
	Preferred shares	Baht 152.21	million
Share Type and Value	Ordinary shares / Preferred shares each of Baht 0.40 par value		



## Name and Location of Reference Parties

Share Registrar (Ordinary share)	Thailand Securities Depository Co., Ltd.
Location	62 The Stock Exchange of Thailand Building Rachadapisek Road, Klongtoey, Bangkok 10110, Thailand Tel. 0 2229 2800, Fax. 0 2359 1259 TSD Call Center 0 2229 2888
Website	<a href="http://www.tsd.co.th">www.tsd.co.th</a>
Share Registrar (Preferred share)	Millcon Steel Public Company Limited
Location	52 Thaniya Plaza Building, Floor 29, Silom Road, Suriyawongse, Bangrak, Bangkok 10500 Tel. 0 2652 3333 Fax. 0 2632 7800
Share Registrar (convertible debentures)	Millcon Steel Public Company Limited
Location	52 Thaniya Plaza Building, Floor 29, Silom Road, Suriyawongse, Bangrak, Bangkok 10500 Tel. 0 2652 3333 Fax. 0 2632 7800
Auditor	Ms. Wanya Puttasatiarn C.P.A. (Thailand) Registration No. 4387 Ms. Jantra Wongsriudomporn C.P.A. (Thailand) Registration No. 4996
Location	S.K. Accountant Services Company Limited. 128/150-153 Phayatai Plaza Building, 14th Floor, Phayatai Road., Thungphayatai, Ratchatavee, Bangkok 10400 Tel. 0 22214 6464, 0 2214 6465-70 Fax. 0 2215 4772, 0 2214 6065

## General Information of Subsidiaries.

### Millcon Burapa Company Limited

Head Office Location (Factory)	99 Moo 3 Tumbon Nikhom Phatthana, Amphoe Nikhom Phatthana, Rayong 21180 Tel. 0 3860 6041-2 Fax. 0 3860 6043
Branch Office 1 (Admin Office)	52 Thaniya Plaza Building, Floor 29, Silom Road, Suriyawongse, Bangrak, angkok 10500 Tel. 0 2652 3333 Fax. 0 2632 9899
Type of Business	Production and distribution of Billet
Registration no.	0215537001304
Registered Capital	Baht 2,399.99 million
Paid Capital	Baht 2,399.99 million
Share Type and Value	Ordinary shares each of Baht 5.00 per share
Shareholding	98.73 % (as of December 31,2013)

### Zentra-Wartung Engineering Company Limited

Head Office (Admin Officer)	52 Thaniya Plaza Building, Floor 24, Silom Road, Suriyawongse, Bangrak, Bangkok 10500 Tel./Fax. 0 2632 8283
Branch Office 1 (Factory)	99 Moo 3 Tumbon Nikhom Phatthana, Amphoe Nikhom Phatthana, Rayong 21180 Tel. 0 3860 6041-2 Fax. 0 3860 6043
Type of Business	- Engineering and Maintenance Service - Cut and Bend Service
Registration no.	0105551028657
Registered Capital	Baht 30 million
Paid Capital	Baht 30 million
Share Type and Value	Ordinary shares each of Baht 100 par value
Shareholding	99.99% (as of December 31,2013)

### Millcon (HK) Limited

Head Office Location	WYNDHAM PLACE 26/F 44 WYNDHAM ST CENTRAL, HONGKONG.
Type of Business	Acquisition TSSI's assets
Registered Capital	\$32,000 USD
Shareholding	100 % (as of December 31,2013)

## Summary of Financial Information

Summary of Financial Information of MILLCON STEEL Public Company Limited and its Subsidiaries for Fiscal Years Ending December 31, 2011 to December 31, 2013

	Consolidated		
	2013	2012	2011
<b>Consolidated Financial Statement</b>			
Sales of goods and services	13,811.39	16,457.06	14,966.28
Total revenues	13,904.22	16,602.08	15,073.44
Profit for the year	(114.00)	143.39	111.70
Net cash in flows (out flows) from operating activities	1,651.26	41.20	214.24
Total assets	13,858.45	13,891.65	12,176.48
Total liabilities	10,345.95	10,598.59	9,060.00
Total shareholders' equity	3,512.50	3,293.06	3,116.48
<b>Investor ratio</b>			
BVS	1.13	1.95	1.98
EPS	(0.06)	0.05	0.03
<b>Financial Ratio</b>			
Gross profit margin ratio	6.93	6.19	4.81
Operating profit margin	4.08	4.24	3.51
Net profit margin	(0.82)	0.86	0.74
Return on equity	(3.35)	4.47	3.63

# A PASSION FOR STEEL





## Graph of Financial Information

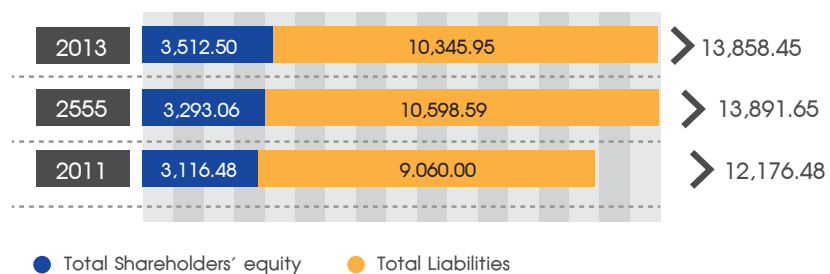
### Sale of Goods and Service



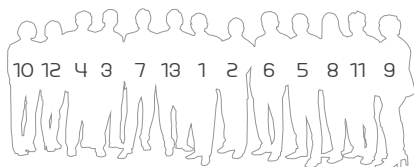
### Gross Profit Margin Ratio



### Total Assets



## Board of Directors name lists



1. Professor Emeritus Dr. Wissanu Krea-Ngam  
Chairman of the Board / Independent Director
2. POL.Gen. Soontorn Saikwan  
Vice Chairman of the Board / Independent Director
3. Assoc.Prof.Dr. Yannakorn Warakunruk  
Director / Chairman of Audit Committee / Chairman of Nomination and Remuneration Committee / Independent Director
4. Mr. Pratana Bongkojmas  
Director / Audit Committee Member/ Nomination and Remuneration Committee/ Independent Director
5. Mr. Apivut Thongkam  
Director / Audit Committee Member/ Independent Director
6. Mr. Sakchai Tanaboonthai  
Director / Independent Director
7. Mr. Sittichai Leeswadtrakul  
Director who are authorized signatories of the company/ Chief Executive Officer/ President
8. Ms. Suttirat Leeswadtrakul  
Director who are authorized signatories of the company/ Vice President of Finance
9. Mrs. Phatnaree Thitiariyakul  
Director who are authorized signatories of the company/ Nomination and Remuneration Committee /Vice President of Accounting
10. Mrs. Duangkamol Sukmueng  
Director who are authorized signatories of the company/ Nomination and Remuneration Committee /Vice President of General and Administration
11. Mr. Kasem Juntaboon  
Director / Vice President of Human Resource
12. Mrs. Roslyne Amornvivat  
Director
13. Mr. Pinit Jarusombat  
Chairman of Advisor

## Executive Officers name lists



1. Mr. Sittichai Leeswadtrakul  
Chief Executive Officer and President
2. Ms. Suttirat Leeswadtrakul  
Executive Director / Vice President of Finance
3. Mrs. Phatnaree Thitiariyakul  
Executive Director / Vice President of Accounting
4. Mrs. Duangkamol Sukmueng  
Executive Director /Vice President of General and Administration
5. Mrs. Nantaphat Thianprateep  
Executive Director /Vice President of Procurement
6. Mr. Taveechai Kittichanjaroen  
Executive Director /Vice President of Flat Product
7. Ms. Jureerat Lapanavanich  
Executive Director / Head of CEO Office
8. Mr. Kasem Juntaboon  
Vice President of Human Resource
9. Mr. Virat Keawbangkaphom  
Vice President of Long Product
10. Mr. Puchong Jungwilikasem  
Vice President of EAF and Business Development
11. Mr. Theerayuth Lertsirungsun  
Vice President of Sales and Marketing

## Directors and Management Biography

Professor Emeritus Dr. Wissanu Krea-ngam

Age 62 Years



### Current Position:

Chairman of the Board / Independent Director

### Position in Other Organization:

- Chairman of Board of Namyong Terminal PCL.
- Chairman of Board of Amata Corporation PCL.
- Chairman of Board of Bangkok First Investment & Trust PCL.
- Chairman of Board of Sikarin PCL.
- Vice Chairman of Board of AEC Securities PCL.
- Vice Chairman of Serm Suk PCL.
- Director of the Post Publishing PCL.
- Director of Loxley PCL.
- Director of Millcon Burapa Co., Ltd

### Education:

- Honorary Doctoral of Laws, Surattthani Rajabhat University
- Honorary Doctoral of Buddhism, Public Administration, Mahachulalongkornrajavidyalaya University
- Honorary Doctor of Laws, Chulalongkorn University
- Master of Laws, California University, Berkley, United State of America
- Thai Barrister, Institute of Legal Education of the Thai Bar
- Bachelor of Laws, Thammasart University (First Class Honors)

### Working Experiences:

- Present                      President of Commission of the Council of State (Commission 2)
- Present                      Committee of Strategic Committee for Reconstruction and Future Development (SCRF)
- Present                      Council Committee of Chiang Mai University, Chiang Rai University, Thaksin University, Chulalongkorn University, Mahamakut Buddhist University, King Prajadhipok's Institute
- Present                      President of Council of Songkla Rajabhat University, of Bundit patanasilpa Institute, of Rajamangala University of Technology Suvarnabhumi
- Present                      Committee of The Public Sector Development Commission (OPDC)\
- Present                      Committee of the Law reform Commission, Office of the Council of State
- Present                      Committee of the Police Commission
- 2013-Present              Chairman of Board of Millcon Steel PCL.

- 2013-Present Director of Millcon Burapa Co., Ltd.
- 2013-Present Chairman of Board of Namyong Terminal PCL.
- 2013-Present Vice Chairman of Board of AEC Securities PCL.
- 2011-Present Vice Chairman of Sermasuk PCL.
- 2010-Present Director of The Post Publishing PCL.
- 2009-Present Chairman of Board of Amata Corporation PCL.
- 2008-Present Chairman of Board of Bangkok First Investment & Trust PCL.
- 2008-Present Director of Loxley PCL.
- 2006-Present Chairman of Board of Sikarin PCL.
- 2006-Present Member of National Assembly

Relationship: -none-

Training Course:

- Thailand Institute of Director Association  
Director Accreditation Program (DAP) Class in Year 2008

Meeting Attendance:

- Board of Directors' Meeting : Attending 7 Out of 13 meeting \*
- "According to the resolution of Annual Shareholders Meeting 1/2013, held on 21 May 2013, approved and appointed Emeritus Professor Dr. Wissanu Krea-Ngam to be the Chairman of Board and Independent Director of the Company. For this reason, he was not attend any Board of Director meeting and Annual Shareholders meeting, held before the date of appointment."

(%) Shareholding (as at December 31, 2013) : -none-

Property Prohibited:

- No criminal record, guilty of an offense related to property, which was done in good faith.
- No any historical record of transactions that may be a conflict of interest with the Company during the past year.

Incase Independently Directors:

- Being a director that take part in managing day-to-day operation, or being an employee, or advisor who receive a regular salary or fee : No
- Being a professional service provider (i.e., auditor, lawyer) : No
- Having the significant business relations that may affect the ability to perform independently : No



POI.Gen. Soontorn Saikwan

Age 69 Years



**Current Position:**

Vice Chairman of the Board / Independent Director

**Position in Other Organization:**

- Director of Vanachai Group Plc
- Director of PTG Energy Plc.
- Chairman of the Board Millcon Burapa Co., Ltd.

**Education:**

- Master of Arts (Political Science), Ramkhamhaeng University
- Diploma, National Defence College (Class 36)
- Bachelor of Political administrative Science, Thai Police Cadet Academy

**Working Experiences:**

- May, 2013-Present Vice Chairman of the Board  
Millcon Steel Plc.
- 2013-Present Chairman of the Board  
Millcon Burapa Co., Ltd.
- 2012-Present Chairman of the Board  
PTG Energy Plc.
- 2008-2011 Senator.
- 2007-May, 2013 Chairman of the Board  
Millcon Steel Plc.
- 2005-Present Director of Vanchai Group Plc.

**Relationship:** -none-

**Training Course:**

- Thailand Institute of Director Association  
Director Accreditation Program (DAP) Class 41/2005

**Meeting Attendance:**

- Board of Directors' Meeting: Attending 12 out of 13 meeting

(%) Shareholding (as at December 31, 2013): 0.01

**Property Prohibited:**

- No criminal record, guilty of an offense related to property, which was done in good faith.
- No any historical record of transactions that may be a conflict of interest with the Company during the past year.

**Incase Independently Directors:**

- Being a director that take part in managing day-to-day operation, or being an employee, or advisor who receive a regular salary or fee : No
- Being a professional service provider (i.e., auditor, lawyer) : No
- Having the significant business relations that may affect the ability to perform independently : No

Assoc. Prof. Dr. Yannakorn Warakunruk

Age 47 Years



**Current Position:**

Director / Chairman of audit Committee /

Chairman of Nomination and Remuneration Committee / Independent Director

**Position in Other Organization:**

- Lecturer of Business Administration Doctorate Program, Western University.

**Education:**

- PhD in Business Administration  
The United States International University, California, USA
- Master of Economics, Dhurakij Pundit University.
- Bachelor of Economics, Dhurakij Pundit University.

**Working Experiences:**

- May.2013-Present Chairman of Nomination and Remuneration Committee of Millcon Steel Industries Plc.
- 2010-May.2013 Nomination and Remuneration Committee of Millcon Steel Plc.
- 2007-Present Director / Chairman of Audit Committee / Independent Director of Millcon Steel Plc.
- 2007-Present Lecturer of Business Administration Doctorate Program, Western University.

Relationship: -none-

**Training Course:**

- Thailand Institute of Director Association  
Director Accreditation Program (DAP) Class 64/2007

**Meeting Attendance:**

- Board of Directors' Meeting : attending 13 out of 13 meetings
- Board of Audit Committee' Meeting : attending 13 out of 13 meetings
- Board of Nomination and Remuneration' Meeting: attending 4 out of 4 meetings

(%) Shareholding (as at December 31, 2013): -none-

**Property Prohibited:**

- No criminal record, guilty of an offense related to property, which was done in good faith.
- No any historical record of transactions that may be a conflict of interest with the Company during the past year.

**Incase Independently Directors:**

- Being a director that take part in managing day-to-day operation, or being an employee, or advisor who receive a regular salary or fee : No
- Being a professional service provider (i.e., auditor, lawyer) : No
- Having the significant business relations that may affect the ability to perform independently : No

Mr. Pratana Bongkojmas

Age 53 Years



**Current Position:**

Director / Audit Committee Member /  
Nomination and Remuneration Committee/  
Independent Director

**Position in Other Organization:**

- Managing Director of Uicor Advance Technology Co.,Ltd.

**Education:**

- Bachelor of Business Administration (Accounting),  
Ramkhambaeng University

**Working Experiences:**

- 2010-Present                      Nomination and Remuneration Committee  
of Millcon Steel Plc.
- 2007-Present                      Director / Audit Committee Member  
of Millcon Steel Plc.
- 2001-2008                          Managing Director of MPS Business and Accounting Co.,Ltd.
- 1993-Present                      Managing Director of Uicor Advance Technology Co.,Ltd.

Relationship: -none-

**Training Course:**

- Thailand Institute of Director Association  
Director Accreditation Program (DAP) Class 61/2007

**Meeting Attendance:**

- Board of Directors' Meeting : attending 13 out of 13 meetings
- Board of Audit Committee' Meeting : attending 13 out of 13 meetings
- Board of Nomination and Remuneration' Meeting: attending 4 out of 4 meetings

(%) Shareholding (as at December 31, 2013): 0.02

**Property Prohibited:**

- No criminal record, guilty of an offense related to property, which was done in good faith.
- No any historical record of transactions that may be a conflict of interest with the Company during the past year.

**Incase Independently Directors:**

- Being a director that take part in managing day-to-day operation, or being an employee, or advisor who receive a regular salary or fee : No
- Being a professional service provider (i.e., auditor, lawyer) : No
- Having the significant business relations that may affect the ability to perform independently : No

Mr. Apivut Thongkam

Age 51 Years



**Current Position:**

Director / Audit Committee Member / Independent Director

**Position in Other Organization:**

- Executive Director of FBLP Legal Co.,Ltd.
- Chairman of Audit Committee of Krisdamahanakorn PCL.
- Lecturer of Business Management , Small and Medium Business Enterprise Management Course, Ramkhamhang University.
- Appeal Committee, Social Security Office, Ministry of Labor.
- Advisor of Energy Commission, House of Representatives.
- Extraordinary Commission Drafting Trademark Act, Office of Secretariat of the House of Representatives.

**Education:**

- Master of Comparative Laws, Havard University, United State of America
- Master of International Laws, American University, United State of America
- Thai Barrister, Institute of Legal Education of the Thai Bar
- Certificate for specialist in Intellectual Property, World Intellectual Property Organization
- Certificate of Trend and Problem of Computer Crime, School of Criminal Justice
- Diploma, National Defenses collage (Class 54)

**Working Experiences:**

- |                |   |
|----------------|---|
| • 2013-Present | Director and Audit Committee of Millcon Steel PCL.  |
| • 2012-Present | Extraordinary Committee Drafting Trademark Act, Office of Secretariat of the House of Representatives           |
| • 2011-Present | Advisor of Energy Commission, House of Representatives  |
| • 2008-Present | Appeal Committee, Social Security Office, Ministry of Labor   |
| • 2008-Present | Lecturer of Business Management, Small and Medium Business Enterprise Management Course, Ramkhamhang University |
| • 2008-Present | Chairman of Audit Committee of Krisdamahanakorn PCL.  |
| • 2008-Present | Executive Director of FBLP Legal Company Limited  |

Relationship: -none-

**Training Course:**

- Thailand Institute of Director Association  
Director Certification Program (DCP) Class 89/2007  
Chartered Director Class (CDC) Class 3/2008



**Meeting Attendance:**

- Board of Directors' Meeting : attending 6 out of 13 meetings\*
- Board of Audit Committee' Meeting : attending 8 out of 13 meetings\*

\* " According to the resolution of the Board of Director Meeting 5/2556, held on 22 April 2013, approved and appointed Mr. Apivut Thongkham to be Director, Audit Committee and Independent Director, subrogated Mr. Veeravut Suppakit who resigned. For this reason, he was not attend the any Board of director Meeting, Audit Committee Meeting and Annual Shareholder meeting held before his appointment"

(%) Shareholding (as at December 31, 2013): -none-

**Property Prohibited:**

- No criminal record, guilty of an offense related to property, which was done in good faith.
- No any historical record of transactions that may be a conflict of interest with the Company during the past year.

**Incase Independently Directors:**

- Being a director that take part in managing day-to-day operation, or being an employee, or advisor who receive a regular salary or fee : No
- Being a professional service provider (i.e., auditor, lawyer) : No
- Having the significant business relations that may affect the ability to perform independently: No



Mr. Sakchai Tanaboonchai

Age 57 Years



**Current Position:**

Director / Independent Director

**Position in Other Organization:**

- Director of Millcon Burapa Co., Ltd.
- Director of Sermasuk PCL.
- Vice Chairman of Board of Sikarin PCL.
- Executive Director of King Prajadhipok's Institute
- Committee of Meechai and Lady Amphorn Ruchuphan Foundation
- Secretary and Central Committee of Ramathibodi Foundation
- Advisor of Thailand-Vietnam Friendship Association
- Advisor of the Board of S.A.S CTAMAD Co.,Ltd.,  
Malia Hanoi Hotel, Socialist Republic of Vietnam

**Education:**

- Honorary Doctor of Management, United State of America.
- Certificate of Applied Social Science, Thammasart University.
- Diploma for Advanced Trade and commerce Manager,  
Commerce Academy (Class 2)
- Certificate of Advanced Manager, Capital Market Academy (Class 9)

**Working Experiences:**

- |                |   |
|----------------|---|
| • 2013-Present | Director of Millcon Steel PCL.  |
| • 2013-Present | Director of Millcon Burapa Co., Ltd.  |
| • 2007-Present | Executive Director of King Prajadhipok's Institute  |
| • 2007-Present | Advisor of Thailand-Vietnam Friendship Association  |
| • 2007-Present | Advisor of the Board of S.A.S CTAMAD Co., Ltd.,<br>Malia Hanoi Hotel, Socialist Republic of Vietnam |
| • 2007-Present | Committee of Meechai and Lady Amphorn Ruchuphan Foundation  |
| • 2007-Present | Secretary and Central Committee of Ramathibodi Foundation   |
| • 2007-Present | Director of Sermasuk PCL  |
| • 2007-Present | Vice Chairman of Board of Sikarin PCL   |

Relationship: -none-

**Training Course:**

- Thailand Institute of Director Association  
Director Accreditation Program (DAP) Class 12/2004

**Meeting Attendance:**

- Board of Directors' Meeting : attending 7 out of 13 meetings\*
- \* "According to the resolution of Annual Shareholders Meeting 1/2013, held on 21 May 2013, approved and appointed Mr.Sakchai Tanaboonchai to be the Director and Independent Director of the Company. For this reason, he was not attend any Board of Director meeting and Annual Shareholders meeting, held before the date of appointment."

(%) Shareholding (as at December 31, 2013): -none-

**Property Prohibited:**

- No criminal record, guilty of an offense related to property, which was done in good faith.
- No any historical record of transactions that may be a conflict of interest with the Company during the past year.

**Incase Independently Directors:**

- Being a director that take part in managing day-to-day operation, or being an employee, or advisor who receive a regular salary or fee : No
- Being a professional service provider (i.e., auditor, lawyer) : No
- Having the significant business relations that may affect the ability to perform independently: No

Mr. Sittichai Leeswadtrakul

Age 35 Years



**Current Position:**

Director who are authorized signatories of the company/  
Chief Executive Officer/ President

**Position in Other Organization:**

- Director / Chief Executive Officer /  
Acting as Executive director of Millcon Burapa Co., Ltd.
- Director of Zentra-Wartung Engineering Co., Ltd.
- Director of Metal Tube and Cold-Foming Steel Association.
- Director of the Association of Thai Steel Industries.

**Education:**

- Master of Law, Department of Economics Regulations,  
Chulalongkorn University.
- Master of Managing Engineering, Warwick University,UK.
- Business Course, University of California of Berkeley,USA
- Bachelor of Business Administration, Mahidol University.

**Working Experiences:**

- Dec.2013-Present Acting as Executive Director of Millcon Burapa Co.,Ltd.
- 2011-Present Director of Zentra-Wartung Engineering Co.,Ltd.
- 2010-Sep.2013 Director of Million Miles Co., Ltd.
- 2009-2012 Director of G STEEL Plc.
- 2009-Jan.2013 Director of GJ STEEL Plc.
- 2008-Present Director of Millcon Burapa Co., Ltd.
- 2008-Present Director of Metal Tube and Cold-Forming Steel Association.
- 2008-Present Director of The Association of Thai Steel Industries.
- 2004-Present Director/ Chief Executive Officer/ President of Millcon Steel PCL.

Relationship: Ms. Suttirat Leeswadtrakul (Sister)

**Training Course:**

- Thailand Institute of Director Association  
Director Accreditation Program (DAP) Class 41/2005

**Meeting Attendance:**

- Board of Directors' Meeting : attending 13 out of 13 meetings

(%) Shareholding (as at December 30, 2013): 21.78

\*Included Employee Joint Investment Program (EJIP)

**Property Prohibited:**

- No criminal record, guilty of an offense related to property, which was done in good faith.
- No any historical record of transactions that may be a conflict of interest with the Company during the past year.

Ms. Suttirat Leeswadtrakul

Age 32 Years



**Current Position :**

Director who are authorized signatories of the company/  
Executive Director / Vice President of Finance

**Position in Other Organization:**

- Director of Millcon Burapa Co.,Ltd.

**Education:**

- Master of Business Economics, Thammasat University.
- Bachelor of Communication Arts, Bangkok University.

**Working Experiences:**

- 2010-2012 Director / Chief Executive Officer of Million Miles Co.,Ltd.
- 2008-Present Director / Executive Director of Millcon Burapa Co., Ltd.

- 2007-Present Director / Executive Director /  
Vice president of Financial of Millcon Steel Plc.

Relationship: Ms. Sittichai Leeswadtrakul (Brother)

Training Course:

- Thailand Institute of Director Association  
Director Accreditation Program (DAP) Class 61/2007

Meeting Attendance:

- Board of Directors' Meeting : attending 12 out of 13 meetings

(%) Shareholding (as at December 31, 2013): 2.35

\*Included Employee Joint Investment Program (EJIP)

Property Prohibited:

- No criminal record, guilty of an offense related to property, which was done in good faith.
- No any historical record of transactions that may be a conflict of interest with the Company during the past year.

Mrs. Phatnaree Thitiariyakul

Age 51 Years



Current Position:

Director who are authorized signatories of the company/  
Nomination and Remuneration Committee/ Executive Director /  
Vice President of Accounting

Position in Other Organization:

- Director/ Executive Director of Millcon Burapa Co., Ltd.

Education:

- Master of Business Administration,  
Suan Sunit Rajabhat University.
- Bachelor of Business Administration (Accounting)  
Ramkhamhaeng University.

Working Experiences:

- 2010-Present Nomination and Remuneration Committee  
of Millcon Steel Plc.
- 2010-2012 Director/ Executive Director of Million Miles Co.,Ltd.
- 2008-Present Director/ Executive Director of Millcon Burapa Co.,Ltd.
- 2007-Present Director/ Executive Director / Vice president of Accounting  
of Millcon Steel Plc.

Relationship: -none-

**Training Course:**

- Thailand Institute of Director Association  
Director Accreditation Program (DAP) Class 61/2007

**Meeting Attendance:**

- Board of Directors' Meeting : attending 13 out of 13 meetings
- Board of Nomination and Remuneration' Meeting: attending 4 out of 4 meetings

(%) Shareholding (as at December 31, 2013): 0.04

\*Included Employee Joint Investment Program (EJIP)

**Property Prohibited:**

- No criminal record, guilty of an offense related to property, which was done in good faith.
- No any historical record of transactions that may be a conflict of interest with the Company during the past year.

Mrs. Duangkamol Sukmueng

Age 55 Years



**Current Position:**

Director who are authorized signatories of the company/  
Nomination and Remuneration Committee / Executive Director /  
Vice President of General and Administration

**Position in Other Organization:**

- Director of Million Miles Co., Ltd.

**Education:**

- Master Degree in Business Management,  
Siam University.
- Bachelor of Political Science,  
Ramkhamhaeng University.

**Working Experiences:**

- Sep.2013-Present Director of Million Miles Co.,Ltd.
- 2010-Present Nomination and Remuneration Committee  
of Millcon Steel Plc.
- 2010-2012 Director/ Executive Director of Million Miles Co., Ltd.
- 2007-Present Director/ Executive Director /  
Vice president of General and Administration  
of Millcon Steel Plc.

Relationship: -none-

**Training Course:**

- Thailand Institute of Director Association  
Director Accreditation Program (DAP) Class 61/2007

**Meeting Attendance:**

- Board of Directors' Meeting : attending 12 out of 13 meetings
- Board of Nomination and Remuneration' Meeting: attending 3 out of 4 meetings

(%) Shareholding (as at December 31, 2013): 0.03

\*Included Employee Joint Investment Program (EJIP)

**Property Prohibited:**

- No criminal record, guilty of an offense related to property, which was done in good faith.
- No any historical record of transactions that may be a conflict of interest with the Company during the past year.

**Mrs. Roslyne Amornvivat**

Age 44 Years



**Current Position:**

Director

**Position in Other Organization:**

- Director of Thai Prosperity Advisory Co.,Ltd.

**Education:**

- Master of Business Administration,  
Sasin Graduate Institute of Business Administration of Chulalongkorn University.
- Bachelor of Business Administration (Economic& Accounting)  
Chulalongkorn University.

**Working Experiences:**

- 2012-2013 Director / Audit Committee Member /  
Nomination and Remuneration Committee/  
Independent Director of CIMB International (Thailand) Plc.
- 2010-Present Director of Millcon Steel Plc.
- 2008-Present Director of Thai Prosperity Advisory Co.,Ltd.

**Relationship:** -none-

**Training Course:**

- Thailand Institute of Director Association  
Director Accreditation Program (DAP) Class 87/2011  
Director Certification Program (DCP) Class 163/2012

**Meeting Attendance:**

- Board of Directors' Meeting : attending 11 out of 13 meetings

(%) Shareholding (as at December 31, 2013): -none-

**Property Prohibited:**

- No criminal record, guilty of an offense related to property, which was done in good faith.
- No any historical record of transactions that may be a conflict of interest with the Company during the past year.

Mr. Kasem Juntaboon

Age 60 Years



**Current Position:**

Director / Vice President of Human Resource

Position in Other Organization: - None-

**Education:**

- Master of Business Administration,  
Ramkhamheang University.
- Bachelor of Political Science,  
Ramkhamheang University.

**Working Experiences:**

- 2013-Present Director of Millcon Steel Plc.
- 2011-Present Vice President of Human Resource  
of Millcon Steel Plc.
- 1994-2011 Manager of Human Resource  
of Millcon Burapa Co.,Ltd.

Relationship: -none-

**Training Course:**

- Thailand Institute of Director Association  
Director Accreditation Program (DAP) Class 106/2013

**Meeting Attendance:**

- Board of Directors' Meeting : attending 7 out of 13 meetings\*  
\* "According to the resolution of Annual Shareholders Meeting 1/2013, held on 21 May 2013, approved and appointed Mr.Kasem Juntaboon to be the Director of the Company. For this reason, he was not attend any Board of Director meeting and Annual Shareholders meeting, held before the date of appointment. "

(%) Shareholding (as at December 31, 2013): 0.01



**Property Prohibited:**

- No criminal record, guilty of an offense related to property, which was done in good faith.
- No any historical record of transactions that may be a conflict of interest with the Company during the past year.

**Mrs. Nantaphat Thianprateep**

Age 48 years



**Current Position:**

Executive Director/ Vice President of Procurement

**Position in Other Organization:**

- Director of Millcon Burapa Co.,Ltd.

**Education:**

- Master of Business Administration, Siam University.
- Bachelor of Business Administration, Thongsook College.

**Working Experiences:**

- 2011-Present Vice President of Procurement of Millcon Steel Plc.
- 2009-Present Executive director of Millcon Steel Plc.
- 2007-Present Director of Millcon Burapa Co.,Ltd
- 2007-2011 Manager of Procurement of Millcon Burapa Co.,Ltd.

**Relationship:** -none-

**(%) Shareholding (as at December 31, 2013):** 0.00

**Property Prohibited:**

- No criminal record, guilty of an offense related to property, which was done in good faith.
- No any historical record of transactions that may be a conflict of interest with the Company during the past year.



Mr. Taveechai Kittichanajaroen

Age 56 years



**Current Position:**

Executive Director / Vice President of Flat Product

**Position in Other Organization:** -none-

**Education:**

- Diploma of Marketing of  
Chetupon Commercial College.

**Working Experiences:**

- 2011-Present Vice President of Flat Product  
of Millcon Steel Plc.
- 2009-Present Executive Director  
of Millcon Steel Plc.
- 2007-2011 Manager of Flat Product  
of Millcon Steel Plc.

**Relationship:** -none-

**(%) Shareholding (as at December 31, 2013):** 0.03

\*Included Employee Joint Investment Program (EJIP)

**Property Prohibited:**

- No criminal record, guilty of an offense related to property, which was done in good faith.
- No any historical record of transactions that may be a conflict of interest with the  
Company during the past year.

## Ms. Jureerat Lapanavanich

Age 37 Years



### Current Position:

Executive Director / Head of CEO Office

### Position in Other Organization:

- Director of Millcon Burapa Co., Ltd.
- Director of Zentra-Wartung Engineering Co., Ltd.

### Education:

- Master of General Management,  
Mahidol University.
- Bachelor of International Management,  
Chulalongkorn University.

### Working Experiences:

- 2012-present Director of Zentra-wartung Engineering Co., Ltd.
- 2011-present Head of CEO Office of Millcon Steel Plc
- 2010-present Director of Millcon Burapa Co., Ltd.
- 2009-present Executive Director of Millcon Steel Plc.

Relationship: -none-

### Training Course:

- Thailand Institute of Director Association  
Director Accreditation Program (DAP) Class 106/2013

(%) Shareholding (as at December 31, 2013): 0.01

### Property Prohibited:

- No criminal record, guilty of an offense related to property, which was done in good faith.
- No any historical record of transactions that may be a conflict of interest with the Company during the past year.

## Mr. Virat Keawbangkaphom

Age 57 Years



### Current Position:

- Vice President of Long Product

Position in Other Organization: - None-

**Education:**

- Bachelor of Industrial technology,  
King Mongkut's Institute of Technology Ladkrabang.

**Working Experiences:**

- 2011-present Vice President of Long Product of Millcon Steel Plc.
- 1994-2011 Manager of Millcon Burapa Co., Ltd.

**Relationship:** -none-

**Training Course:** -none-

**(%) Shareholding (as at December 31, 2013):** 0.02

**Property Prohibited:**

- No criminal record, guilty of an offense related to property, which was done in good faith.
- No any historical record of transactions that may be a conflict of interest with the Company during the past year.

**Mr. Puchong Jungwilikasem**

**Age** 47 Years



**Current Position:**

Vice President of EAF and Business Development

**Position in Other Organization:** - None-

**Education:**

- Bachelor of Engineering, Chulalongkorn University.

**Working Experiences:**

- 2011-present Vice President of Long Product of Millcon Steel Plc.
- 2007-2011 Manager Green Mill Project of Millcon Burapa Co.,Ltd.
- 1990-2007 Manager of EAF of Tata Steel (Thailand) Plc.

**Relationship:** -none-

**Training Course:** -none-

**(%) Shareholding (as at December 31, 2013):** 0.01

**Property Prohibited:**

- No criminal record, guilty of an offense related to property, which was done in good faith.
- No any historical record of transactions that may be a conflict of interest with the Company during the past year.

Mr. Theerayuth Lertsirarungsun

Age 57 Years



Current Position:

- Vice President of Sale and Marketing

Position in Other Organization: - None-

Education:

- Master of Metallurgical Engineering, Henry Krumb, School of Mines, Columbia University, United States.
- Bachelor of Mechanical Engineering, Chulalongkorn University.

Working Experiences:

- 2012-present Director of Zentra-Wortung Engineering Co., Ltd.
- 2011-present Present Vice President of Sale and Marketing of Millcon Steel Plc.
- 2006-2011 Vice President-Engineering and Product Development of Tata Steel (Thailand) Plc.

Relationship: -None-

Training Course: -None-

(%) Shareholding (as at December 31, 2013): -None-

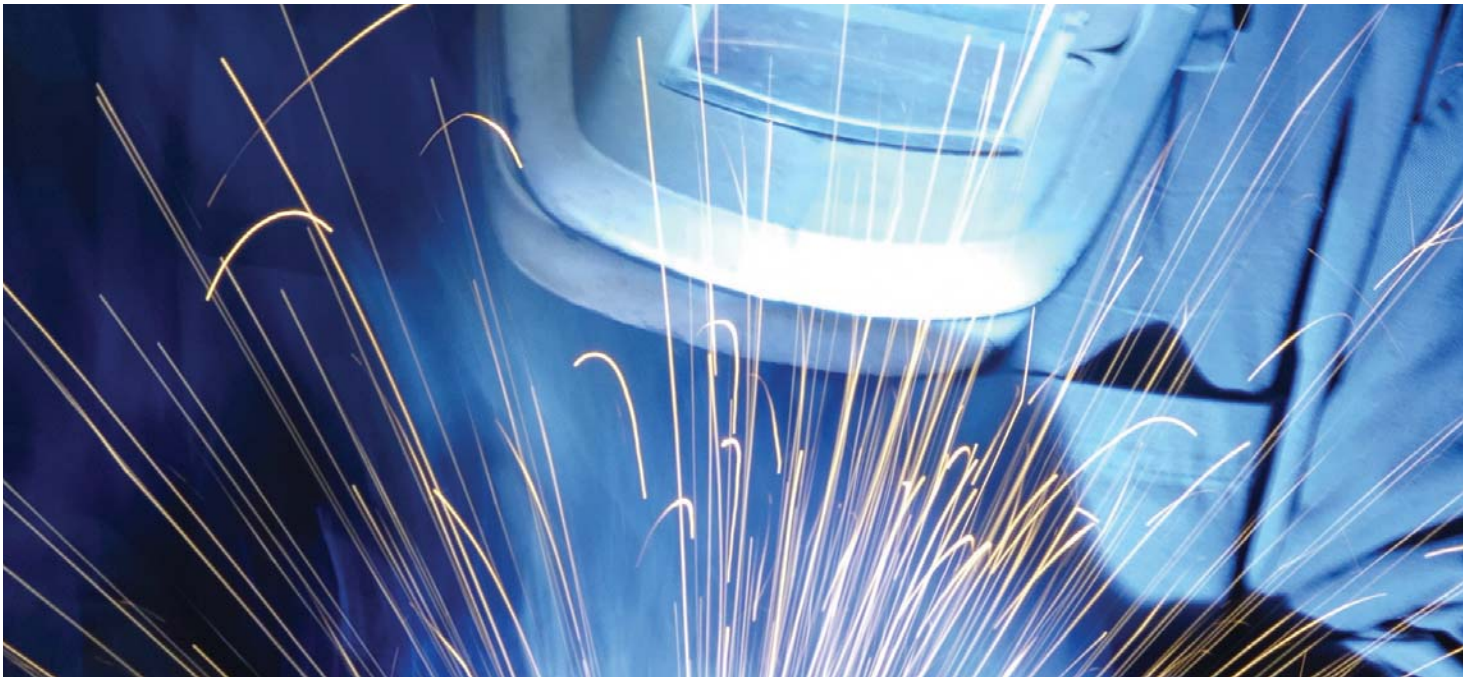
Property Prohibited:

- No criminal record, guilty of an offense related to property, which was done in good faith.
- No any historical record of transactions that may be a conflict of interest with the Company during the past year.

[ A PASSION FOR STEEL ]

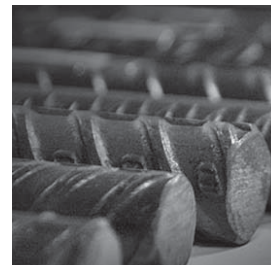
# Nature of Business

## Business Overview of the Company and Its Subsidiaries



Group of Mill Con Steel Industries Plc. (MILL) is one of Thailand's leading producers and distributors of steel products and a fully integrated steel service center. Its products are in variety to serve diversified needs of customers, such as round bars, deformed bars, lip channel steel, and others, which have earned both domestic and international standard certification.

It is another milestone as the Company has successfully entered the midstream steel industry, which is its new line of business to produce billets of both general use grade and special quality grade for use as raw material of other steel products. The midstream steel industry is the second stage of the fully integrated steel manufacturing process, consisting of:







**Stage 1** A upstream steel industry which refines iron ore in the form of iron oxide into iron for use as raw material in the manufacturing of steel;

**Stage 2** A midstream steel industry which melts iron metal and controls and adjusts the chemical mixture to produce steel of the desired specification and cast it into semi-finished products such as billet, slab and bloom;

**Stage 3** A downstream industry which processes the semi-finished products into finished steel products of the required type to match the purpose of application through various production processes such as hot rolling, cold rolling, and hot forging; and

**Stage 4** A forward linkage industry which uses the processed steel products, already passing the coating or finishing process, for other end-use industries such as construction, automobiles and parts, packaging, electrical appliances, furniture, shipbuilding, etc.

MILL emphasizes the standard quality of its products at all its steel bar and section steel plants, employing machinery that is the fine blend of high production technology and management system of the globally recognized European standard under Automation PLC Rolling Mill and Automation

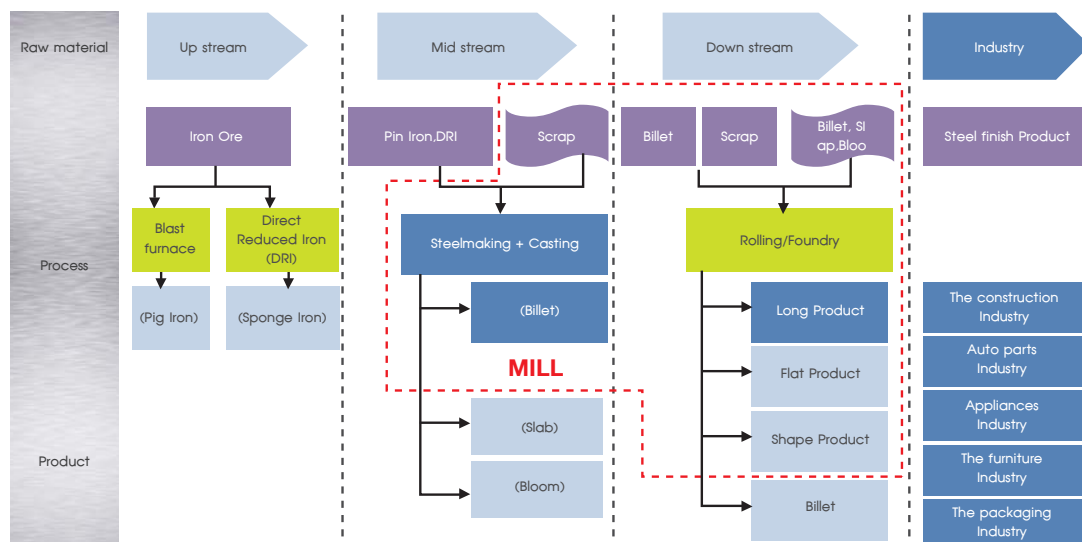
PLC Furnace. Its products undergo an intense and thorough quality control process at all manufacturing steps with respect to their mechanical properties, chemical composition and product specification so as to best meet customers' requirements, and have thereby obtained quality certification from UKAS GLOBAL in all aspects of management system standard such as quality (ISO 9001: 2008), environment (ISO 14001: 2004) and occupational health and safety (Environmental Management Systems: EMS). At the same time, its round bars and deformed bars have similarly been certified by domestic and international institutions such as Thai Industrial Standard (TIS), Thai Industrial Standards Institute (TISI), and Australian Authority Certification for Reinforcing Steel (ACRS). All its products are used as raw materials in linkage industries, such as foundation work, building construction, general construction, etc., as well as automobile and parts, furniture, and so on.





Furthermore, the Company Group has been expanding its businesses to Service business for Steel Product, running by Zentra-Watung Engineering a subsidiary. Providing Cut & Bend service, at same time, customers could order Steel Product which will be Cut and Bend or form in shape as ordered. This could save the time and costs, for example, Transportation Fee, Fraction of no-use steel, etc. Additionally, the subsidiary, also provide Maintenance Service, the idea is to establish the Company's Maintenance sector as an entity should help, both, in support the Company Group and expanding the business.

## Steel Industries



## Revenue Structure

A Major Source of revenue from sale and service is as follows:

Revenue structure of company breakdown (Financial Statement of Company)

Unit: Million Baht

Company	Business	Company Holding	2013		2012		2011	
			Value	%	Value	%	Value	%
Millcon Steel PCL.	Manufacturer and Distributor Steel Bar and Structural Steel	-	10,845	62.78	11,957	62.05	15,876	80.00
Millcon Burapa Co., Ltd.	Manufacturer and Distributor Billet	98.73	6,384	36.95	7,316	37.95	3,970	20.00
Zentra-Wartung Engineering Co.,Ltd.	- Engineering & Maintenance Service							
	- Cut & Bend Service	99.99	48	0.27	-	-	-	-
MILLCON (HK) Co., Ltd.	Acquisition TSSI's assets	100	-	-	-	-	-	-
Grand Total			17,277	100	19,273	100	19,846	100

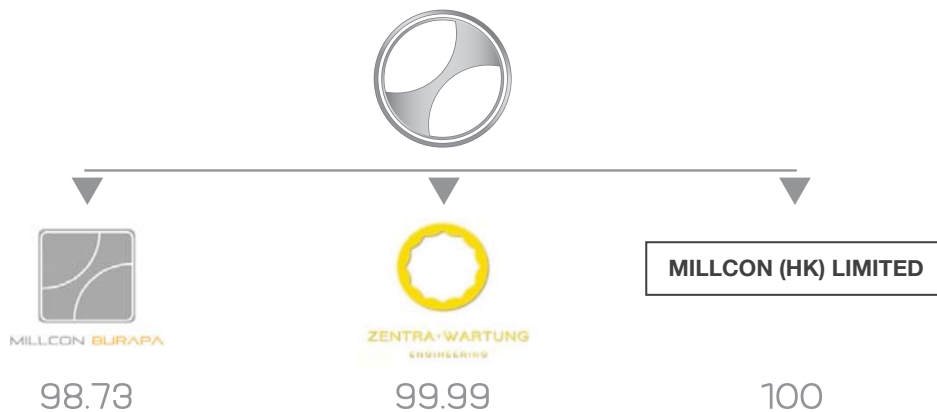
## Revenue by Product (Financial Statement of Consolidate)

Unit: Million Baht

Product	2013			2012			2011		
	Ton	Value	%	Ton	Value	%	Ton	Value	%
Steel Bar	436,369	8,755	63.40	386,890	8,426	51.20	353,700	7,800	52.12
Structural Steel	67,417	1,553	11.24	58,323	1,432	8.70	119,699	3,044	20.34
Billet	136,861	2,441	17.68	106,986	2,124	12.91	-	-	-
Raw Material	53,425	902	6.53	230,991	4,097	24.89	179,380	4,121	27.54
Other	4,062	46	0.33	504	10	0.06	N/A	0.40	0.00
Income from Service	18,045	114	0.82	55,699	368	2.24	-	0.32	0.00
Grand Total	716,179	13,811	100.00	839,393	16,457	100.00	652,779	14,966	100.00

## Shareholding Structure Group

As at December 31, 2013 the group structure of the Company is as follows:



## Nature of Business of the Company and Subsidiary

For main product of the Company can be classified five groups as follows.

- Steel Bar
- High Tensile Thread Steel Bar
- Rolled Steel
- Structural Steel
- Billet

### 1. Steel Bar

Group produces and distributes plain round steel bar in conformity to the industrial standards with a diameter of 6 - 40 mm. and a length of 10-12 m. at SR 24 quality, and deformed bar with a diameter of 10-63.5 mm. and a length of 10-12 m. at SD 30 SD 40 and SD 50 quality. Steel at each quality level is different in chemical and mechanical properties and has undergone both domestic and international quality standard certification, thus enabling applications for construction works with the specifications and quality as required by customers.

For reinforcing steel produced by the Group, which is major raw material for all types of concrete structure works, the types and sizes to be used depend on the design and structure of such construction works. The Group can serve all types of construction works with its diversified products from sophisticated machinery; hence responding to demand of customers at all levels.



In addition, the Group also produces thread deformed bar called One Bar as the latest innovation developed to remove steel joining problem. One Bar is generated through the hot rolling process with threading made along the entire length. Steel can splice with coupler because of such thread. This will better strengthen the steel joining than fastening or welding and reduce waste of steel texture during the process. One Bar can be used in substitution for deformed bar in general. However, it will help save time and cost of construction. The Group's deformed bar is offered in two quality levels, i.e. SD 40 and SD 50, and compliance with TIS 24-2548.

## 2. High Tensile Thread Steel Bar

The Group can produce high tensile thread steel bar according to the ASTM A 722 ISO 6934-5 for use in large construction works and geological constructions which require high tensile strength. These include construction of earthquake resistant buildings.

High tensile thread steel bar is the thread steel bar that splice with coupler the same as thread steel bar (One Bar) but it is specially produced to withstand weight and have high tensile strength suitable for large constructions that require high tensile strength than other construction in general such as electric train system, bridge, tunnel, deep sea port, dam, and others. At present, the Group is the sole local producer of high tensile thread steel bar which can achieve international standard.



## 3. Rolled Steel

Round bar is high quality steel produced through hot rolling and cold rolling processes. It may be round-shape, square-shape or flat round bar. It is used for the manufacturing of parts and spare parts of farm tools and machines, furniture, and automobile, etc. The product is classified into the following types:

3.1 Hot rolled round bar is generated through the hot rolling process and can be used as raw material to produce tool or machinery parts or turned into any forms as required. Hot rolled round bar can be produced in several shapes, i.e. round, square and flat. Its round bar has a diameter of 12 - 50 mm., square bar has the size of 0.500 inch, 0.625 inch and 0.750 inch, and flat bar is in rectangular shape with the sizes on customers' orders and the same quality and standards as the square bar.

3.2 Cold drawn round bar is the round bar cold drawn from hot rolled round bar aiming at reinforcing the bar and smoothening as well as glossing its surface so that it can be used as finished parts of tools or machines, threaded for use to fix machinery parts, or turned into other shapes as required.



#### 4. Structural Steel

The Company produces and distributes a variety of formed steel products, i.e. hot rolled coil (HRC), and cut steel of diversified sizes. Moreover, the Group also produces structural steel products that meet Thai industrial standard (TIS 1228-2549). Details are as below:

##### 4.1 Hot rolled coil (HRC)

The Group distributes HRC to steel wholesalers and steel plants for processing into such steel work parts as steel sheet, C - channel steel, strip and structural steel, etc. The HRC widely used is in sizes of 4 feet in width and 5 feet in width; and has varied thickness depending on the types of products to be produced by the customers.



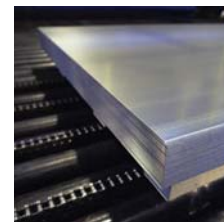
##### 4.2 Cut steel and structural steel

The Group provides steel cutting service on customer orders and produces structural steel using its efficient machinery line. There are five product types as follows:

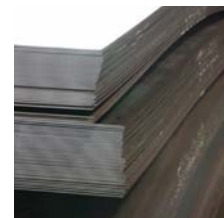
**4.2.1 Slitting coil:** The Group feeds HRC and has it stretched and cut by the slitting machine by the width specified by the customers. With the slitting finished, the HRC will be rolled back ready for distribution. The slitting machine can generate slitting coil with 50 mm. to 500 mm. in width. Customers mainly use slitting coil for further cutting or forming into other steel work parts and products such as C-channel steel, steel pipe, rail, etc



**4.2.2 Steel sheet:** The Group feeds HRC and has it cut into different width and length of sheet. The HRC is stretched and cut by the cutting machine to get the standard size and shape of steel sheet. The steel sheet so generated will have standard sizes: 4 x 8 feet, 5 x 10 feet and 5 x 20 feet, with thickness of 1.2-12.00 mm., 2.90-12.00 mm. and 2.90-12.00 mm. respectively. End-users of steel sheet are mainly steel processing plants including automobile plants, etc.



**4.2.3 Flat plate:** The HRC is cut into sizes and shapes as required by the customers. Flat plate so generated has standard length of 6 m. but diversified width range from 1 inch to 36 inch 44 mm. and 1100 mm., with thickness from 1.90 mm. to 6 mm. depending on customer requirement. It can be processed in diversified products, such as wire mesh, gate, etc., and also as raw material for automobile, furniture and parts manufacturing, etc.



**4.2.4 C-channel steel:** It is a product that looks like alphabet C and with different thickness and width. The product is generated from forming (produced by cold forming) process the slitting coil of the required size into C-shape. C-channel steel is mainly used in construction works, particularly roof structure. It is.



**4.2.5 Steel pipe:** The Group produces and distributes steel pipe, i.e. round, square and flat, for use as raw material in various industries, such as construction materials, furniture parts and automotive parts. They can also be applied to other types of industries depending on customer requirements. Round steel pipe produced has a diameter range of ½ inch-4 inches, thickness range of 1.2 mm.-3.25 mm., and standard length of 6 m. Its square pipe has the size in a range of 1 x 1 inch 4 x 4 inch, thickness range of 1.2 mm.-3 mm., and standard length of 6 m. Its flat pipe has the size in a range of 2 x 1 inch-2 x 6 inch and thickness range of 1.2 mm.-3 mm



## 5. Billet

This is a new line of business to produce billets for use as raw materials in the production of steel bars, deformed bars and other high quality steel products, both of general use grade for general construction and of special quality grade for linkage industries such as sling, welding wire, and automotive parts. The Company produces billets of standard sizes and shapes, with a dimension of 130 mm x 130 mm and 150 mm x 150 mm and a length as required by customers of 6 m. and 12 m



## Production Capacity

	Millcon Steel Plc. (MILL)	Millcon Burapa Co., Ltd. (MB)
Production capacity (tons/year)		
Round bars & deformed bars	550,000	-
Structural Steel	355,640	-
Billet	-	500,000
Total capacity	905,640	500,000



## Overview of Steel Industry



Steel is considered one of the country's key fundamental industries to support other related industries. Average domestic steel consumption is more than 10 million tons a year. Thailand also exports steel with ASEAN as its largest buyer and at the same times still has to rely on imports of semi-finished and finished products, including scraps.

The overall picture of steel situation in the year 2013, the construction parts have been supported from the approved construction project of government sectors i.e. electric train projects and the investment of private sectors i.e. housing and condominium estate projects that seem to be growth continuously, the effect of ongoing political crisis occurred in the late of year 2013 caused the diminished investment volume in government sectors.

## Production

The amount of iron and steel production in the year 2013 is approximate 6,844,962 metric tons has reduced by 2.50 percent compared to last year and when considering in each product, it was found that the product that has the most reduced production is steel wire products which reduced by 26.82 percent, flat steel products reduced by 2.82 percent and semi-finished steel products by 1.72 percent respectively which is a result of AD (Antidumping) market for high carbon wire rod products including mixed various substances on carbon wire rod products originating from China. From the above reason, steel manufacturers in Thailand reduced the production ratio since they were not able to compete on the prices. However, the Ministry of Commerce has launched the improvement on import duty at higher rate against importer and help domestic manufacturers whereas long products has increased by 3.91 percent from the expansion mainly in construction parts derived from government sectors and private sectors as aforementioned shown in the table 1.

## Domestic Use

The usage amount of iron and steel in the country in the year 2013 was around 17,698,187 metric tons which has been increased by 4.64 percent compared to last year. It was from the domestic demand in long products has increased by 5.06 percent due to the infrastructural construction of government sector i.e. electric train projects and the expansion of real estate sectors. For the acquisition of flat products has increased by 4.42 percent due to the expansion of car industries in the beginning of the year as details shown in the table 1.



Figure 1 : Production and Consumption Volume of Major Iron and Steel in 2013 Compared with 2012

(Unit: tons)

Product	Production			Consumption		
	2013	2012	Changes (%)	2013	2012	Changes (%)
Long Product Steel	3,958,982	4,050,519	-2.26%	5,928,286	5,642,605	5.06%
- Steel Bar	3,364,090	3,237,641	3.91%	3,622,098	3,440,132	5.29%
- Wire Rod	594,892	812,878	-26.82%	1,986,497	1,871,401	6.15%
Flat Product Steel	2,885,980	2,969,854	-2.82%	11,769,900	11,271,279	4.42%
Semi-Finish Product	3,578,748	3,641,337	-1.72%	7,213,495	7,518,981	-4.06%
- Billet, Slab	3,578,748	3,641,337	-1.72%	7,234,549	7,580,544	-4.56%
<b>Total</b>	<b>6,844,962</b>	<b>7,020,374</b>	<b>-2.50%</b>	<b>17,698,187</b>	<b>16,913,884</b>	<b>4.64%</b>

## Import-Export

Import: The import value and amount of iron and steel of the year 2013 were around 12,248,790 metric tons which has been increased by 8.46 percent compared to last year, other semi-finished products that have the highest increased volume by 50.34 percent, are special grade steel which is used in the related industries i.e. automobile and parts industries. Meanwhile the increased volumes of long products were by 18.04 percent and flat products by 5.76 percent with the demand in commercial grade and able to manufacture in the country which the increasing was from the expansion of construction industries as details shown in the table 2.



Figure 2 : Import Volume of Major Iron and Steel In 2013 compared with 2012

Product	2013	2012	Changes	Import Markets
	(Tons)	(Tons)	(%)	
Long Product Finished Steel	2,930,456	2,482,572	18.04%	
- Steel Bar	817,925	690,071	18.53%	China, Japan, Korea, Taiwan, India
- HR Section	120,220	110,913	8.39%	Japan, China, Taiwan, Korea, Luxembourg
- Wire Rod	1,410,424	1,093,415	28.99%	China, Japan, Taiwan, Korea, India
- Other Long Product Steel	581,887	588,175	-1.07%	
Flat Product Finished Steel	9,318,334	8,810,919	5.76%	
- HR plate	251,779	227,216	10.81%	Japan, Korea, China, Taiwan, China
- HR sheet	4,678,887	4,333,409	7.97%	Japan, Korea, India, Taiwan, China
- Other Flat Product Steel	4,387,668	4,250,294	3.23%	
Semi-Finish Product	3,683,740	3,990,850	-7.70%	
- Billet	943,872	1,094,910	-13.79%	Russian Federation, China, Ukraine, Brazil, Turkey
- Slab	2,416,554	2,680,880	-9.86%	United Kingdom, Japan, Korea, Saudi Arabia, India
- Other Semi-Finish Product	323,314	215,060	50.34%	Russian Federation, Japan, Mexico, Vietnam, Ukraine
Total	12,248,790	11,293,491	8.46%	

## Export

The export volume and amount of iron and steel of the year 2013 were approximate 1,395,566 metric tons which had been decreased by 0.32 percent. Export products which decreased in volume and the most when comparing with the same period of the last year were semi-finished products which had decreased by 56.72 percent. The product with the most increasing in export volume comparing with the same period of the last year is hot-rolled products i.e. hot-rolled sheet and steel bar that increased by 51.85 and 31.59 percent respectively. The diminishing of global economic situation and the steel consumption is a result of the declining on exportation ratio which makes Thailand who is normally not a country that emphasizes on exporting iron and steel products to have even lower in export volume as details shown in the table 3.



Figure 3 : Export Volume of Major Iron and Steel In 2013 compared with 2012

Products	2013	2012	Changes	Export Markets
	(Tons)	(Tons)	(%)	
Long Product Finished Steel	961,152	890,487	7.94%	
- Steel Bar	256,419	194,865	31.59%	Lao, Myanmar, Australia, Cambodia, India
- HR Section	423,718	403,628	4.98%	Malaysia, Singapore, Australia, Hong Kong, South Africa
- Wire Rod	18,819	34,892	-46.07%	Indonesia, Lao, Pakistan, Vietnam, Myanmar
- Other Long Product Steel	262,196	257,102	1.98%	
Flat Product Finished Steel	434,414	509,494	-14.74%	
- HR plate	5,128	14,952	-65.70%	Australia, Lao Republic, Myanmar, Vietnam, Malaysia
- HR sheet	36,070	23,754	51.85%	Indonesia, Saudi Arabia, Singapore, Lao, Korea
- Other Flat Product Steel	393,216	470,788	-16.48%	
Semi-Finish Product	48,993	113,206	-56.72%	
- Billet	128	9,928	-98.71%	Myanmar
- Slab	4	5	-20.00%	Hong Kong, Lao Republic, Haiti, Bangladesh, Malaysia
- Other Semi-Finish Product	48,861	103,273	-52.69%	Philippines, Lao Republic, Myanmar, Cambodia, Japan
Total	1,395,566	1,399,981	-0.32%	

Source table 1, 2 and 3 : Thailand Iron and Steel Institute

It is thus evident that in the whole supply chain of steel, there is business matching from the raw material stage through to the end-user stage in either the steel or the related industries and in domestic and international trade. In the past, business matching emerged primarily from steel producers' attempts to secure raw materials of their desirable quality and quantity, as well as a market for their products. In today's globalization environment, however, business is no longer limited within a country, but has become borderless through either regional trade blocs or bilateral and multilateral trade agreements such as the execution of FTA between countries or regions with a view to negotiating for the optimum benefit or protecting their own trade. Among them, one of the crucial trade blocs for Thailand is the upcoming advent of the ASEAN Economic Community (AEC) in 2015. Steel industry must inevitably enter the globalization era because it is one of the items designated in several trade agreements executed by Thailand with other countries, thereby helping to broaden an international trade arena, yet simultaneously aggravating risk from dumping by countries having competitive edge and lower cost. Thai players must therefore adjust themselves by seriously focusing on productivity throughout the supply chain, ranging from raw materials to markets, in order to enhance their international competitiveness.



## Iron and Steel Industry Outlook for 2014



The trend of Iron and steel industries situation of the year 2014 according to Macroeconomic strategy and Planning Office has anticipated Thailand's economy will grow around 3.0 to 4.0 percent as consequences from the expansion of exporting, tourism, expenditure of government and private sectors, though the domestic demand will expand lower than expected because of the limitation in the investment of government sectors and political problems toward the touristic industries. However, there is a good signal of economic growth gradually even the global economic status still stable. The economy in US, EU group and Japan are expected to expand gradually and also having expansion continuously in China and East Asia economic in the meantime.

Considering the Australia economics and Resources office's overall information in trend of Steel industries, inform that world demand and production quantity in steel products slightly expanding compared to the previous year particularly, in China which has a long suffered or this factor including with the campaign to reduce energy consumption and decrease industrial pollution. This is a result of the difficulty in production, though the trend of consumption is expanded from the related industries i.e. construction and automobile industries which is a great supporter for the steel industries.

## Operational Plan for 2014



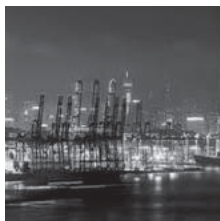
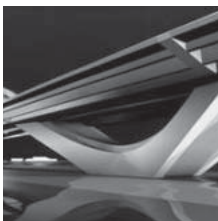
The direction of business operating of MILLCON's group in the year 2014 has been set by the executive committee to follow up with the situation to be assessed through the combination of factors that may affected to the business both in internal and external factors i.e. the preparation for political situation in the country to keep going on operating the business under the uncertainty situation by prepared the readiness of working location, personnel, information system and others or even the reduction of the risk on raw material price fluctuation by produced billet as a reserved raw materials for both in common quality level and special quality level which deems to be a core factor for steel bar, deformed bar and billet manufacturers in order to fulfill long shape steel manufacturers both in domestic and international. Moreover, we have planned to be flexible on manufacturing process including developing new innovation to meet with the end users' demand and high quality steel manufacturers. This is also a result of the reduction of risk on transportation factor and cost in manufacturing process which leads to expand the customers market from construction industry to other linkage industries of automobile, electric appliances, furniture and packaging by delivering the quality products at the competitive fair value to customers on time in order to support their cost management and reduce the risk from transportation if they have to import steel from other countries with higher price and may suffer with the change in exchange rate and the delay.





Except the aforementioned above, the MILLCON's group will focus on customers' service more which may lead to provide in other kind services i.e. steel cutting and bending with high technology machinery controlled by computer accuracy system which we are able to provide the service as made to order to customers promptly.

The group Companies, therefore, have strongly confident with our executive committee's policy on efficient risk management including appropriate inventory and cost control system and our plan of seeking new markets in order to enhance competitiveness and will altogether help to boost up the group's business good performance and sustainable in the midst of highly competitive circumstance, thereby creating benefits to the group and shareholders.



# Risk Management



Regarding to the arising risks over the last several years, Millcon Steel PCL's group have been developed the structure of risk management. Under this establishing in company's policy, this enables to manage and mitigate the risks by accordingly monitoring. Furthermore, the company and its group members have been held the meeting in each month. The risk management committee consists of knowledgeable people from various areas in our organization to create the measurements to control and mitigate all risks deliberately. To accept the control and manage risk for our group, this will use as approach of risk management to reach the objective efficiently.

## 1) Business Risk

### 1.1 Marketing Risk:

Thai Steel industries face the highest risk from the fluctuation on demand and seasonal price, which is the main effect for considering in this business. However, the Company has improved its production efficiency and developed its products for higher value added and product differentiation. For example, in addition to thread steel bar, high tensile thread steel bar is developed and produced to serve constructions that need special tensile strength such as mass transit electric train system, bridge, tunnel, deep-sea port, dam, etc. At present, MILL is the sole domestic producer of high tensile thread steel bar with product quality certification by several global institutions. This has enabled the Company to better compete with its peers and mitigate demand fluctuation risk. It can even expand its market overseas where such special steel product is required for construction works.

In addition, the Company is committed to developing its product range to respond to the needs of customers in more diversified industries, especially linkage industries that have high growth potential. Upon the completion of the implementation of the Green MILL Project which employs world class production technology, MILL will be the sole producer in Southeast Asia that can produce special grade steel of smooth surface which is of high demand among automobile producers. This will help drive the Company toward being part of the automobile and other related industries that require steel of special grade, and at the same time diversify its risk of dependence only on construction industry as the target customer.

## 2) Risk in Raw Material Procurement

### 2.1 Risk from uncertainty in raw material procurement

In the production of billet which is the raw material for production of steel bar and deformed steel, the Company may face risk of longer duration of time for procurement of raw material, i.e. steel scrap, for electric arc furnace (EAF) and inconsistency of the scrap so procured. The Company has minimized such risk by collaborating with business alliances including both direct suppliers which are large local distributors of steel scrap and suppliers of imported scrap, and also by recycling steel scrap which is by-product from its steel production into the EAF. Moreover, the Company has laid down prudent and definite production and raw material procurement plans, and created and managed relationship with steel scrap suppliers to ensure that there are sufficient raw material supplies for the production.

### 2.2 Risk from fluctuation of raw material prices

Formerly MILL Group has to rely on imports for its raw material procurement to serve the steel production. They have thus risked facing raw material price fluctuations in line with global market mechanism; hence impact on raw material cost in production of steel bar and deformed steel. However, by the end of 2011, when the Group will be able to produce such primary raw material as billet upon the successful implementation of the Green MILL Project, the Company will be able to reduce its exposure to raw material price fluctuations.

## 3) Financial Risk

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain exposures.

### 3.1 Financial risk

In its financial operations, the Company has worked out risk management plan with focus on mitigating risk from fluctuations of financial market and seeking ways to relieve any possible impact on its financial operations to the least possible. It has applied such derivatives as forward foreign exchange contracts, interest rate swap contracts and other financial tools which are in large diversity,

as well as such other measures as adopting policy of selling products and services only to customers with good creditability and setting proper credit limits for each of the customers, diversifying sources of funds to ensure adequate liquidity to serve operations, and having borrowing lines to serve future investments, to prevent any possible financial risk.

### 3.2 Interest Rate Risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. All interest rate derivative transactions are subject to approval by the Finance Director before execution. The Group has no significant interest-bearing assets. The Group hedges the interest rate exposure by using financial instruments such as foreign currency and interest rate forward contracts.

### 3.3 Credit Risk

The Group has no significant concentrations of credit risks. The Group has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. Derivative counterparties and cash transactions are limited to high credit quality financial institutions. The Group has policies to limit the amount of credit exposure to each financial institution.

### 3.4 Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

## 4) Other Risk

### 4.1 Environmental risk

In view of environmental risk or risk associated with work environment, the Company may be exposed to danger related to manufacturing process. It has thus relieved such risk and stepped up safety for staff by enforcing the use of Personal Protective Equipment (PPE). There is medical check-up provided for staff and people in the community. It has also disseminated knowledge to people in the community nearby the factory for them to understand and be aware of how to protect themselves from surrounding dangers.

Moreover, the Group has carried out Health Impact Assessment (HIA) regarding any incidents arisen and possible incidents as one of the major issues of its Corporate Social Responsibility commitments and under the ISO and IPPC certification. It has installed the Fume Treatment Plant and Quenching Tower to relieve any environmental impact on the community

# Shareholding Structure and Management



## Securities of the Company

As at 31 December 2013, the Company's registered capital was at Baht 1,839,684,267.20 of which Baht 825,013,704 has been paid up. The paid-up capital comprises 1,682,005,065 ordinary shares and 380,592,195 preferred shares total of share 2,062,534,260 shares with a par value of Baht 0.40 per share.

## Shareholders

Major shareholders	Shares			%
	Ordinary shares	Preferred shares	Total	
1. Mr.Sittichai Leeswadtrakul	449,315,526	-	449,315,526	21.78
2. Industrielle Beteiligung (Thailand) Co.,Ltd	51,291,666	168,543,923	219,835,589	10.66
3. Thailand Prosperity Fund II	122,000,000	-	122,000,000	5.92
4. Aero Sun Investments Limited	-	113,740,465	113,740,465	5.51
5. The Hongkong And Shanghai Banking Corporation, Singapore Brach	110,793,968	-	110,793,968	5.37
6. Danieli Co.,Ltd.	58,483,800	-	58,483,800	2.84
7. Advance Metal Fabrication Co.,Ltd.	55,000,000	-	55,000,000	2.67
8. Mr. Suchart Boonbanjerdri	50,000,000	-	50,000,000	2.42
9. Ms. Suttirat Leeswadtrakul	28,716,275	19,704,433	48,420,708	2.35
10. Ms. Tanika Tangpoonphonviwat	43,909,000	-	43,909,000	2.13
11. Others	712,494,830	78,540,374	791,035,204	38.35
Grand Total	1,682,005,065	380,592,195	2,062,534,260	100.00

## Dividend Payment Policy

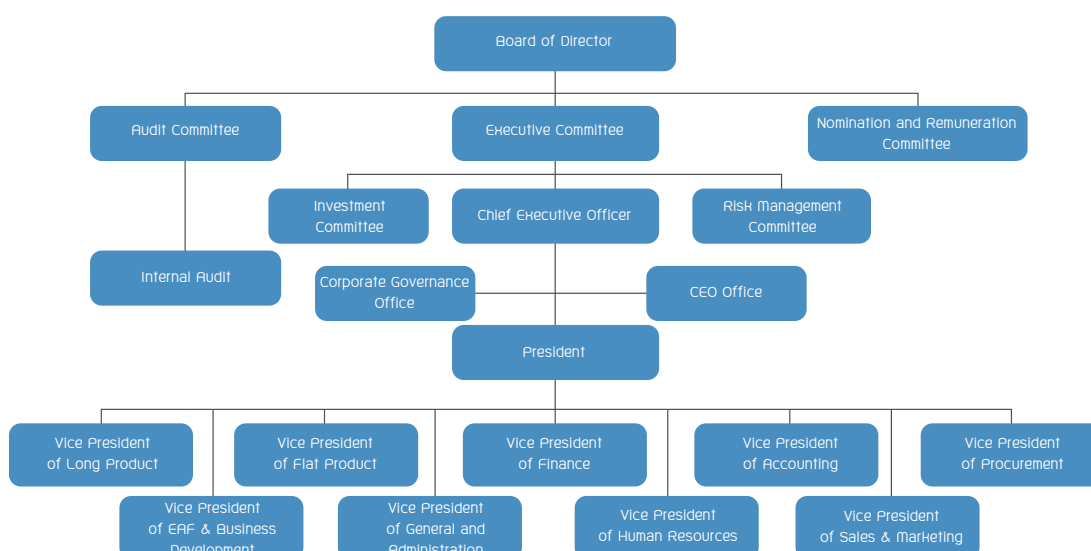
The Company has a policy to pay dividend to ordinary shareholders at the rate of at least 40% of net profit after corporate income tax according to company-only financial statements and after legal reserve and other accumulated amount as prescribed by the Company. Such dividend payment may change depending on the Company's financial status, operating results, investment plan, necessity and appropriateness in the future as deemed appropriate by the Board of Directors and/or shareholders of the Company.

In addition, pursuant to the resolution of the Board meeting, the Company was approved to issue preferred shares Type A, Type B and Type C. Rights and status of the preferred shares preferred shares Type A, Type B and Type C in relation to dividend payment shall be as below:

"In any year when the Company has profit after legal reserve and other reserves as deemed necessary, and in case where there is no accumulated loss, the Company shall pay dividend to preferred shareholders. Preferred shareholders have the right to receive accumulated dividend out of the Company's profit at the rate of five (5) percent per year of the investment amount duly paid by the shareholders on each of the preferred share held ("preferred dividend"). Preferred dividend shall rank in priority order to dividend entitled to by ordinary shareholders."

## Management Structure

As of December 31, 2013, the Company's management structure was composed of the Board of Directors and five board committees, namely, Audit Committee, Executive Committee, Nomination and Remuneration Committee, Investment Committee, and Risk Management Committee, including the management team, details of which are shown in the diagram below:



MILL's management structure is composed of Board of Directors, and four Board or supporting committees, namely (A) Board of Directors (B) Audit Committee (C) Nomination and Remuneration Committee (D) Executive Committee, (E) Risk Management Committee and (F) Investment Committee. The members of these committees are competent persons with full qualifications pursuant to Section 68 of the Public Companies Act, B.E. 2 535 (1992) and the Securities and Exchange Commission Notification No. Kor.Jor. 12 / 2000 regarding application for and permission of offering of newly issued shares dated March 22, 2000 in all respects. Scope of authority and duties and responsibilities of each Board committee are as follows

#### (A) Board of Directors

MILL's Board of Directors is currently composed of nine directors. Of the total, five are non-executives and four of whom are independent directors, and four are executives. This aims at ensuring efficient performance of duties. The Board meets at least four times a year, for each of which clear meeting agenda are set and details supporting the matters on the agenda are sent to the Board members in advance for their prior study. Consideration of each matter on the agenda is made taking into account the interests of the shareholders and concerned parties on a fair basis. Directors are allowed to express opinions independently. Chairman of the meeting is in charge of controlling allocation of time properly for each matter.

Member of the Board of Directors		
1. Prof.Emeritus.Dr.Wissanu	Krea-Ngam	Chairman of the Board / Independent
2. Pol.Gen.Soonporn	Saikwan	Vice Chairman of the Board / Independent
3. Assoc.Prof.Dr.Yannakorn	Warakunruk	Director / Independent
4. Mr. Pratana	Bongkojmas	Director / Independent
5. Mr. Apivut	Thongkam	Director / Independent
6. Mr. Sakchai	Tanaboonchai	Director / Independent
7. Mr. Sittichai	Leeswadtrakul	Director who are authorized signatories of the company
8. Ms. Suttirat	Leeswadtrakul	Director who are authorized signatories of the company
9. Mrs. Phatnaree	Thitiariyakul	Director who are authorized signatories of the company
10. Mrs. Duangkamol	Sukmueng	Director who are authorized signatories of the company
11. Mr. Kasem	Juntaboon	Director
12. Mrs. Roslyne	Amornvivat	Director

*With Ms. Jureerat Lapanavanich as Secretary to the Board of Directors.*

Directors authorized to sign and bind the Company Directors authorized to sign and bind on behalf of the Company:

Mr. Sittichai Leeswadtrakul or Ms. Suttirat Leeswadtrakul is authorized to sign jointly with Mrs. Pirom Sawpayon or Mrs. Duangkamol Sukmueng, with the Company seal affixed



### Term of office of members of the Board of Directors

At each annual general meeting of shareholders, one-third of the total directors are due to retire by rotation. If the number of directors cannot be divided by three, the closest number to one-third shall apply. The directors who are in office the longest shall retire. The retiring directors may be re-elected to be in office for another term.

Selection of qualified persons as directors shall be made from among the competent persons with diversified background and expertise, leadership and vision, adherence to code of ethics and morality, and having transparent and flawless professional track records, as well as being able to give comments and opinions independently.

### Scope of authority and duties and responsibilities of the Board of Directors

1. The Board has the power to administer the Company pursuant to the laws, and the Company's objectives, articles of association and shareholders' meeting resolutions with integrity, honesty and due regards of the interests of the Company.
2. The Board has the duty to set the Company's business targets, framework, policies, plans and budget, monitor and supervise the operations of the management or any persons as may be assigned to ensure their performance in accordance with the policies set forth by the Board.
3. The Board has the power to examine, consider and approve the policies, guidelines and action plans of the Company's large investment projects as proposed by the supporting committees and/or the management.
4. The Board has the power to appoint, assign or instruct the supporting committees or any working committees to consider or take action in any issues as may be deemed proper by the Board.
5. The Board has the power to follow up or monitor the business operations to be in line with the Company's operational plans and budget.
6. The Board has the duty to monitor and ensure that the Company has efficient internal control and audit systems in place, with the internal audit work unit designated to follow up and compile information thereon as well as coordinate with the Audit Committee.
7. The Board has the power to consider and approve any issues deemed necessary and related to the Company, or deemed proper for the interests of the Company

### (B) Audit Committee

Audit committee consists of 3 members as following

Member of Audit committee		
1.	Assoc. Prof. Dr. Yannakorn Warakunruk	Chairman of Audit Committee
2.	Mr. Apivut Thongkam	Audit Committee Member
3.	Mr. Pratana Bongkojmas	Audit Committee Member

*With Mr. Rachen Vittayabumrung as Secretary to the Board of Audit Committee*

### Scope of authority and duties and responsibilities of the Audit Committee

1. Review the Company's financial reports to ensure accuracy and adequacy, by coordinating with the external auditor and the executive in charge of preparing financial reports, both quarterly and yearly. The Audit Committee may suggest or recommend that the auditor review or examine any particular issues considered necessary and essential in the course of the auditing of the Company.
2. Review and ensure in collaboration with the external auditor and the internal auditors that the Company has proper and efficient internal control and audit systems in place.
3. Review and ensure that the Company operates and performs in compliance with the laws on securities and securities exchange, regulations of the Stock Exchange of Thailand, or any laws relevant to the business of the Company.
4. Select and propose the appointment of the auditor for the Company and the fixing of audit fee, based on the criteria of the reliability, sufficiency of resources and audit volume of the audit firm, as well as the experience of the personnel assigned to do the auditing of the Company.
5. Consider the Company's disclosure of information in case of a connected transaction or a transaction that may have conflict of interests to ensure accuracy and completeness, and give opinions as to the necessity and the reasonableness of the transaction.
6. Perform any other function as may be assigned by the Board of Directors and with consent of the Audit Committee.
7. Prepare and disclose the report of the Audit Committee in the Company's Annual Report.
8. Report the operations of the Audit Committee to the Board for acknowledgment at least once a year.
9. Have power to examine and investigate as deemed necessary any issues as well as seek independent opinions from professional advisors as deemed proper with the expenses on which to be borne by the Company to ensure the achievement of the performance of duties.

### (C) Nomination and Remuneration Committee

Nomination and Remuneration Committee consists of 4 members as following

Member of Nomination and remuneration Committee		
1.	Assoc. Prof. Dr. Yannakorn Warakunruk	Chairman of the Nomination and Remuneration Committee
2.	Mr. Pratana Bongkojmas	Nomination and Remuneration Committee
3.	Mrs. Phatnaree Thitiariyakul	Nomination and Remuneration Committee
4.	Mrs. Duangkamol Sukmueng	Nomination and Remuneration Committee

*With Mr. Kasem Janthaboon as Secretary to the Nomination and Remuneration Committee*

### Term of office of members of Nomination and Remuneration Committee

Term of office of Committee members is three years. Upon the completion of the term of office, the vacating members may be reappointed to be in office for another term.

## Scope of Authority and Duties and Responsibilities of Board of Directors / Supporting Committees

Provide recommendation to the Board in selection of qualified persons for appointment as members of the Committee and in determination of remuneration for directors for proposal to the shareholders' meeting for approval, and also provide recommendation to the Board in appointment of top executives and take charge of determining remuneration including fringe benefits for top executives of the Company and its subsidiaries, as well as perform other duties as may be assigned by the Board.

Board and committee meetings are held regularly. In 2013, the Company convened 13 meetings of the Board of Directors, 13 meetings of the Audit Committee, 4 meetings of the Nomination and Remuneration Committee, and two shareholders' meetings, being one annual general meeting and one extraordinary general meeting, details of which are as follows:

### Statistics of attendance of the various committees

List	Director Name	The Board of Directors Meetings	Audit Committee meetings	Nomination and Remuneration Committee meetings	Shareholders Meeting	
		(12 persons) Meeting by a total 13 times	(3 persons) Meeting by a total 13 times	(4 persons) Meeting by a total 4 times	Attendance of AGM	Attendance of EGM
1	Prof. Emeritus. Dr. Wissanu Krea-Ngam	7/13*	-	-	-*	
2	Pol. Gen. Soonthorn Saikwan	12/13	-	-	1/1	
3	Assoc. Prof. Dr. Yannakorn Warakunruk	13/13	13/13	4/4	1/1	
4	Mr. Pratana Bongkojmas	13/13	13/13	4/4	1/1	
5	Mr. Apivut Thongkam	6/13**	8/13**	-	-*	
6	Mr. Sakchai Tanaboonchai	7/13*	-	-	-*	
7	Mr. Sittichai Leeswadtrakul	13/13	-	-	1/1	
8	Ms. Suttirat Leeswadtrakul	12/13	-	-	1/1	
9	Mrs. Phatnaree Thitiariyakul	13/13	-	4/4	1/1	
10	Mrs. Duangkamol Sukmueng	12/13	-	3/4	1/1	
11	Mr. Kasem Juntaboon	7/13*	-	-	-*	
12	Mrs. Roslyne Amornvivat	11/13	-	-	1/1	

#### Note.

\* In year 2013, according to the Meeting of the Shareholders 1/2013 held on May 21, 2013, had approved and appointed 3 Directors and Independent Director, as following names, causing that they did not attended any Board of Director meeting and Shareholders meeting held before appointment.

1. Professor Emeritus Wissanu Krea-Ngam Chairman of the Board of Director and Independent Director
2. Mr. Sakchai Tanaboonchai Director and Independent Director
3. Mr. Kasem Juntaboon Director

\*\* In year 2013, according to meeting of the Board of Director 5/2013 held on April 22, 2013, had approved and appointed Mr. Apivut Thongkam to be a(n) Director, Independent Director, and Audit Committee due to Mr. Veerawut Supagij's resignation. He did not attend any Board of Director meeting and Shareholders Meeting held before the appointment.

### Company secretary

According to the Meeting of the Board of Director 6/2008 held on August 14,2008 had approved and appointed Ms. Jureerat Lapanavanich to be a company secretary whose responsibilities as follows:

1. Prepare and keep following documents:
  - (a) Director Register
  - (b) A Board of Directors' Meeting Invitation and Report
  - (c) A Shareholders' meeting Invitation and Report
2. Keep Self Declaration (report of stakeholder) of Directors or Managers (Secretary should delivery copies of Declaration to Chairman of the Board of Directors and Chairman of Audit Committee within 7 days after acknowledged the Declaration)
3. Act in according to the Securities and Exchange Commission Announcement.

### (D) Executive Committee

Executive Committee consists of 7 members as following

Member of Executive Committee		
1. Mr. Sittichai	Leeswadtrakul	Chairman of Executive Committee
2. Ms. Suttirat	Leeswadtrakul	Committee Member
3. Mrs. Phatnaree	Thitiariyakul	Committee Member
4. Mrs. Nathaphat	Thianpratheap	Committee Member
5. Mrs. Duangkamol	Sukmueng	Committee Member
6. Mr. Taveechai	Kittichanajaroen	Committee Member
7. Ms. Jureerat	Lapanavanich	Committee Member

### Scope of authority and duties and responsibilities of the Executive Committee

1. Consider and endorse the allocation of annual budget as proposed by the management before submitting to the Board for approval, and consider and approve the change in or addition to the annual expenditure budget during the period when no Board meeting is held and such case is considered urgent and submit it for the upcoming Board meeting's acknowledgment.
2. Approve the purchase or sale of goods that are in the normal course of business operations of the Company in the amount up to Baht 500 million.
3. Approve the amount for the purchase of assets in the manner of investment in the normal course of business operations of the Company other than that indicated in the annual budget up to Baht 20 million.
4. Approve the amount for the significant investment duly earmarked in the annual expenditure budget as assigned by the Board or as earlier resolved and approved in principle by the Board.

5. Perform as the advisory body to the management in the matters relating to policies on finance, investment, marketing, general administration and other aspects of operations.
6. Allocate bonus under the framework approved by the Board to the employees or contract employees or any persons performing duty for the business of the Company.
7. Monitor and supervise the day-to-day operations or administration of the Company, excluding the approval of any transactions that may have conflict of interest or those in which the Committee members or the related persons thereof have vested interests in the manner contradictory to the Company or subsidiary (if any) in compliance with the regulations of the Stock Exchange of Thailand, subject to the submission to the Board meeting and/or the shareholders' meeting for consideration and approval thereof as prescribed by the Company's articles of association or the relevant laws.

### Executive Manager

At December 31, 2013, the Company's executive manager as follows:

Executive Manager		Position
1. Mr. Sittichai	Leeswadtrakul	President
2. Ms. Suttirat	Leeswadtrakul	Vice President of Finance
3. Mrs. Phatnaree	Thitiariyakul	Vice President of Accounting
4. Mrs. Nantaphat	Thianprateep	Vice President of Procurement
5. Mrs. Duangkamol	Sukmueng	Vice President of General and Administration
6. Ms. Jureerat	Lapanavanich	Head of CEO Office
7. Mr. Kasem	Juntaboon	Vice President of Human Resource
8. Mr. Virat	Keawbangkaphom	Vice President of Long Product
9. Mr. Taveechai	Kittichanajaroen	Vice President of Flat Product
10. Mr. Puchong	Jungwilikasem	Vice President of EAF and Business Development
11. Mr. Theerayuth	Lertsirarungsun	Vice President of Sales and Marketing

### Scope and Power of President

1. Control and advice in operating and management business.
2. Conduct and operate pursuant to the Company's policy and budget plan, approved by the meeting of the Board of Directors.
3. Operate the business pursuant to objectives, policy, regulation, agreement, order, and resolution of Board of Directors Meeting and/or of Shareholders Meeting.
4. Order, regulate or announce for the purpose of pursuant policy and interest of the Company and to maintain discipline of organization
5. Review and estimate operation results of the Company to be prepared and manage any risk occurred by any factor.

6. Approve any act relating to the Company's business, including, buy and sell contract, procurement a material for production, operation cost relating business, investment, supplying and providing of equipment, asset, and services, or authorize other person to act for the profit of the Company, provided that the approve and authorize is under limit, set by the Company.
7. Act or represent as representative of the Company to third person, necessarily of operating the business.
8. Operate any duty assigned by the Board of Directors.

In case the power of an executive committee conflicts with interest of the Company, as stated in regulation and announcement of Stock and Exchange Commission or Stock Exchange of Thailand, that executive committee shall not has the power or right to vote or to assign a person in any act doing relating to the conflict. To do the conflicting acts, shall be approved, with prior approval of Audit Committee, by the Board of Directors or the Shareholder's Meeting, according to the Laws and the regulation of the Company.

## (E) Risk Management Committee

Risk management Committee consists of 5 members as following

Member of Risk Management Committee		
1. Mr. Sittichai	Leeswadtrakul	Chairman of Risk Management Committee
2. Ms. Suttirat	Leeswadtrakul	Committee Member
3. Mrs. Phatnaree	Thitiariyakul	Committee Member
4. Mrs. Nathaphat	Thianpratheap	Committee Member
5. Ms. Jureerat	Lapanavanich	Committee Member

*With Ms. Sukritta Potiprasart as Secretary to the Risk Management Committee*

## Scope of authority and duties and responsibilities of the Risk Management Committee

1. Map out policy to consider overall risk management issues, involving risks of such significant perspectives as financial risk, operational risk, business risk, external risk, etc.
2. Monitor, control, follow up and assess the operations in order to review and develop risk management system to ensure efficiency in assessing possible risks that may impact the Company's business operations, covering both internal and external risks.
3. Report the operations of the Risk Management Committee to the Board.
4. Perform other functions as may be assigned by the Board.

## (F) Investment Committee

Investment Committee consists of 3 members as following

Member of Investment Committee		
1. Mrs. Phatnaree	Thitiariyakul	Committee Member
2. Mrs. Duangkamol	Sukmueng	Committee Member
3. Ms. Sukritta	Potiprasart	Committee Member

*With Ms. Sukritta Potiprasart as Secretary to the Investment Committee*

## Scope of authority and duties and responsibilities of the Investment Committee

1. Determine the Company's investment policy, guidelines and scope, and monitor and supervise its investment activities to be in line with the policy, guidelines and scope set forth.
2. Follow up to ensure the investment activities comply with the regulatory criteria and regulations.
3. Assess investment risks.
4. Perform other functions as may be assigned by the Board.
5. Report the results of operations, rectifications and recommendations to the Board for acknowledgment

## Remuneration for Board Members and Executives

### (A) Cash Remuneration

The Company has a policy to remunerate the directors and the management on a fair and reasonable basis and in tandem with their roles and duties. In 2013, remuneration for the twelve board members totaled Baht 21.84 million, divided into 1) Baht 2.16 million for independent directors and non-executive directors and 2) Baht 19.68 million for executive directors, and remuneration for 11 managers was Baht 31.00 million, as follows:



Position	Type of Remuneration	Amount (Baht Million)
Chairman of the Board and Independent Director	Remuneration and Meeting Fee	0.48
Vice Chairman of the Board and Independent Director	Remuneration and Meeting Fee	0.38
Director, Chairman of Audit Committee, Chairman of Nomination and Remuneration Committee and Independent Director	Remuneration and Meeting Fee	0.36
Director, Audit Committee Member, Nomination and Remuneration Committee member and Independent Director	Remuneration and Meeting Fee	0.32
Director, Audit Committee Member and Independent Director	Remuneration and Meeting Fee	0.23
Director and Independent Director	Remuneration and Meeting Fee	0.14
Director	Remuneration and Meeting Fee	0.25
<b>Total Non-Executive Director 7 Persons</b>	<b>Remuneration and Meeting Fee</b>	<b>2.16</b>
Executive Director 5 Persons	Remuneration, rewards, Provident Fund subsidy, EJP subsidy, Social Security Fund, and other welfare in cash.	19.68
<b>Total Director 12 Persons</b>	<b>Cash Remuneration</b>	<b>21.84</b>
Total 11 Executives	Remuneration, rewards, Provident Fund subsidy, EJP subsidy, Social Security Fund, and other welfare in cash	31.00
<b>Total remuneration for directors and executives</b>		<b>33.16</b>

## (B) Other Remuneration

MILL's Extraordinary General Meeting of Shareholders No. 1 /2008 on October 9, 2 008 resolved for the Company to issue and allocate warrant to buy ordinary shares to its directors and employees in a total number of 5,000,000 units. The warrant would not be listed on the Stock Exchange of Thailand. The Warrant will be expired on February 24, 2014. This warrant issuance and offering has been aimed at rewarding and motivating the directors and staff for their dedication and contribution in the performance of duties in the long run. Summary of the warrant covenants is as below.

Name		Number of warrant (units)
<b>Directors / Independent directors</b>		
1. Prof. Emeritus. Dr. Wissanu	Krea-Ngam	-
2. Pol. Gen. Soontorn	Saikwan	245,000
3. Assoc. Prof. Dr. Yannakorn	Warakunruk	245,000
4. Mr. Pratana	Bongkojmas	245,000
5. Mr. Apivut	Thongkam	-
6. Mr. Sakchai	Tanaboonchai	-
7. Mrs. Roslyne	Amornvivat	-
<b>Directors / executives</b>		
1. Mr. Sittichai	Leeswadtrakul	245,000
2. Ms. Suttirat	Leeswadtrakul	245,000
3. Mrs. Phatnaree	Thitiariyakul	245,000
4. Mrs. Duangkamol	sukmueng	245,000
5. Mr. Taveechai	Kittichanajaroen	245,000
6. Mrs. Nathaphat	Thianpratheap	120,000
7. Ms. Jureerat	Lapanavanich	125,000
8. Mr. Kasem	Juntaboon	-
9. Mr. Virat	Keawbangkaphom	-
10. Mr. Puchong	Jungwilikasem	-
11. Mr. Theerayuth	Lersiraungsun	-
<b>Employees</b>		
56 employees		1,511,500
Number of executives and employees who resigned amount fifty people		1,283,500
<b>Grand Total</b>		<b>5,000,000</b>

## Shareholdings of the Company by Directors and Management

As of December 31, 2013, securities holding of Mill Con Steel Public Company Limited "MILL" had been changed as shown here:

(A) Change in securities holding of directors

Name		Shareholding in MILL (Shares)		
		As of Dec 31,13	As of Dec 31,12	Change + (-)
1. Prof.Emeritus.Dr.Wissanu	Krea-Ngam	-	-	-
2. Pol.Gen. Soontorn	Saikwan	167,457	167,457	-
3. Assoc.Prof.Dr.Yannakorn	Sanpakij	-	-	-
4. Mr. Pratana	Bongkojmas	442,457	442,457	-
5. Mr. Apivut	Thongkam	-	-	-
6. Mr. Sakchai	Tanaboonthai	-	-	-
8. Mr. Sittichai	Leeswadtrakul	449,315,526	448,752,397	536,129
9. Ms. Suttirat	Leeswadtrakul	48,420,708	28,480,551	19,940,157
10. Mrs. Phatnaree	Thitiariyakul	733,821	646,063	87,758
11. Mrs. Duangkamol	Sukmueng	567,908	502,089	65,819
13. Mr. Kasem	Juntaboon	292,851	227,032	65,819
12. Mrs. Roslyne	Amornvivat	-	-	-

(B) Change in securities holding of executives

Name		Shareholding in MILL (Shares)		
		As of Dec 31,13	As of Dec 31,12	Change + (-)
1. Mr. Taveechai	Kittichanajaroen	567,851	502,032	65,819
2. Mr. Virat	Keawbangkaphom	341,893	282,883	59,006
3. Mr. Puchong	Jungwillkasem	188,090	378,392	(190,302)
4. Mrs. Nantaphat	Thianprateep	78,551	227,032	(148,481)
7. Ms. Jureerat	Lapanavanich	244,021	378,202	(134,181)
8. Mr. Theerayuth	Lersiraungsun	-	-	-

\* Information above only presents an executive committee who did not be Directors.

## Auditor's Remuneration

### (A) Audit Fee

In 2013, the Company paid a total audit fee of Baht 1,350,000 to its auditor, Ms Chantra Wongsriudumporn, CPA License No. 4996, of S.K. Accountant Services Co., Ltd. In addition, S.K. Accountant Services Co., Ltd. also served as auditor for two subsidiaries of the Company, Mill Con Burapa Co., Ltd. and Zentra-Wartung Engineering Co., Ltd., with a combined audit fee of Baht 1,155,000.

### (B) Non-audit Service

In year 2013, the Company group's cost for other service of Auditors, as follows:

- **Millcon Steel Public Limited Company**
  - 1) Service fee for examining of transactions with companies which might be considered as related parties, 720,000 Baht.
  - 2) Service fee for examining of communication system in year 2013, 180,000 Baht.
  - 3) Audit fee for English version financial statement, 60,000 Baht
  - 4) Transportation fee relating to providing service, 43,170 Baht
- **Millcon Burapa Company Limited (a subsidiary)**
  - 1) Service fee for examining compliance conditions of promotion, 60,000 Baht.

Yearly Summary of Auditor's Remuneration from 2011 - 2013, as follows:

Auditor's Remuneration	Year 2013	Year 2012	Year 2011
1) Audit Fee of the Company and its Subsidiary	2,505,000 Baht	2,710,000 Baht	2,200,000 Baht
2) Other Services Charge	1,063,170 Baht	350,000 บาท	120,000 Baht

## Manpower

2013 (as of December 31)	
Operating staff (persons)	606
Office staff (persons)	164
Total (persons)	770
Total employee remuneration (Baht million)	176.56



## Compliance with Good Corporate Governance Principles



The Company and its group members have committed to operating business with responsibility and fairness under good corporate governance principles. The Board of Directors is aware of the benefit and importance of good corporate governance that helps to ensure the business is managed and operated efficiently, transparently and in the interest of all stakeholders, as well as in an examinable manner, thereby enabling the Company to enhance its competitiveness and increase the shareholders' value in the long term. The Board of Directors and the management have accordingly established in writing a policy on good corporate governance principles and the Board of Directors has duly approved the said policy.



The detail of Compliance with Good Corporate Governance Principles as following:

- Observe the basic rights of the shareholders, give them the rights to certain issues, and commit no acts that will be violation to or deprive the shareholders of their rights.
- Treat the shareholders, investors, other stakeholders and related persons on a fair and equitable basis.
- Disclose information to the shareholders, investors, other stakeholders and related persons accurately, adequately, thoroughly, equitably and within the timeframe set forth, through appropriate channels to ensure their convenient access to the information.
- The Board of Directors perform duties and responsibilities in supervising and administering with honesty, integrity, morality, prudence and caution, in order to achieve the Company's targets and in the best interests of the Company and shareholders, as well as prevent any conflict of interest.
- Administer the business with transparency and under established internal control and audit system.
- Control and manage risks to be at the acceptable level commensurate with its business operations.
- Operate business with honesty and integrity pursuant to the law and in line with code of ethics.

## Corporate Governance Policy

The Board of Directors has set policy and measures in treatment of stakeholders as detailed below:

### 1. Shareholders

The Board of Directors has set policy in treatment of shareholders as follows:

- 1) The Company is duty-bound to protect and observe the basic rights of the shareholders, comprising right to buy, sell or transfer shares, right to profit sharing, right to adequately access news or information on the Company, right to attend shareholders' meeting to approve businesses on the agenda as prescribed by law, to elect or remove directors, to appoint auditor, to allocate dividend, and other businesses related to the basic rights of the shareholders.
- 2) The Company is duty-bound to support and encourage the shareholders to exercise their rights in the businesses on the agenda of the annual general meeting of shareholders, i.e. right to propose matters to be put on the agenda in advance, right to make prior nomination of qualified persons for election of directors, right to send questions to the meeting in advance, right to raise questions and comments at the meeting, etc.
- 3) The Company shall commit no acts that will be violation or restriction to the rights of shareholders.

## 2. Employees

The Board of Directors has set policy in treatment of employees as follows:

- 1) The Company shall give remuneration to employees performance-based, with fairness and generally accepted and adopted evaluation method and justifiable to the nature of the job of each employee. Remuneration comprises monthly salary/wage, overtime payment off-office hours and on holidays, annual bonus and extra payment, life insurance, health insurance, provident fund, and so on.
- 2) The Company shall promote and develop its personnel's skill and knowledge on a consistent basis, e.g. participation in training and seminars of executives and staff at all levels, etc.
- 3) The Company shall treat all its employees on a fair and equitable basis as regards performance evaluation, safeguarding of confidential personal and professional data, exercise of rights to fringe benefits, etc.
- 4) The Company shall observe the rights of all employees and treat them with honor and respect for individual right, and allow them to voice complaints through various channels in case they are treated unfairly.
- 5) The Company shall observe the employees' rights to set up and participate in labor organizations, labor unions, or other organizations, and give them opportunity to negotiate employment conditions.
- 6) The Company shall be duty-bound to manage and make available good working environment with safety, sanitation and contribution to work efficiency and effectiveness.
- 7) The Company shall respect and observe the basic right of employment, i.e. no forced labor, no child labor, or no employment of children aged lower than the minimum prescribed by law.
- 8) There shall be no discrimination of employees on the grounds of gender, religion, race, nationality or origination. All employees shall be treated equitably.
- 9) The Company shall determine employment conditions for employees of all levels and titles no inferior to the minimum set by law.

## 3. Customers

The Board of Directors has set policy in treatment of customers as follows:

- 1) The Company is duty-bound to build long-term relationship and cooperation with customers, with integrity, trust and reliability for one another.
- 2) The Company is duty-bound to create maximum customer satisfaction, with high sense of accountability and care and with priority concern about customers' demand and problems.
- 3) Adhere to offering and delivery of products and services of standard quality and meeting customer demand.
- 4) Fulfill all conditions agreed upon with customers to the best of their ability.
- 5) Offer equitable prices and business terms to customers classified or ranked in the same group.
- 6) Provide true information to customers about properties and quality of the products and services to ensure fairness and customer confidence.
- 7) Be ready to answer questions from customers and take relevant actions in dealing with their complaints, as well as give suggestions and follow up the progress thereof.



#### 4. Business partners

The Board of Directors has set policy in treatment of trade partners as follows:

- 1) The Company shall be duty-bound to create good relationship with all business partners.
- 2) The Company shall be duty-bound to give equitable opportunity for all business partners to introduce or offer their products / services.
- 3) Transact with business partners with integrity and on equitable term.
- 4) Consider and make decision on the basis of comparison of quality and conditions with both short-term and long-term interests of the Company taken into account.
- 5) Safeguard confidential information of the business partners, take no bribe or obtain no commission from business partners and disclose no information or offer of one or more business partners to another one or more business partners either directly or indirectly.
- 6) The Company shall be duty-bound to procure or engage business partners that perform according to all rules and regulations relating to environmental protection and pollution control, and treatment of employees of business partners in relation to labor and employment on a fair basis and without discrimination.
- 7) The Company shall be duty-bound to provide training and give suggestions to business partners in performing duty in the premises of the Company and/or any other places as designated by the Company to ensure compliance with rules, regulations and criteria relating to safety and sanitation.

#### 5. Creditors

The Board of Directors has set policy in treatment of creditors as follows:

- 1) The Company shall be duty-bound to nurture relationship and treat creditors on the basis of integrity, trust and reliability.
- 2) The Company shall be duty-bound to take responsibility for, take care of and observe the conditions agreed upon with the creditors' best as possible.

#### 6. Community

The Board of Directors has set policy in treatment of community as follows:

- 1) The Company and employees shall strictly behave as good citizens, observe human right and treat the nearby community and surrounding locality with friendship and have good relationship with the community in the locality, as well as pay attention to, do no discrimination, or bar away the people who need special care, such as children, women, the disabled and the elderly.
- 2) The Company shall be duty-bound to treat the community in the locality by allowing the community to participate, giving support and developing the community in various areas for their proper well-being, i.e. education, culture, public health, economy, and creation of jobs and income, etc.
- 3) The Company shall be duty-bound to open up opportunity for residents in the nearby community to work with the Company as appropriate and at the Company's discretion, and have the policy to hire or employ people there as necessary and proper.
- 4) The Company shall be duty-bound to take care of and support activities that are beneficial to the society and give cooperation to the public sector and various agencies with willingness and sacrifice for public interests.

## Code of Ethics and Practice Guidelines

### 1. Organization governance

The Company is determined to operate its business with integrity and taking public and national interests into account, and in compliance with the relevant rules, regulations and criteria, as well as observe the interests of others to whom the Company has relations. All executives and staff must perform duties with adherence to the Company's rules and regulations together with provisions of the laws; assistance, support and cooperation with other private agencies and public sector or organizations that are regulators or supervisors of the Company. Moreover, executives and staff shall perform duty with due prudence, and they shall be prevented from participating or getting involved in any activity in an illegitimate manner that may impair the business of the Company.

### 2. Fair competition

The Company has confidence that fair competition will empower the Company to develop consistently. It sets its policy for all the executives and staff to have self-learning and self-development all the time, and use no unfair method or no method that contradicts the business ethics to take advantage of competitors by whatsoever means.

### 3. Equitable treatment

The Company has a policy for all executives and staff to treat all the people with whom they have transactions fairly and equitably, namely staff in the organization, customers, business partners, shareholders, investors, government agencies, other private agencies and surrounding community and society, with due consideration of basic rights and interests of these people; and have no special treatment of any person or group of persons because of personal relationship or personal benefits.

### 4. Employee relations

The Company sets a policy to treat all employees equitably and with respect for human right under international standard, and to have all employees treat one another with respect for individual dignity and rights having information on personal profile of the employees only as required for work performance and by law gathered and kept in confidence, which may be allowed for disclosure only when required by the persons with lawful rights to access such information.

The Company sets a policy to promote learning and potential development of employees of all levels so that they have progress in their career path on an equitable and non-discriminatory basis as appropriate.

In addition, the Company sets guidelines for arranging work environment that is safe, sanitary and conducive to efficient and effective work performance. Each employee shall be responsible for and render support to the colleagues and the organizations in his/her work performance, and not behave in a way that will cause deterioration of the work environment.

## 5. Customer relations

The Company sets a policy to create long-term relationship and cooperation with the customers, with adherence to principles of integrity, trust and reliability among one another, and most importantly, customers' maximum satisfaction in their use of products and/or services of the Company with due care and responsibility, and awareness of customers' demand and problems as the first priority. Executives and staff shall:

- 5.1 Adhere to offer and deliver products and services that are of standard quality and meet customers' demand.
- 5.2 Comply with all conditions agreed upon with the customers to the best of their ability.
- 5.3 Offer fair and equitable price and conditions to and among customers in the same group.
- 5.4 Give the customers true and correct information regarding features and quality of products and services to ensure confidence among and fairness to the customers.
- 5.5 Be prepared to answer the questions of the customers, and handle the customers' complaints and suggestions, as well as follow up the progress of all such issues.

## 6. Business partner relations

The Company sets a policy to create good relationship with its business partners by giving equitable opportunity for all business partners to introduce or offer their products / services, and all executives and staff to transact with business partners with integrity and on equitable term, and consider and make decision on the basis of comparison of quality and conditions with both short-term and long-term interests of the Company taken into account; as well as safeguard confidential information of the business partners, take no bribe or obtain no commission from business partners and disclose no information or offer of one or more business partners to another one or more business partners either directly or indirectly.

## 7. Conflict of interest

The Company expects all executives and staff to make business decision by taking into consideration the maximum benefits of the Company and those of the Company's customers, without being influenced by personal reasons or those of family members to deviate from the above principle, or falling in the purview of matters of personal interests that are in conflict with those of the Company and the customers, thereby

- 7.1 Executives and staff shall not perform in a way to seek benefits or to take over assets that are or should have been under ownership of the Company or the customers.
- 7.2 Executives and staff should avoid inducing any situation or having personal activity and having financial benefits that may conflict with the duty and function in their engagement.
- 7.3 Executives and staff should not participate in making decision on the matters from which their positions and duties and responsibilities can contribute directly or indirectly to making benefits to such executives and staff or to their family members and relatives or to any outside parties.
- 7.4 The Company shall avoid delegating duties and responsibilities to executives and staff in case that may lead to conflict of interest with the Company or contradict the interests of the customers of the Company.

- 7.5 In the event where executives and staff participate in any outside activity or hold position outside the organization, such as being directors, advisors, representatives or employees of the entities outside the organization, such activity must cause no conflict of interest with the Company and the customers of the Company, either directly or indirectly, no damage to the Company, and no impact on the performance of duties of such persons.
- 7.6 Executives and staff are prohibited from participating in or taking any position in the organization engaging in the business of the same nature as the Company and the business in competition with that of the Company and companies in the Group or the business that may have conflict of interest with the Company.

## 8. Confidentiality

The Company shall have commitment in and responsibility for safeguarding confidentiality of the customers and business partners as regards information on transactions between customers or business partners of the Company, including personal data received from customers and/or business partners. Use of such information shall accord with the Company's normal business objectives. No confidential information shall be used for personal interests of any person. Executives and staff shall have the duty to safeguard confidentiality of the information of the customers and/or business partners. Consideration with due prudence shall always be made when such information is going to be used. Safeguarding of confidentiality of the information of customers and/or business partners shall remain the duty of executives and staff even after the end of their employment with the Company.

## 9. Misuse of information

The Company sets a policy for executives and staff to have duty to control, monitor and maintain all information inside the organization relating to the Company and the business of the Company in strict confidence. Executives and staff shall not use such information they may have obtained during their performance of duties to seek interests, either directly or indirectly, for themselves, their family members, their relatives or any other persons, without prior consent from the Company. The responsibility for no misuse of information shall be binding on them during their employment and after the end of their employment with the Company for a period of time as prescribed. Disclosure of information to external parties shall be under monitoring and responsibility of the supervisors and top executives.

## 10. Insider trading of stocks

The company recognizes the importance of inside information, which is a significant factor to decision making of investors, whether it is information on operational performance, business expansion plan, or other information related to the Company. There may be any person who has access to and uses inside information for the benefit of trading of the Company stock while such information has not yet been disclosed to the Stock Exchange of Thailand (SET) and the public. The Company has thus set a policy prohibiting any use of inside information not yet disclosed to the SET and the public for the benefit of trading of the Company stock, including:

- 10.1 Executives and staff shall strictly perform in compliance with the Securities and Exchange (SEC) Act B.E. 2535 (1992), rules and regulations of the Office of the SEC, the SEC, the SET and rules and regulations of other relevant agencies.
- 10.2 Use of inside information that is of material essence and may impact the Company's stock price and has not yet been disclosed to the public for the benefit of oneself or others shall be regarded as an offense against the law and the work regulations of the Company.
- 10.3 Executives and staff as well as their family members shall not trade the Company stock during the time of their possession of inside information that has not yet been disclosed to the public in general.
- 10.4 Executives and staff shall not disclose to any uninvolved persons the inside information that is of material essence and that may affect the Company's stock price.

## 11. Bribery and Incentive

The Company sets a policy prohibiting executives and staff from receiving or calling for any bribe or incentives in whatsoever form and from assigning any person to do the same on his/her behalf that will lead to business advantage, privileges or financial benefits, as well as from offering bribe either directly or indirectly to government officials or politicians or any other person to induce them to commit any act that will benefit the Company in a way that contradicts the code of ethics, rule of law or moral principles.

## 12. Gift, reward and entertainment offer

The Company has instituted no policy for executives and staff to receive any gift, reward or entertainment offered by business partners or prospective business partners of the Company in a manner beyond the normal gesture of compliment in business operations. Executives and staff who receive gift, reward or entertainment shall give explanation on their proper reasons for the receipt thereof including detailed information thereon, and report the matter for the supervisor's acknowledgment. The gift or reward so received shall also be sent to be kept to relevant work unit for further management.

## 13. Monitoring and review of compliance with code of ethics

Internal Audit Department of the Company shall be in charge of monitoring and ensuring compliance with code of ethics and reporting result thereof to Audit Committee, as well as recording or keeping all information on any acts conducted in violation to or in breach of this code of ethics. All executives and staff shall be duty-bound to give cooperation in ensuring and providing correct and complete information to Internal Audit Department.

The Company expects all its executives and staff to take part in the responsibility for monitoring the compliance with this code of ethics, as any contradicting act to this code of ethics shall be deemed disciplinary offense as prescribed in the work regulations, and may be deemed legal offense, which will impair and do damage to the good values of the organization, which will in turn cause damage to the organization both short term and long term. Executives and staff thus have duty to forthwith report to Internal Audit Department or supervisors or top executives when seeing or learning about any acts that are seen as violation or suspicious of violation to this code of ethics.

#### 14. Penalty

The Company shall take penal action against the employees who breach this code of ethics, thereby the supervisor in the supervision line is authorized to consider such offense and take penal action against such employee who has been in misconduct or in breach of this code of ethics. The consideration of penal action shall be made based on the nature and the severity of the offense on a case by case basis. Such penal action is classified as below:

- Verbal warning
- Written warning
- Employment suspension without pay
- Employment termination, removal or dismissal

# Internal Control



At the Board of Directors meeting no. 1/2014 of Mill Con Steel Plc. (MILL) held on February 28, 2014 attended by the three members of Audit Committee, the Board assessed the adequacy of the internal control system of the Company based on the Internal Control Assessment Form prescribed by the Securities and Exchange Commission with enquiries of data made with the management in charge of the following five areas:

## Organization and environment

- The Board has monitored and supervised the determination of operational targets, covering short-term, medium-term and long-term, and setting of annual budget, with follow-up of results made from time to time, and having operational plan reviewed and revised during implementation to suit the circumstances at the moment as appropriate. Such issues are submitted to the Board for approval.
- The Board has considered setting of operational targets prudently and with review made to ensure the targets can be achieved and also analysis undertaken on the reasonableness of incentive or compensation scheme for the employees.
- The Company has mapped out clear organization structure with administration classified into two sections, one at the managing section and the operating plants section, which will facilitate and contribute to the efficient management of the management team.
- The Company has worked out ethical criteria and procedure, covering prohibition of the management and employees from performing in a way that may cause conflict of interest with the Company and the business partners of the Company, and clear determination of penal provisions in case of violation.
- The Company has instituted written work policy and procedure regarding financial transactions, procurement and general administration on a prudent basis in order to fend off any fraud. Procurement manual worked out has been consistent with such quality standard certification as ISO 9001: 2008 and 14001: 20004. Regarding financial and administrative operations, flow chart and delegation of approval authority with clearly set approval amount are put in place. The Company has also developed its IT system consistently for use to control and prevent fraud.



- To determine operational policy and plan, the Company has taken into account fairness to business partners for mutual benefits in the long run, which are prescribed as code of ethics for the management and employees.

## Risk management

- The Company has established Risk Management Committee to review risk management system and assess the effectiveness thereof at least once a year and every time when a change of risk level has been found. It also gives importance to the institution of any alert signal and identification of risk events.

- Risk Management Committee will analyze and report progress of risk profile and risk management guidelines to Audit Committee within the specified time for the maximum benefit of the Company.

- Risk Management Committee has set measures for risk control effectiveness assessment in various perspectives and worked out risk mitigation methodology to prevent loss to the organization.

- Risk Management Committee has formulated annual risk management plan and follow up implementation thereof, together with reporting relevant progress to Audit Committee.

## Oversight of management

- The Company has segregated duties and responsibilities concerning (1) approval, (2) recording book items and information memorandum, (3) safekeeping of assets with clear classification and work flow of operational procedure.

- The Company has drawn up measures and procedures for related party transactions and set as a policy on conflict of interest integrated as part of code of ethics for executives and staff. Internal Audit Department is assigned to conduct the audit work and report directly and consistently to Audit Committee. Persons with beneficial interest are prohibited from participating in consideration and approval of transactions that may have conflict of interest. In making decision to approve any transactions, the Company mainly brings into account long-term maximum benefits. Transactions with possible conflict of interest shall be reported for Audit Committee's acknowledgment or comments, as the case may be.

- The Company has monitored compliance with contracts or agreements in transactions with related parties that are in a manner with long-term binding and continued commitment of contractual clauses. It is evident that the Company has never been faced with any bad debt problem so far. In this regard, measures on making transactions have been set forth and integrated in the code of ethics for executives and staff.

- The Company has regularly monitored the business operations of subsidiary companies in case of having investments in subsidiary companies thereby representative directors will be appointed as authorized directors of such subsidiary companies.

- The Company has measures in place to ensure compliance with the relevant laws as risk mitigation in its operations. It has engaged external legal advisor with specialized expertise to assist in the review of documents and give advice on various areas of operations. It also had engaged Internal Audit Service of specialize and non-related/beneficial person in charge of examining compliance with relevant rules, regulations, criteria and laws.

- The Company has no past records of performance in breach of the law and has duly instituted preventive and remedy measures.

## Information and communications infrastructure

- For each Board meeting, Board Secretary and the management have made available before the meeting information and documents as well as details of the businesses on the agenda so that Board members can study in advance and use such resources to support decision making. Any additional information thereafter (if any) will be sent to them before the meeting or provided on the meeting date.

- The Company has sent Board meeting invitation notice and minutes of the previous Board meeting together documents for the businesses on the agenda to the Board members for them to study averagely at least seven days before the meeting.

- The Company has prepared minutes of the meeting which include material information of the businesses tabled at the meeting together with recommendations, suggestions, remarks and objection (if any) raised at the meeting, and have the following Board meeting certify such minutes of the previous meeting. The Chairman have allowed Board members to independently propose amendment or addition to such minutes.

- The Company has made available specific place at Office of the Chairman, Head Office, for safekeeping documents relating to book recording and other accounts in an orderly manner. No remark of deficiency in safekeeping of documents has been made by the Auditor so far.

- The Company has adopted accounting policy in accordance with the generally accepted accounting principles under the monitoring and examination by external Auditor that is certified public accountant, without using any policy that allows for exhibition of deviated operating performance.

## Follow-up and monitoring system

- The management has reported operating results to Executive Committee and Board of Directors on a quarterly basis. The Company has prepared annual budget plan for the following year operations and also for use as criteria in performance evaluation and gap analysis report systematically to Executive Committee.

- The Company has made available executive management meeting every month to track operational performance and compare it with the targets set forth in form of KPI (Key Performance Indicator), as well as to discuss rectification guidelines in case there remain gaps compared with the targets. Structure Committee has also been appointed to support operations vis-à-vis the targets with focus on development of operational work systems in order to control production cost under the budget.

- The Company has made available audit of performance in compliance with the internal control system on a regular basis. Internal Audit Department is in charge of working out annual audit plan covering finance, operations and compliance with relevant laws, rules and regulations to assess efficiency and effectiveness, as well as audit of compliance with the internal control system in place. Internal Audit Department has been assigned to making audit result report and audit progress report directly to Audit Committee on a quarterly basis. For 2013, there have been no findings of any material irregularities. However, to prevent any future deficiencies, Internal Audit Department has examined and followed up work performance of each work unit regularly.

- The Company has a policy for its management to forthwith report to the Board of Directors in case of finding of or suspicion of fraud event, violation to the law and any other irregularities, which may tarnish the reputation and the financial status of the Company.

After the assessment, the Board has viewed that, under the current circumstances, the Company has put in place the internal control system that is adequate and consistent with the Internal Control Assessment Form of the Office of the SEC, especially on the part of internal control relating to transactions with major shareholders, directors, executives and related persons thereof (as per clause 3.3 to clause 3.7 of the Internal Control Assessment Form). The Company has instituted the rigorous internal control system and appointed Internal Audit Department to take charge of reporting audit result to Audit Committee. Independent internal auditor has also been engaged from outside to survey and assess the internal control system of the Company.

「 A PASSION FOR STEEL 」

## Corporate Social and Environmental Responsibility



Excellent management is not only a thought of business sustainability, but also concerning about society, community, customers and environment at the same time. Apart from complying with ISO 26000: Social Responsibility, MILLCON group and its subsidiaries committed to develop our community continuously and maintain various beneficial programs and create new activities emphasizing on quality of life and participation of all parties. We also take part in supporting and participating in public beneficial programs throughout 2013.

### Principle and way to accomplish the Company goals in social responsibility management

1. To operate with integrity and concerning on common interest and nation, including comply with regulations and rules relating to the business operating.
2. To uphold the principle of equality in each group relationship among internal employees, customers, partners, shareholders, investors, government sectors, other private sectors as well as nearby community and society.
3. To have equality practice to employees, maintain the confidential, enhance the acquisition of knowledge and potentiality of all employees level in order to provide opportunities for better career and provide safety and sanitary in working surrounded.
4. To have the operation in reducing the environmental impacts and concerning on developing the quality of life and preserve the surrounding environment.
5. To support the fair operation by not using unfair competition methods or conflict with business morality in order to take advantage from competitors.
6. To maintain standardize of propose, transfer products and services to meet customer's requirements.
7. To support the participation between the Company and community including participating in continue development of community as appropriated i.e. education, culture, public health and Job creation.

## The Operation

MILLCON's group has followed and complied with the policy and management relating to the social responsibility in these following ways:-

### Operation with fairness and anti-corruption

The Company has set the policies, business ethics and related guidelines for the fairness business operation and for anti-corruption which will be disseminated for understanding, including to specify the guidelines to all employee levels starting from orientation of new employees and/or the conference of each division. The dissemination has been done on website for all stakeholders at [www.millconsteel.com](http://www.millconsteel.com), also provide stakeholders the various channels to complain to the group company if saw any unfair treats or corruption i.e. complaint box, telephone, e-mail, Company website, letter and other channels. The received complaints will be gathered and transferred to related division for consideration and resolve them respectively.

### Respect on human rights and fairness practice to the laborers

The Company has set the policy with equality treated to all employees in compliance with the international standard of human rights and sincere requires all employees to respect in dignity, honor and personal life of each other. The Company will gather and preserve the personal data of employees only in pursuant to the operation confidentially. Such data can be disclosed only to the person as required by the law. The Company has policy to enhance the acquisition of knowledge and potentiality for all employees' level in order to provide opportunity for better career under the equality basis and also provides safety and sanitary in work circumstance which will conducive to work efficiency. Each employee shall have responsibility and help each other in working and shall not do any activities disadvantageous to the work circumstance.

The details of the aforementioned can be found in our website at [www.millconsteel.com](http://www.millconsteel.com) and our employees can be assessed to the Company policy including rights and details of welfare through the Company handbook which will be distributed to all employees' level since the orientation day and/or conference of each division.

## Company campaigns and honorable awards from other entities in relations with employees in the year 2013

1. The Company has been awarded the contest in work relations and welfare of the year 2013, performed by the Department of Labor Protection and Welfare since 13th September 2013.



2. The Company has provided an annual health check of year 2013 by the qualified sanatorium to all employees.



3. The Company has provided the training course of "how to do the first aid and basic rescue" to employees by a specialist team from Maptaphut Hospital in order to campaign the safety in work place and reduce accidental risk from working.



4. The Company has provided the basic of firefighting program and training on how to escape from fire to employees who work at the factory, Rama2 and Rayong province.

5. The Company has provided the training course of "working safety in suffocation place" to employees who are supervisors, rescue or performers that shall work in the suffocation place by a specialist speaker.

## Responsible for Consumers

The Company has set the policy to enhance a long term relationship and cooperation with customers by operating the business with honesty and reliability. The main significant point is to satisfy the customers with full responsibility in term of using our products and/or services and shall pay the first priority attention on problems and customers' requirements which management and employees shall follow to the guidance below:-



1. To provide a good standard to propose, deliver products and services to meet the customers' requirements strictly.
2. To try the best effort to comply with all conditions that already agreed with the customers.
3. To offer proposal under the same prices and conditions to the customers who are in the same range.
4. To provide an exact information to the customers relating to the qualification and quality of products and services in order to build confidence and ensure our fairness.
5. To be ready for answer all inquiries from the customers and to manage complaints, to introduce and to follow up the progress in any issues that have been informed by the customers.

MILLCON's group is also focusing on providing the qualified products to our sincere customers by using the combination of Automation PLC Rolling Mill and Automation PLC Furnace machines and control in every steps of the production process i.e. qualification of machinery, chemical components and type of products to meet the standardize and requirement which have been qualified by UKAS GLOBAL, management standard (ISO 9001:2008) and environmental standard (ISO 14001:2004). In the field of health and safety standard (Environmental Management Systems: EMS), the Company has been qualified both in domestic and international namely Thai Industrial Standards Institute, Industrial Standard (TISI) and Australian Authority Certification for Reinforcing Steel (ACRS) in order to ensure standard of Company's products, however, the Company is willing for the complaints from the customers, inquiries or suggestion on the quality of products and service of the group throughout several channels i.e. telephone, facsimile, letter, e-mail or website at [www.millconsteel.com](http://www.millconsteel.com) of the Company in working hours. We will promptly perform and respond back to you.

#### Responsible for Consumers project in Year 2013

1. Project of visiting the steel bar and structural steel production by group of professors and students from engineering department, King Mongkut's University of Technology Thonburi.



2. Project of "Delegates from 2013 SEASI Conference & Exhibition". Seeing steel production and melting process by Millcon's shareholders.
3. Project of visiting the billet and steel rod production at the factory in Rayong province.



## Environmental Conservation

Our production processes have been strictly controlled by many laws and regulations, in relations to environmental issues. However, we can comply with all laws and regulations and still concerning to the environmental impacts and related regulations when technology or equipments have been improved for example:-

- Setting the waste water treatment unit which has been designed to suit with our factories in particular. Water after treatment will be reused in the production process of steel bar and other products.
- Installation of fume treatment plant in electric arc furnaces which help to strain air pollution and dust from the production process.

Our factories have been inspected periodically under the control of the Department of Industry which can be concluded that our circumstance and factory is qualified with standardization and will not make any problems to the environment.

In addition, MILLCON's group has focused on environmental management, particularly in management and maintenance including the improvement on waste water treatment unit and its control in order to comply with ISO14001:2004 which we have been qualified by United Register of Systems (Thailand) Co., Ltd. since March, 2006. In year 2013, the group company has launched the campaign of planting trees for community and to comply with environmental regulations under ISO14001:2004.

We have engaged to an independent specialist to measure the environmental quality every year i.e. air quality, volume of noise, strong of light, heat of working area. And as from the latest measurement by C.E.M Technology (Thailand) Co., Ltd., we have complied all criteria with the standard.

Millcon Burapa Co., Ltd. who is one of our subsidiaries has qualified ISO9001:2000 from BVQI Co., Ltd. since September, 1998 and also engaged to an independent specialist to measure the environmental quality every year. And as from the latest measurement in the period of January to June 2013, by Envi Work Co., Ltd., they have complied with the standard.

Furthermore, we engaged an independent specialist from Thai Consulting 1992 Co., Ltd. to measure water quality of our factory and the subsidiary located at Rayong province since the past February to December 2013 monthly and found that the quality of water has also complied with the standard.

On 26<sup>th</sup> August 2013, MILLCON's group has been qualified by the Ministry of Industry for being a good governance on environment which is one of our honorable.

## Participation in community and society improvement



MILLCON's group has set the following policies in order to take care of surrounded community:-

1. The Company and employees shall be a good citizen, respecting to the human rights and have a good relationships with the neighbor surrounding factory area and local community and shall not discriminate to any special group of person which in need of special treated i.e. children, lady, handicap or elderly.
2. The Company shall welcome the participation of local community, give support and develop the community in any ways as appropriated i.e. education, culture, public health, economy and career.
3. The Company shall welcome the participation of laborers nearby the factory area as appropriated under the consideration of the Company.
4. The Company shall support the beneficial activities to society and shall willingness cooperate with government sectors and other entities.

We have realized of coexistence between community and entities as to be seen from many campaigns of the Company throughout the year. We have aimed to develop our entity and community to be growth simultaneously. We have set a team to especially look after the community by receiving direct comments toward the Company in every view which can enhance the business operation to have a good relationship with environment and community. Furthermore, we have participated in community activities to support the concept of friendly coexistence.

## Our Activities on the Development of Community and Society in year 2013

1. Participation of confer planting trees in the National Father Holiday with the community of Nikompattana sub district, Rayong province in order to persuade the society to pay more attention in the environmental field and to return oxygen back to the air which will direct effected to health of everyone in the community.



2. Participation of confer forest planting in the National Mother Holiday at Jomhae Island, Rayong province on 16<sup>th</sup> August 2013 to balancing ecosystem.



3. Setting the drawing contest to youth in kindergarten level to middle school Level for Wat Sak Pak Good School and Nongbon School in Rayong province under the concept of "we love Millcon" for the project was set up to support the youth to be creative person by using art as a medium.



4. Donation the presents to the charity fair "Puen Pueng (Pa) 2013" in Thai Red Cross Society in order to support and recovery the victims from flood disaster including to prevent from the future flood at Dusit Palace between 17<sup>th</sup>-28<sup>th</sup> December 2013.

5. Participation the activity "Seed of Hope" to support children in World Vision Foundation of Thailand to give the children educational opportunity.



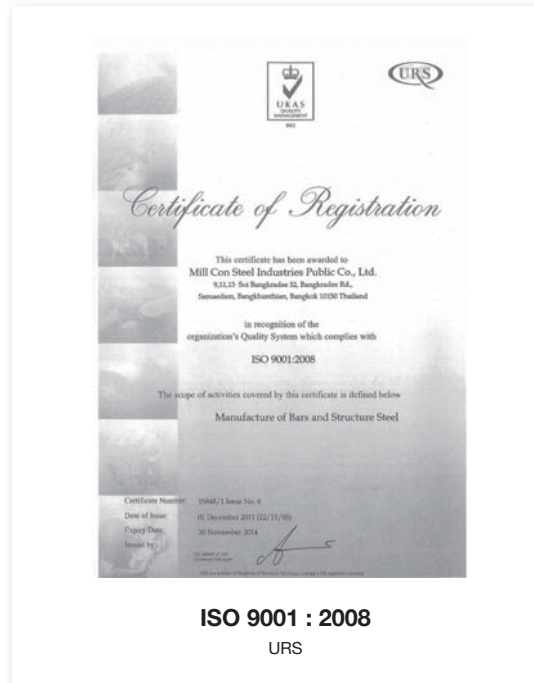


6. Group Company has joined the project to improve the children educational and gave opportunity to the children to know how to use computer which deemed as an extremely important tools for educational improvement set by Department of Industrial Works.



7. Co-participated as a speaker to educate on a project of sufficient economic village to the community surrounding the factory to guideline their living conditions in compliance with the King's Speech on 13<sup>th</sup> December 2013.
8. Supporting to prevent community from deceases at Nikompattana sub district.
9. Co-participated as a consultant for the Board of Ladies Committee, Nikompattana sub district set by the Office of Community Development to share the knowledge with the Committee and to correctly apply to their work in order to drive the community efficiency and prevent interfere from outside the community.
10. Participation and support drinking water to the Craft Fair of students in Rayong province area, attending by 108 Schools in 20<sup>th</sup> November 2013.
11. Supporting the students of Baannongbon Schools, Nikompattana sub district, Rayong province on 18<sup>th</sup> September 2013 by selling handmade products made from local resources.
12. Supporting the annual health check for the community at Nikompattana sub-district, Rayong Province on 28<sup>th</sup> July 2013 to show up our concerning to community health surrounding the factory area.

## Quality Management Standard





**ISO 14001 : 2004**  
Global Certification Service Limited



**ISO 14001 : 2004**  
URS



**Certificate of Laboratory Accreditation**  
TIS 17025-2548 (2005) ISO/IEC 17025 :  
2005 Thai Industrial Standard Institute,  
Ministry of Industry



**Certificate of Product Performance**  
Reinforcing Bar Manufactured to  
AS/NZS 4671 Australian Certification  
Authority for Reinforcing Steels Ltd. (ACRS)



## Related Transactions



Transactions between the Company and its subsidiaries, subsidiaries and subsidiaries, Company and related companies and subsidiaries and related companies.

In 2013, the Company had transactions with its subsidiaries and related companies at the same conditions and prices as it had with any third party. Details on December 31, 2013 are as followings.

### 1) Transactions between the Company and its subsidiaries

Transactions	Millcon Burapa Co., Ltd. Amount (Baht)	Zentra-Wartung Engineering Co., Ltd. Amount (Baht)
<b>1. Revenues</b>		
1.1 Sales of goods and services	64,665,773	13,020,578
1.2 Dividend Income	248,802,708	-
1.3 Others income (Sales from Scrap)	10,700,000	-
<b>2. Expenses</b>		
2.1 Purchase of goods	3,383,324,132	452,850
2.2 Rental expenses of factory buildings and machine	23,012,880	-
<b>3. Outstanding balances arising from purchases and sale of goods and services</b>		
3.1 Account Receivable	9,350,032	6,874,826
3.2 Dividend Income - Receivable	248,802,708	-
3.3 Advance	808,972,387	-
3.4 Account Payable	-	484,550

## 2) Transactions between the company and related companies.

Transactions	GJ Steel Plc. Amount (Baht)	Million Miles co., Ltd. Amount (Baht)	RSP Steel Co., Ltd. Amount (Baht)
<b>1. Revenues</b>			
1.1 Sale of goods and Services.	-	11,994,466	613,298,183
1.2 Rental Income	-	192,000	
<b>2. Expenses</b>			
2.1 Purchase of goods.	61,236,702	103,869,422	3,165,349
2.2 Office Rent	-	-	525,792
<b>3. Outstanding balance arising from purchases and sale of goods and services.</b>			
3.1 Account Receivable	-	1,782	135,810,808
3.2 Account Payable	-	-	93,208
3.3 Others current liabilities.	-	10,888,523	-

## 3) Transactions between the Millcon Burapa Co., Ltd. and related companies.

Transactions	GJ Steel Plc. Amount (Baht)	Million Miles Co., Ltd. Amount (Baht)
<b>1. Revenues</b>		
1.1 Sale of Good and Service	-	36,712,540
1.2 Rental Income	-	1,920,000
<b>2. Outstanding balance arising from purchases and sale of goods and services</b>		
2.1 Account Receivable	12,802	253,132
2.2 Advance payment for goods.	32,468	-
2.3 Obligation under finance leases	-	9,763,340

### Pricing Condition and Policy

The above related party transactions were executed between MILL and its subsidiaries and related companies, using the trading policy that was based on market mechanism.



### Necessity and Reasonableness of Related Party Transactions

The said related party transactions were entered into under the usual course of business between MILL and its subsidiaries and related companies and were subject to the similar terms and conditions for non-related party transactions. That is, in executing the transactions on raw material procurement, the Company was confident in quality and consistency of raw material supply, while the transactions on product selling were a means of broadening the Company's distribution channels.

### Measure or Procedure for Approval of Related Party Transactions

The individual member companies of MILLCON Group have clearly defined rules on delegation of approval authority for entering into related party transactions. Under the rules, the transactions are subject to approval from the president or board of directors of each subsidiary or from the Executive Committee Chairman or the management or the Board of Directors of the Company within the specified approval limits and under an adequate internal control system that could prevent frauds. Such approval authority is regularly reviewed to ensure smoothness and flexibility in the business operation.

If there are any future transactions that may involve a conflict of interest, the Company will strictly abide by all measures and procedures under the notifications and regulations of the Securities and Exchange Commission and the Stock Exchange of Thailand, in relation to the seeking of approval from the Board of Directors and/or the shareholders of the Company under recommendation from the Audit Committee. The director/s and executive/s who has/have a conflict of interest is/are not entitled to participate in the meeting or must abstain from voting to ensure that a decision is made with fairness by the Board of Directors and the management.

# Discussion and Analysis of Financial Position and Operating Results

In 2013, a core business of steel industry has increased in volume by 4.64 percent compared to the same period of the last year which is the result from the expansion of construction industry supported by government sector i.e. electric train project and by private sectors i.e. real estate construction both house and condominium projects that seem to increase gradually. However, Thai economic in overall expansion has slightly decreased which is a result of world economic less expanded from Quantitative Easing (QE) of the US which effected to the exchange rate of Thailand altogether with the political crisis in Thailand in the late of the year.

However, the Company obtained the positive result from steel consumption of private sectors and the construction industry from government sector as aforementioned above but in year 2013, the Company started to produce special grade products by the subsidiaries which affected to the production quantity in year 2013 which decreasing and cannot grow up on sales volume, such experiment aims to be accomplished in Q2 of year 2014, including to the economic that slightly decreased which effected to the sales volume, income and net profit and impossible to be growth with full capacity. Nonetheless, the management team keeps operating the business with well risk management policy including with the appropriated of inventory and costing control, also the seeking of other channel to make value added on products and challenge on the new market to enhance the efficiency of competitiveness and will altogether help to boost up the group's business performance in the midst of highly competitive circumstance, thereby creating benefits to the group and shareholders.

## Operating Performance-Consolidated Financial Statements

		2013	2012	Change (%)
Revenues from sales and services	Baht million	13,811	16,457	-16.08
Gross profit	Baht million	957	1,018	-5.99
EBITDA	Baht million	767	884	-13.23
Net profit (loss)	Baht million	(114)	143	-179.51
Earnings per share	Baht	(0.06)	0.05	

## Evaluation on Profit and Loss (Financial Statement) in year 2013 comparing with the previous year

Sales and Services Revenues of MILLCON and its subsidiaries were Baht 13,811.39 Million decreased from the previous year by Baht 2,645.66 Million or 16.08 percent. There were sales amount decreasingly by 14.68 percent comparing to the previous year because of the experiment

on special grade products by the subsidiaries which affected to production quantity in year 2013, such experiment aims to be accomplished in the Q2 of year 2014, including to the economic that slightly decreased. However, there are precious support from potential customers which high volume purchase order and approved construction parts by government sectors i.e. electric train in many lines and continuous construction.

Gross profit of the Company and its subsidiaries was Baht 957 Million decreased from the last year by Baht 61 Million or 5.99 percent which decreased from sales of goods ratio. However, when considering on gross profit in year 2013, it was at 6.93 percent and has expanded from the same period of the last year by 0.74 percent resulted from lower on production cost as a result of maintenance on machinery to be in an advance technology, the Company therefore has profit from goods sold more than the last year.

The Company and its subsidiaries found net loss at Baht 114.00 Million comparing to the year 2012 which net profit at Baht 143.39 Million which decreased for 179.51 percent resulted from the sales volume decreased in above reasons and increasing of financial cost increased by 89.63 Million. However, the expenses of sales and administrative in year 2013 have declined Baht 21.73 Million from Baht 406.56 Million or 5.07 percent resulted from well management and expenditure control.

#### Analysis of Financial Position-Consolidated Financial Statements

Financial Position (Baht Million)	Dec 31, 2013	Dec 31, 2012	Change (%)
Total assets	13,858.45	13,891.65	- 0.24
Total liabilities	10,345.95	10,598.59	- 2.38
Shareholders' equity-net	3,512.50	3,293.06	6.66

Analyst the statement of financial position of December 31, 2013 and compare to statement of financial position of December 31, 2012

**Total Assets** as of 31<sup>st</sup> December 2013 was at Baht 13,858.45 Million decreasing from 2012 at Baht 33.21 Million or 0.24 percent. Because of the reduction of current assets which can be from the reduction of account receivable at Baht 1,013 Million which mostly not yet due of their payments which result from efficiency management account receivable and the reduction amount of inventories resulted from products suspension in some period of 2013 to experiment on special grade products, in addition, increasing of land, building and equipments resulted from re-evaluated at the market price and purchased machinery and equipment to enhance the production efficiency.

**Total Liabilities** as of 31<sup>st</sup> December 2013 was at Baht 10,345.95 Million and has decreased 2.38 percent comparing to the last year resulted from proper liabilities management as it can be seen from the reduction of short term liabilities and long term liabilities from financial institutes.

**Shareholder's Equity** as of 31<sup>st</sup> December 2013, total shareholder's equity was Baht 3,512.50 Million increased from the last year 6.66 percent resulted from increased of registered capital to support investment on Thai Special Steel Industry PCL. ("TSSI") during 2013.

## MILL's Financial Ratio

		Consolidate	
		2013	2012
<b>LIQUIDITY RATIO</b>			
Current Ratio	Times	0.64	0.67
Quick Ratio	Times	0.39	0.42
Cash Cycle	Days	111.93	101.43
<b>PROFITABILITY RATIO</b>			
Gross Profit Margin	%	6.93	6.19
Operating Profit Margin	%	4.08	4.24
Net Profit Margin	%	(0.82)	0.86
<b>EFFICIENCY RATIO</b>			
Return on Assets	%	4.07	5.36
Return on Fixed assets	%	1.26	5.08
Total Asset Turnover	Times	1.00	1.27
<b>FINANCIAL POLICY RATIO</b>			
Debt to Total Asset Ratio	Times	0.75	0.76
Debt to Equity Ratio	Times	2.97	3.25
Interest Coverage Ratio	Times	0.90	1.29

As from the comparison chart of financial ratio during 2012-2013 indicated the Company and its subsidiaries has similar liquidity considering the current ratio 0.67 and 0.64 respectively and there is no different from actual liquidity comparing to the preceding year considering from quick ratio was at 0.42 and 0.39 respectively. Cash Flow in year 2013 was shorter than the preceding year because of selling in bigger volume and provide long term credit to customers which deemed to be one of the marketing strategy for long term relationship customers which big volume and reliable credit but credit period higher than precious year very a little.

As to be seen in 2013, the Company has high gross profit compared with the preceding year resulted from lower cost of production due to maintenance on machinery to be in a good condition. This helps increasing the gross profit ratio.

A decreasing of debt to equity ratios and decreasing of return on fixed assets compared to 2012 as a consequence that the Company and its subsidiaries has increased registered capital to support the business expansion and used as working capital.

## Audit Committee's Report

Dear Shareholders,

The Board of Directors appointed an Audit Committee, which is composed of three independent directors, namely Dr. Yannakorn Warakunrak, as Chairman of the Audit Committee, Mr. Apivut Thongkam and Mr. Pratana Bongkojmas, as Audit Committee Members. All of Committee members are experts with skills in various fields such as accounting and finance and corporate management, and have met the qualifications as prescribed by the Stock Exchange of Thailand, with no shareholding, no involvement in the business operations and no vested interests in the Company.

The Audit Committee has performed duty and rendered opinion independently under the scope of duty and responsibility entrusted by the Board of Directors with respect to the oversight of the Company's operation to ensure transparency and compliance with the regulations, standards and requirements under relevant laws, with cooperation from the management, internal auditors and external auditors.

In 2012, five meetings were held, with details of meeting attendance of each Audit Committee member as shown below:

		Number of attendance
1. Dr. Yannakorn	Warakunrak	13/13
2. Mr. Pratana	Bongkojmas	13/13
3. Mr. Apivut	Thongkam	8/13

At the meetings, consideration was made on various matters, of which material details together with the Audit Committee's opinion could be summed up as follows:

### 1. Opinion on the quarterly and yearly financial statements of the Company

Since, in Year 2012, Price Water House Cooper ABS Ltd., Year 2012's auditor of the Company, raised that there were significant number of sale and purchase transaction dealing with business alliance and reduction of investment in Million Miles Ltd. Then, in August, 2013, the Security and Exchange Commission ("SEC") had ordered the Company to provide Special Audit that, the Audit Committee, together with the Board of Director, had engaged KPMG Phoomchai Ltd. to be the Special Auditor. KPMG, after had examined and audited in Transactions with person that might be related, as raised above, did not find any abnormal transaction and the issuing Transaction can be compared with other transaction. The Company, then, reported the Report of Special Audit to SEC and publicize in SET.

Furthermore, in Year 2013, Audit Committee, after reviewed the Quarterly to Yearly Financial Statement, significant Accounting Policy of the Company, adequacy of Information Publicity, through the Auditing Plan, Method, and by working with the management team of the Company, the Audit Committee opine that Financial Statement of the Company is appropriated.

## 2. Consideration on appropriateness of internal control system

The Audit Committee held meetings with the internal auditors, who are independent, to follow up on the operation of all departments to ensure conformity with the established system, as well as to revise the Company's internal control system to be aligned and compatible with its current circumstance. The Audit Committee is of the opinion that the Company's internal control system is appropriate and adequate and has not discovered any material mistake in the past year.

In additional, the Audit Committee had reviewed the internal Audit' Plan, which was appropriated, independent and complied with COSO (the Committee of Sponsoring Organizations) policy.

## 3. Review of regulatory and legal compliance

The Company has engaged an internationally-recognized legal consultant to advise on compliance with regulations of concerned authorities, laws on securities and exchange, regulations of the Stock Exchange of Thailand, the Public Limited Companies Act, and other legislations related to the Company's business. The Company has exercised cautions to avoid any action that could violate rules and regulations of the concerned regulatory bodies.

## 4. Consideration and opinion on connected transactions or transactions with possible conflict of interest

The Audit Committee has examined the Company's related party transactions taking place during the past year and viewed that they were executed on an arm's-length basis, which is consistent with the auditor's opinion. Details of the transactions were correctly and completely disclosed and presented in the financial statements and notes to the financial statements.

## 5. Consideration on appropriation, and appointment of the auditors

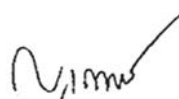
The audit committee selected auditor for an accounting year 2014. S.K. Accountant Services Company Limited is an appropriate and non-related/beneficial from the company/subsidiaries/management/major shareholder or individual. Ms. Wanya Puttasatien, Certified Public Accountant (Thailand) No. 4387 and Ms. Jantra Wongsri-udomporn, Certified Public Accountant (Thailand) No. 4996 are appointed for the Financial year 2014.

The Annual General Meeting of Shareholder 1/2014 to appoint the Auditors will be held on April 28, 2014 at Ping-Wang Room, 2nd Floors, 2074, Ramada Plaza Bangkok Me-Nam Riverside Hotel, Chareonkrung Road, Bangkolame Bangkok, 10120 or such other date, time and place as the Meeting may be held.

#### 6. Opinion and self-estimate of Audit Committee

The Audit Committee had self-estimated their performance in Year 2013 in 2 parts which are 1. Overall Performance and 2. Specifically Performance which is 1) Review the adequacy and appropriation of Financial Statement, 2) Review the adequacy and efficiency of Internal Audit, 3) Review the adequacy and appropriation of Compliance to SEC Regulation and other relevant Laws, 4) Consider and Select the external Auditor, 5) Review the transaction with person might be related 6) Prepare and Report the Audit Committee's opinion, the Audit Committee estimated and opined that the performances were duly and efficient conducted.

On behalf of the Audit Committee



(Dr. Yannakorn Warakunrak)

Chairman of the Audit Committee

## Board of Directors' Statement of Responsibility for Financial Reports

The Board of Directors of Millcon Steel Industriars Public Company Limited strongly values the duties and responsibilities in accordance with good corporate governance principles. The Board of directors is responsible for the financial statements of the Company and its subsidiaries including financial information presented in the annual report and the annual financial statements for the year ended December 31, 2013, which are prepared according to Generally Accepted accounting Standards of Thailand. The Board of Directors has selected and consistently followed an appropriate accounting policy. The aforementioned financial statements are prepared using careful judgment and the best estimation. In addition, important information is adequately disclosed in the notes to the financial statements. The financial statements have been examined by an independent external auditor and the auditor has expressed an unqualified opinion. Therefore, the financial statements accurately and transparently reflect the Company's financial status and operating performance in the past year and can be used for the benefit of shareholders and investors.

The Board of Directors has appointed the Audit Committee, which comprises of independent directors, to review the quality of the financial reports and to evaluate the internal control system, risk management system, and various systems to support effective financial documentation to ensure that accounting records are correct, complete, timely and able to prevent fraud or materially irregular operations. The Audit Committee's opinion is presented in the Audit Committee's report which is a part of this annual report.

Directors Believes that the Company's overall internal control system is able to create credibility and reliability for the financial and its subsidiaries for the period ended December 31, 2013.



(Professor Emeritus Dr. Wissanu Krea-Ngam)  
Chairman of the Board



(Mr. Sittichai Leeswadtrakul)  
Chairman of Executive Committee / President



## INDEPENDENT AUDITOR'S REPORT

To The Shareholders and Board of Directors of Mill Con Steel Public Company Limited  
(Formerly name, Mill Con Steel Industries Public Company Limited)

I have audited the accompanying consolidated and separate financial statements of Mill Con Steel Public Company Limited and its subsidiaries and of Mill Con Steel Public Company Limited, which comprise the consolidated and separate statements of financial position as at December 31, 2013, and the consolidated and separate statements of comprehensive income, the consolidated and separate statements of changes in shareholders' equity and the consolidated and separate statements of cash flow for the year then ended, and a summary of significant accounting policies and other note to financial statements.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

## Opinion

In my opinion, the consolidated and separate financial statements present fairly, in all material respects, the financial positions of Mill Con Steel Public Company Limited and its subsidiary and of Mill Con Steel Public Company Limited as at December 31, 2013, and their financial performance and cash flows for the year then ended in accordance with Financial Reporting Standards.

## Emphasis Matters

Without qualifying my opinion, I draw attention to the following matters:

### 1) Results of Special Audit

As disclosed in Note 2 to the financial statement for the year ended December 31, 2013 that on August 8, 2013, the Securities and Exchange Commission ("SEC") issued an instruction no.78/2013 ordering Mill Con Steel Public Company Limited to have a special audit concerning the trade transactions of the year 2012 with the Company's business alliances which may be considered as related parties and the share dilution of investment capital in a company which previously was a subsidiary of the Company (See Note 14 to the financial statement). At the present, the Company has already submitted the special audit report to the SEC office by October 31, 2013 as well as publicizing such audit results and the Company's responses and action plans via electronic media of the Stock Exchange of Thailand's information system. The results of special audit concluded that the trade transactions with the Company's business alliances were on normal trading terms and conditions and having no significant difference by comparisons with other customers. And the Management's decision making in the share dilution of investment capital in a previous subsidiary company was reasonable in the circumstances at that moment.

2) Trade transactions with the Company's business alliances who are individuals or entities which have relationship as the management's relatives or the related company's former employees

As disclosed in Note 36 to the financial statement, the Company has considerable usual business commercial transactions that are mostly trade transactions with significance to the business alliances who are individuals or entities which have relationship as the management's relatives or the related company's former employees. And the organization structure of those business alliances are directly and indirectly linked to the management's relatives and some of the Company's certain shareholders, especially selling transactions which have 16.01% and 20.40% of the consolidated sales and services revenue and the company's sales and services revenue for the year ended December 31, 2013, respectively. The outstanding balance in trade accounts

receivable and receivable notes is 20.21% and 41.46% of total trade accounts receivable on the consolidated statement of financial position and trade accounts receivable and receivable notes on the company's financial position as at December 31, 2013, respectively.

### 3) Going Concern

As disclosed in Note 1.2 to the financial statement that describes the factors that cast significant uncertainty, which may cause doubt about the ability to continue as a going concern of the group company. However, as well as the management is in the process of cooperation with financial institutions and Major shareholders to find ways to ensure adequate liquidity in the Group. As at December 31, 2013, the Group has remaining of credit facilities with financial institutions that did not draw out of Baht 705.55 million.

### 4) Changing Accounting Policy

As disclosed in Notes 42 to the financial statements, since the third quarter of 2013, the group company provides the assessment to its lands by an independent appraisal firm in order to reflect the current value. The group company applies the change in measurement of land value from historical cost to new revaluation price (fair value basis using market approach) by using prospective application. The group company directly recognizes the increasing value into "land account" against the account of "Revaluation Surplus from Property which is presented under shareholders' equity. Such revaluation recognition is correct and appropriate.

## Other Matters

### 1) The financial statements for the previous year audited by another auditor

The consolidated statement of financial position and the financial statements of Mill Con Steel Public Company Limited and its subsidiaries and Mill Con Steel Industries Public Company Limited as at December 31, 2012 (before correction) and the consolidated statement of comprehensive income and the company's statement of comprehensive income for the year ended December 31, 2012, (before correction) the consolidated statement of changes in shareholders' equity and the company's statement of changes in shareholders' equity and the consolidated cash flows, and the company's cash flow statements for the year then ended (before correction) presented for comparative purpose were audited by another auditor, who expressed a disclaimer opinion on those financial statements of the group company. There are significant transactions with trade affiliates. These factors indicate that the transactions are not in the normal course of business and focus on information and events concerning the ongoing operations of the group company according to the report dated April 18, 2013.

## 2) Error correction in the financial statement for the year 2012

In accordance with my auditing to the financial statement of 2013, I have also audited the correction of error transactions which are treated to prepare the restated financial statement of 2012 for the comparative purpose herein, shown on the Note 41 to the financial statement. The subsidiary company had in excess of recognition on the cost of machinery and equipment due to the error on amortization of the borrowing cost and under recording of the income tax for the year 2012. As the results, the group company has restated the financial statements for the year ended December 31, 2012 for such errors correction, which had been previously issued. In my opinion, such adjustment transactions are appropriate and already adjusted to the financial statements of 2012 properly.



(Miss Chantira Wongsri-Udomporn)

Certified Public Accountant

Registration No. 4996

S.K. Accountant Services Company Limited  
Bangkok, Thailand  
February 28, 2014

**Satatement of financial Position**
**As at 31 December 2013**
**(Unit : Baht)**

ASSETS	Notes	Consolidated Financial Statements			Separate Financial Statement		
		31 Dec. 2013	31 Dec. 2012	1 Jan. 2012	31 Dec. 2013	31 Dec. 2012	1 Jan. 2012
CURRENT ASSETS							
Cash and cash equivalents	8	320,412,508	50,796,826	307,017,544	295,430,375	18,567,756	285,214,819
Restricted deposits at financial institutions	9	646,462,080	813,353,219	478,600,000	606,362,080	773,253,219	438,500,000
Trade accounts and notes receivable, net	10	2,017,478,018	3,030,474,136	1,270,539,087	983,582,945	1,814,348,877	1,260,662,984
Inventories, net	11	2,573,069,677	2,631,780,550	3,182,201,991	1,235,487,908	1,297,824,099	1,663,542,953
Advances to suppliers for purchases of goods, net		608,721,063	315,750,621	228,689,820	570,618,676	781,808,323	460,149,768
Derivative financial instruments		36,742,738	425,031	1,104,366	18,505,589	155,817	297,120
Advances to subsidiaries	37.3	-	-	-	808,972,387	271,664,599	2,705,651
Other current assets	12	315,226,184	162,746,759	402,314,195	469,891,535	89,259,019	69,201,026
TOTAL CURRENT ASSETS		6,518,112,268	7,005,327,142	5,870,467,003	4,988,851,495	5,046,881,709	4,180,274,321
NON-CURRENT ASSETS							
Available-for-sale investments	13	14,000,000	18,400,000	27,400,000	14,000,000	18,400,000	27,400,000
Derivative financial assets		-	-	26,845,384	-	-	25,738,595
Investment in an associate	14	-	19,249,817	2,778,190	-	18,149,990	3,000,000
Investments in subsidiaries, net	15	-	-	-	2,544,115,163	2,524,115,163	2,528,865,133
Other long-term investment, net	16	23,075,609	3,465,853	3,504,747	18,149,990	-	-
Property, plant and equipment, net	17	7,253,084,765	6,778,683,976	6,164,458,651	1,255,699,456	1,134,137,568	1,189,689,181
Intangible assets, net	18	28,835,177	39,490,289	65,655,553	6,441,105	6,329,127	5,181,278
Deferred tax assets	19	14,897,279	14,855,958	9,815,072	10,783,263	6,583,213	7,469,164
Other non-current assets		6,441,870	12,180,280	5,554,074	2,749,500	3,049,500	3,542,226
TOTAL NON CURRENT ASSETS		7,340,334,700	6,886,326,173	6,306,011,671	3,851,938,477	3,710,764,561	3,790,885,577
TOTAL ASSETS		13,858,446,968	13,891,653,315	12,176,478,674	8,840,789,972	8,757,646,270	7,971,159,898

Statement of financial Position (Cont'd)

As at 31 December 2013

(Unit : Baht)

LIABILITIES AND SHAREHOLDERS' EQUITY	Notes	Consolidated Financial Statements			Separate Financial Statement		
		31 Dec. 2013	31 Dec. 2012	1 Jan. 2012	31 Dec. 2013	31 Dec. 2012	1 Jan. 2012
CURRENT LIABILITIES							
Short-term loans from financial institutions, net	20.1	8,478,640,462	8,579,840,000	5,511,071,833	4,506,643,255	4,500,721,463	3,855,739,410
Short-term loans from discounted bills		-	446,057,590	119,251,500	-	446,057,590	119,251,500
Trade accounts payable		1,231,073,923	788,358,058	480,152,897	641,962,866	416,314,889	650,659,627
Advances from customers for sales of goods		251,706,768	359,174,422	456,745,724	251,706,767	359,174,423	252,617,552
Current portion of long-term loans from financial institutions, net	20.2	33,600,000	33,600,000	170,836,953	33,600,000	33,600,000	39,950,000
Current portion of liabilities under finance leases, net	21	5,465,895	6,922,699	13,779,589	409,155	383,482	359,477
Derivative financial instruments		6,724,232	17,837,986	9,555,482	6,724,232	113,151	3,360,264
Accounts payable for purchase of fixed assets		7,072,795	18,635,258	335,870,619	808,515	1,580,352	2,976,709
Other current liabilities		130,252,532	158,054,277	60,270,039	53,616,447	59,627,720	68,938,195
TOTAL CURRENT LIABILITIES		10,144,536,607	10,408,480,290	7,157,534,636	5,495,471,237	5,817,573,070	4,993,852,734
NON-CURRENT LIABILITIES							
Long-term loans, net	20.2	54,824,675	88,424,675	1,708,533,103	54,824,675	88,424,675	124,800,000
Liabilities under finance leases, net	21	11,110,388	8,728,466	37,838,938	361,751	770,906	1,154,389.00
Deferred tax liabilities	19	108,224,001	66,652,157	107,303,130	35,185,293	35,838	7,810,714
Convertible bonds		-	-	38,340,207	-	-	38,340,207
Retirement benefit obligations	22	15,732,065	12,864,070	10,450,684	13,359,320	11,392,816	9,535,996
Other non-current liabilities		11,520,000	13,440,000	-	-	-	-
TOTAL NON-CURRENT LIABILITIES		201,411,129	190,109,368	1,902,466,062	103,731,039	100,624,235	181,641,306
TOTAL LIABILITIES		10,345,947,736	10,598,589,658	9,060,000,698	5,599,202,276	5,918,197,305	5,175,494,040

**Statement of financial Position (Cont'd)**
**As at 31 December 2013**
**(Unit : Baht)**

LIABILITIES AND SHAREHOLDERS' EQUITY	Notes	Consolidated Financial Statements			Separate Financial Statement		
		31 Dec. 2013	31 Dec. 2012	1 Jan. 2012	31 Dec. 2013	31 Dec. 2012	1 Jan. 2012
SHAREHOLDERS' EQUITY							
Share capital							
Authorized share capital							
- 1,044,864,171 preferred shares of par Baht 0.40 each		417,945,668			417,945,668		
- 3,554,346,488 ordinary shares of par Baht 0.40 each		1,421,738,595			1,421,738,595		
- 294,864,171 preferred shares of par Baht 0.40 each			117,945,668	117,945,668		117,945,668	117,945,668
- 2,765,782,754 ordinary shares of par Baht 0.40 each			1,106,313,102			1,106,313,102	
- 2,751,449,419 ordinary shares of par Baht 0.40 each				1,100,579,768			1,100,579,768
Total		1,839,684,263	1,224,258,770	1,218,525,436	1,839,684,263	1,224,258,770	1,218,525,436
Issued and paid-up share capital							
- 294,864,171 preferred shares of par Baht 0.40 each		117,945,668	117,945,668	117,945,668	117,945,668	117,945,668	117,945,668
- 1,682,005,065 ordinary shares of par Baht 0.40 each		672,802,026			672,802,026		
- 1,568,739,409 ordinary shares of par Baht 0.40 each			627,495,764			627,495,764	
- 1,566,463,019 ordinary shares of par Baht 0.40 each				626,585,208			626,585,208
Advance for share	23	173,899,999	-	-	173,899,999	-	-
Convertible bonds	24	175,000,000	175,000,000	129,966,666	175,000,000	175,000,000	129,966,666
Premium on paid-up capital							
Premium on preferred shares		1,089,887,863	1,089,887,863	1,089,887,863	1,089,887,863	1,089,887,863	1,089,887,863
Premium on ordinary shares		734,860,978	734,860,978	731,608,017	734,860,978	734,860,978	731,608,017
Retained earnings							
Appropriated - legal reserve	25	32,442,515	32,442,515	32,163,299	32,442,515	32,442,515	32,163,299
Unappropriated		346,212,261	530,986,728	398,531,415	131,611,945	70,748,177	69,329,137
Other components of shareholders' equity		135,318,778	(48,671,423)	(41,559,423)	113,136,702	(8,932,000)	(1,820,000)
Equity attributable to owners of the parent		3,478,370,088	3,259,948,093	3,085,128,713	3,241,587,696	2,839,448,965	2,795,665,858
Non-controlling interests		34,129,144	33,115,564	31,349,263	-	-	-
TOTAL SHAREHOLDERS' EQUITY		3,512,499,232	3,293,063,657	3,116,477,976	3,241,587,696	2,839,448,965	2,795,665,858
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		13,858,446,968	13,891,653,315	12,176,478,674	8,840,789,972	8,757,646,270	7,971,159,898

Statements of Comprehensive Income  
For the years ended December 31, 2013

(Unit : Baht)

	Note	Consolidated Financial Statements		Separate Financial Statement	
		31 Dec. 2013	31 Dec. 2012 (Restated)	31 Dec. 2013	31 Dec. 2012 (Restated)
Sales of goods and services	28.1	13,811,392,069	16,457,055,539	10,844,535,189	11,956,572,956
Cost of sales and services		(12,854,715,540)	(15,438,943,770)	(10,237,444,049)	(11,415,417,572)
Gross profit		956,676,529	1,018,111,769	607,091,140	541,155,384
Other income	28.2	92,431,863	143,921,288	285,629,964	90,379,700
share of profit of associated company		398,833	1,099,827	-	-
Selling expenses		(153,957,568)	(163,994,429)	(128,296,231)	(109,017,451)
Administrative expenses		(252,602,194)	(264,295,444)	(163,705,704)	(141,892,092)
Other expenses	29	(78,819,816)	(32,737,952)	(28,957,606)	(8,812,175)
Finance costs	30	(683,072,510)	(593,441,528)	(440,346,090)	(362,879,279)
Loss from deemed disposal in a subsidiary		-	(3,615,178)	-	-
Profit (loss) before income tax		(118,944,863)	105,048,353	131,415,473	8,934,087
Tax (expenses) Income	31	4,941,932	38,339,463	2,770	1,651,155
Profit (loss) for the years		(114,002,931)	143,387,816	131,418,243	10,585,242
<b>Other comprehensive loss</b>					
Gain (loss) on remeasuring available for sale investments - net of income tax		(3,868,000)	(7,112,000)	(3,868,000)	(7,112,000)
Gain (loss) on land revaluation - net of income tax		188,654,720	-	125,936,702	-
Other comprehensive Income (loss) for the years		184,786,720	(7,112,000)	122,068,702	(7,112,000)
Total comprehensive income (loss) for the years		70,783,789	136,275,816	253,486,945	3,473,242
<b>Profit (loss) attributable to:</b>					
- Owners of the parent		(114,219,992)	141,621,515	131,418,243	10,585,242
- Non-controlling interests		217,061	1,766,301	-	-
<b>Profit for the year</b>		(114,002,931)	143,387,816	131,418,243	10,585,242
<b>Total comprehensive income attributable to:</b>					
- Owners of the parent		69,770,209	134,509,515	253,486,945	3,473,242
- Non-controlling interests		1,013,580	1,766,301	-	-
<b>Total comprehensive income for the years</b>		70,783,789	136,275,816	253,486,945	3,473,242
<b>Earnings (loss) per share for the years</b>					
Basic earnings (loss) per share	32	(0.06)	0.05	0.02	(0.03)
Diluted earnings (loss) per share	32	(0.06)	0.04	0.02	(0.03)



**Statement of Changes in Shareholders' Equity**

For the years ended December 31, 2013 (Consolidated Financial Statements)

(Unit : Baht)

Notes	Issued and paid-up share capital	Share subscription payables	Convertible bonds	Premium on shares	Retained earnings		Other components of equity				Total owners of the parent	Non-controlling interest	Total shareholders' equity
					Appropriated Legal reserve	Unappropriated	Gain (loss) on remeasuring available-for-sale investments - net of income tax	Revaluation Surplus from land - net of income tax	Discount from changes in shareholding interest in a subsidiary	Total other components of shareholders' equity			
Balance as at January 1, 2012 (As Previously Reported)	744,530,876	-	129,966,666	1,821,495,880	32,163,299	495,565,712	(2,600,000)	-	(39,739,423)	(42,339,423)	3,181,383,010	32,583,024	3,213,966,034
Effect of adopting in New Accounting Policies adopted	-	-	-	-	-	(97,034,297)	780,000	-	-	780,000	(96,254,297)	(1,233,761)	(97,488,058)
Balance as at January 1, 2012 (Restated)	744,530,876	-	129,966,666	1,821,495,880	32,163,299	398,531,415	(1,820,000)	-	(39,739,423)	(41,559,423)	3,085,128,713	31,349,263	3,116,477,976
Issue of ordinary shares	910,556	-	-	3,252,961	-	-	-	-	-	-	4,163,517	-	4,163,517
Convertible bonds	-	-	45,033,334	-	-	-	-	-	-	-	45,033,334	-	45,033,334
Appropriated Legal reserve	-	-	-	-	279,216	(279,216)	-	-	-	-	-	-	-
Interest expense of convertible bonds classified as equity instrument	-	-	-	-	-	(8,886,986)	-	-	-	-	(8,886,986)	-	(8,886,986)
Total comprehensive income for the years (Restated)	-	-	-	-	-	141,621,515	(7,112,000)	-	-	(7,112,000)	134,509,515	1,766,301	136,275,816
Balance as at January 1, 2013 (Restated)	745,441,432	-	175,000,000	1,824,748,841	32,442,515	530,986,728	(8,932,000)	-	(39,739,423)	(48,671,423)	3,259,948,093	33,115,564	3,293,063,657
Issue of ordinary shares	45,306,262	-	-	-	-	(45,306,262)	-	-	-	-	-	-	-
Share subscription payables	-	173,899,999	-	-	-	-	-	-	-	-	173,899,999	-	173,899,999
Dividend Paid	-	-	-	-	-	(16,498,213)	-	-	-	-	(16,498,213)	-	(16,498,213)
Interest expense of convertible bonds classified as equity instrument	-	-	-	-	-	(8,750,000)	-	-	-	-	(8,750,000)	-	(8,750,000)
Total comprehensive income for the years	-	-	-	-	-	(114,219,992)	(3,868,000)	187,858,201	-	183,990,201	69,770,209	1,013,580	70,783,789
Balance as at December 31, 2013	790,747,694	173,899,999	175,000,000	1,824,748,841	32,442,515	346,212,261	(12,800,000)	187,858,201	(39,739,423)	135,318,778	3,478,370,088	34,129,144	3,512,499,232

Statement of Changes in Shareholders' Equity

For the years ended December 31, 2013 (Separate Financial Statements)

(Unit : Baht)

	Notes	Issued and paid-up share capital	Share subscription payables	Convertible bonds	Premium on shares	Retained earnings		Other components of equity			Total other components of shareholders' equity
						Appropriated Legal reserve	Unappropriated	Gain (loss) on remeasuring investments - net of income tax	Revaluation Surplus from land - net of income tax	Discount from changes in shareholding interest in a subsidiary	
Balance as of January 1, 2012 (As Previously Reported)		744,530,876	-	129,966,666	1,821,495,880	32,163,299	70,450,687	(2,600,000)	-	(2,600,000)	2,796,007,408
Effect of adopting in New Accounting Policies adopted	5	-	-	-	-	-	(1,121,550)	780,000	-	780,000	(341,550)
Balance as of January 1, 2012 (Restated)		744,530,876	-	129,966,666	1,821,495,880	32,163,299	69,329,137	(1,820,000)	-	(1,820,000)	2,795,665,858
Issue of ordinary shares		910,556	-	-	3,252,961	-	-	-	-	-	4,163,517
Convertible bonds	23	-	-	45,033,334	-	-	-	-	-	-	45,033,334
Appropriated Legal reserve		-	-	-	-	279,216	(279,216)	-	-	-	-
Interest expense of convertible bonds classified as equity instrument		-	-	-	-	-	(8,886,986)	-	-	-	(8,886,986)
Balance as of January 1, 2012 (Restated)		-	-	-	-	-	10,585,242	(7,112,000)	-	(7,112,000)	3,473,242
Balance as of January 1, 2012 (Restated)		745,441,432	-	175,000,000	1,824,748,841	32,442,515	70,748,177	(8,932,000)	-	(8,932,000)	2,839,448,965
Issue of ordinary shares	23	45,306,262	-	-	-	-	(45,306,262)	-	-	-	-
Share subscription payables	23	-	173,899,999	-	-	-	-	-	-	-	173,899,999
Dividend paid	26	-	-	-	-	-	(16,498,213)	-	-	-	(16,498,213)
Interest expense of convertible bonds classified as equity instrument		-	-	-	-	-	(8,750,000)	-	-	-	(8,750,000)
Total comprehensive income for the years		-	-	-	-	-	131,418,243	(3,868,000)	125,936,702	122,068,702	253,486,945
Balance as of December 31, 2013		790,747,694	173,899,999	175,000,000	1,824,748,841	32,442,515	131,611,945	(12,800,000)	125,936,702	113,136,702	3,241,587,696

**Statements of Cash Flow**

For the years ended December 31, 2013

(Unit : Baht)

	Notes	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		31 Dec. 2013	31 Dec. 2012 (Restated)	31 Dec. 2013	31 Dec. 2012 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit (loss) before income tax		(118,944,863)	105,048,353	131,415,473	8,934,087
Adjustment to reconcile profit (loss) before income tax with cash received (used) from operation					
Depreciation		191,791,626	174,647,679	26,557,152	27,027,712
Amortisation		10,895,112	10,940,953	128,022	176,451
Doubtful debt (reversal)		9,614,833	(3,155,723)	9,614,833	(3,155,723)
Amortised premium of bond		38,894	38,894	-	-
Allowance for net realisable value of inventories		4,480,047	5,069,747	2,701,142	4,365,656
Fair value loss on the trading investments		-	8,508,216	-	8,508,216
Loss on disposal of trading investment		-	17,761,004	-	-
Loss on impairment of intangible assets		-	-	-	9,999,800
Loss on impairment of investment in a subsidiary		-	3,615,178	-	-
Share of profit of associated company		(398,833)	-	-	-
Profit from sales fixed assets		(2,734,357)	(45,477,843)	(991,322)	(44,894,567)
Loss from write-off fixed assets		-	303,961	-	303,959
Unrealised fair value gains on derivative financial instruments		(47,431,461)	17,412,955	(11,738,691)	(42,666)
Dividend Income		(1,000,000)	(1,000,000)	(249,802,708)	(1,000,000)
Share of profit of associated company		-	(1,099,827)	-	-
Unrealised (gains) losses on exchange rate		(36,061,738)	(12,925,313)	4,923,687	(18,620)
Retirement benefit expenses		2,867,995	2,731,522	1,966,504	1,856,820
Interest income		(9,321,028)	(8,816,449)	(7,877,989)	(7,596,911)
Finance costs - interest expenses		627,031,905	543,020,905	397,978,092	318,748,922
Profit from operating activities before changes in operating assets and liabilities		630,828,132	816,624,212	304,874,195	323,213,136
(Increase) Decrease in operating asset					
Trade accounts and notes receivable		1,003,046,837	(1,774,130,068)	821,485,546	(550,530,170)
Inventories		54,230,827	545,351,694	59,635,049	361,353,198
Advances to suppliers for purchases of goods		(293,654,927)	(87,060,801)	211,189,647	(321,658,555)
Advances to subsidiary		-	-	(537,307,788)	(268,958,948)
Other current assets		(88,013,044)	126,963,447	(65,123,644)	(48,044,604)
Other non-current assets		5,738,410	(25,989)	300,000	492,726
Proceeds from disposal of trading investment		-	23,976,948	-	23,976,948
Increase (Decrease) in operating Liabilities					
Trade accounts payable		457,939,492	353,858,392	212,013,374	(211,669,286)
Advances from customers for sales of goods		(107,467,655)	(97,571,302)	(107,467,655)	106,556,871
Other current liabilities		(13,268,540)	118,828,030	(6,011,273)	(7,769,225)
Other non-current liabilities		(1,920,000)	13,440,000	-	-
Cash receipt (paid) from operating activities		1,647,459,532	40,254,563	893,587,451	(593,037,909)

Statements of Cash Flow (Cont'd)

For the years ended December 31, 2013

(Unit : Baht)

	Notes	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		31 Dec. 2013	31 Dec. 2012 (Restated)	31 Dec. 2013	31 Dec. 2012 (Restated)
Cash received from interests		9,516,347	8,230,995	8,073,138	7,011,457
Cash received for income tax		11,250,185	-	11,250,185	-
Cash paid for income tax		(16,967,916)	(7,279,691)	(15,871,758)	(7,262,869)
<b>Net cash provided (used) from operating activities</b>		<b>1,651,258,148</b>	<b>41,205,867</b>	<b>897,039,016</b>	<b>(593,289,321)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>					
Restricted deposits at financial institutions		166,891,139	(334,753,219)	166,891,139	(334,753,219)
Payments of additional share capital of subsidiaries		-	-	(20,000,000)	-
Payments of additional share capital of associate		-	(20,399,820)	-	(20,399,820)
Purchases of property, plant and equipment		(517,822,813)	(833,978,264)	(61,878,067)	(35,536,140)
Purchases of intangible assets		(240,000)	(1,641,100)	(240,000)	(424,300)
Proceeds from disposal of machinery and equipment		20,829,620	126,511,002	10,865,070	110,231,002
Dividend received		1,000,000	1,000,000	1,000,000	1,000,000
<b>Net cash provided (used ) form investing activities</b>		<b>(329,342,054)</b>	<b>(1,063,261,401)</b>	<b>96,638,142</b>	<b>(279,882,477)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>					
Cash Paid in Payable for Assets		(18,635,260)	(335,870,619)	(1,580,352)	(2,976,709)
Proceeds from short-term loans from financial institutions		32,325,062,773	26,643,399,890	22,257,260,628	17,209,951,392
Repayments of short-term loans from financial institutions		(32,405,279,628)	(25,271,854,560)	(22,253,473,507)	(16,560,282,153)
Proceeds from short-term loans from discounted bills		1,806,694,334	2,705,939,000	1,806,694,334	2,494,079,000
Repayments of short-term loans from discounted bills		(2,252,751,924)	(2,367,080,500)	(2,252,751,924)	(2,155,220,500)
Proceeds from long-term loans from financial institutions			187,825,748		-
Payments for direct cost in long-term invesment			(2,507,395)		-
Payments of long-term loans from financial institutions		(33,600,000)	(188,121,084)	(33,600,000)	(42,725,325)
Payments for liabilities under finance leases		(7,127,119)	(41,252,579)	(383,482)	(447,096)
Proceeds from capital increase		-	4,163,517	-	4,163,517
Cash received from stock		173,899,999	-	173,899,999	-
Dividend paid		(16,498,213)	(461,625)	(16,498,213)	(461,625)
<b>Cash paid from interests</b>		<b>(624,065,374)</b>	<b>(564,040,695)</b>	<b>(396,382,022)</b>	<b>(339,555,766)</b>
<b>Net cash provided (used) from financing activities</b>		<b>(1,052,300,412)</b>	<b>770,139,098</b>	<b>(716,814,539)</b>	<b>606,524,735</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>269,615,682</b>	<b>(251,916,436)</b>	<b>276,862,619</b>	<b>(266,647,063)</b>
Cash receipt from acquisition of investment in a subsidiary		-	2,855,816	-	-
Cash paid for by the loss of control over the subsidiary		-	(7,160,098)	-	-
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	8	<b>50,796,826</b>	<b>307,017,544</b>	<b>18,567,756</b>	<b>285,214,819</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	8	<b>320,412,508</b>	<b>50,796,826</b>	<b>295,430,375</b>	<b>18,567,756</b>

**MILL CON STEEL PUBLIC COMPANY LIMITED  
AND ITS SUBSIDIARY COMPANY  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2013**

**1. General Information**

**1.1 Information about registration and the location and type of business.**

MILL CON STEEL INDUSTRIES PUBLIC COMPANY LIMITED (the "Company") is registered the company name was changed to be MILL CON STEEL PUBLIC COMPANY LIMITED (the "Company") is a public limited company incorporated and resident in Thailand on June 5, 2013. The address of its registered office is:

Head office 9, 11, 13, Soi Banggradee 32, Banggradee Road, Samaedum, Bangkhuntien,

Bangkok Thailand, 10150

Branch 1 52 Thaniya Plaza Building 29th Floor, Silom Road, Suriyawongse, Bangrak, Bangkok Thailand, 10500

Branch 2 99 Moo 3, T. Nikompattana, A. Nikompattana, Rayong Thailand, 21180

The Company is principally engaged in manufacturing and trading steel products.

**1.2 Operation Going Concern**

As at December 31, 2013 and 2012, the Group has the consolidated current liabilities in excess of the consolidated current assets amounting Baht 3,626.42 million and Baht 3,403.15 million, respectively. The consolidated current liabilities mainly include 1) short-term loans in the term of promissory note and trust receipt and letter of credit total amounting to Baht 7,039.04 million and Baht 6,876.56 million, respectively, and 2) reclassified long-term loans from a financial institution to short-term loans amounting to Baht 1,439.59 million and Baht 1,703.28 million, respectively, which is resulting from a subsidiary company has failed to comply with a significant financial ratio and declaring of interim dividend before given written approval. However, later on January 20, 2014, the subsidiary company has received a letter for given the consent and waiver of affirmative covenants from a financial institution including permission for non-compliance with a significant financial ratio and consent of dividend payment (see notes 20.2 and 15). These factors indicate a material uncertainty which may cast significant doubt about its ability to continue operations of the Group, however, because the Group has remaining of credit facilities that did not drawn out of Baht 705.55 million (Note 20.3). As well as the management is in the process of cooperation with financial institutions and Major shareholders to find ways to ensure adequate liquidity in the Group. Therefore, the management believes that the Group will continue its operations at least for the forthcoming 12 months. Accordingly, the Group's financial information has been prepared on a going concern basis.

**2. Results of Special Audit**

As disclosed in Note 44 the Securities and Exchange Commission ("SEC") ordered Mill Con Steel Public Company Limited to have a special audit concerning the trade transactions of the year 2012 with the Company's business alliances which may be considered as related parties and the share dilution of investment capital in a company which previously was a subsidiary of the Company (See Note 14). At the present, the Company has already submitted the special audit report to the SEC office by October 31, 2013 as well as publicizing such audit results and the Company's responses and action plans via electronic media of the Stock Exchange of Thailand's information system. That Big Four's audit firm has shown the results of special audit with the conclusion that there were no necessary adjustments concerning the commercial transactions with business alliances and the abdication of the right for the purchase of the share increase in the subsidiary above to the consolidated financial statements and the company's financial statements for the year ended December 31, 2013. And all the commercial transactions with the business

alliances were considered as the normal trading terms and conditions and having no significant difference by comparisons with other customers and the shares dilution of investment in that subsidiary was reasonable in the circumstances at that moment.

### 3. Basis of the Financial Statement Preparation

- 3.1 The financial statements have been prepared in accordance with Financial Reporting Standards of Thailand including related interpretations and guidelines promulgated by the Federation of Accounting Professions, applicable rules, regulations of the Securities and Exchange Commission and The Stock Exchange of Thailand.
- 3.2 In order to prepare the financial statements to comply with financial reporting standards, the Company's management had to make some estimates and suppositions which may have an effect on the amount shown for revenues, expenses, assets and liabilities and also on the disclosures concerning assets and contingent liabilities, therefore the actual result may differ from the estimated amount.
- 3.3 The financial report in Thai language are the official statutory financial report of the Company. The financial report in English language have been translated from the Thai language financial report.

### 4. Basis of the Consolidation Financial Statement Preparation

- 4.1 In preparation of the consolidated financial statements, the Company will only take its subsidiary companies which are under the main control of MILL CON STEEL INDUSTRIES PUBLIC COMPANY LIMITED into account, after having eliminated the remaining balances and transactions among themselves. As at December 31, 2013 and 2012, the Company holds shares in subsidiary companies with the percentage of shareholdings in subsidiary companies as follows:

Company's Name	Percentage of Shareholdings		Country of Registration	Category
	As at	As at		
	December 31, 2013	December 31, 2012		
Mill Con Burapa Co., Ltd.	98.73	98.73	Thailand	Manufacture and distribution of round bars, deformed bars,
Zentra Watung Engineering Co., Ltd. (Formerly the Ocean Profit Co., Ltd.)	99.99	99.99	Thailand	Wholesale of steel products

- 4.2 In the preparation of the consolidated financial statements, the accounting period of subsidiary companies are ended at the same period of MILL CON STEEL INDUSTRIES PUBLIC COMPANY LIMITED.
- 4.3 Balances between the MILL CON STEEL INDUSTRIES PUBLIC COMPANY LIMITED with subsidiary companies, investments in subsidiaries and equity of subsidiaries are deferred transactions from the consolidated financial statements.
- 4.4 Accounting policy for subsidiary companies will utilize the same policy as the MILL CON STEEL INDUSTRIES PUBLIC COMPANY LIMITED.

### 5. Adopted New Financial Reporting Standard

The Company adopted the new accounting standards, financial reporting standards, interpretations accounting standards and accounting guidance, which are not effective for accounting periods beginning on or after January 1, 2013, except for the following accounting standard.

TAS 12

Income Taxes

Accounting standard above which is effective for financial statements are as follow:

	Consolidated Financial Statements		
	As Previously	Adjustment	Restated
	Reported	Entries	Report
	Baht	Baht	Baht
<b>Statement of Financial Position as at January 1, 2012</b>			
Deferred tax asset	-	9,815,072	9,815,072
Deferred tax liabilities	-	107,303,130	107,303,130
Unappropriated retained earnings	495,565,712	(97,034,297)	398,531,415
Non-controlling interests	32,583,024	(1,233,761)	31,349,263
Other components of equity			
Gain (loss) on remeasuring available			
for sale investments - net income tax	(2,600,000)	780,000	(1,820,000)
<b>Statement of Financial Position as at December 31, 2012</b>			
Deferred tax asset	-	14,855,958	14,855,958
Deferred tax liabilities	-	66,652,157	66,652,157
Unappropriated retained earnings	576,106,992	(53,723,236)	522,383,756
Non-controlling interests	33,745,864	(740,963)	33,004,901
Other components of equity			
Gain (loss) on remeasuring available			
for sale investments - net income tax	(11,600,000)	2,668,000	(8,932,000)

	Consolidated Financial Statements		
	As Previously	Adjustments	Restated
	Reported		
	Baht	Baht	Baht
<b>Statements of Comprehensive Income for the year ended December 31, 2012</b>			
Tax (Expense) Income	(3,349,771)	43,803,858	40,454,087
Profit (loss) for the year	90,870,323	43,803,858	134,674,181
Other comprehensive income			
Gain (loss) on remeasuring available			
for sale investments - net income tax	(9,000,000)	1,888,000	(7,112,000)
Basic earnings (loss) per share	0.02	0.03	0.05
Diluted earning (loss) per share	0.02	0.03	0.05

	Separate Financial Statements		
	As Previously Reported	Adjustments	Restated
	Baht	Baht	Baht
<b>Statement of Financial Position as at January 1, 2012</b>			
Deferred tax asset	-	7,469,164	7,469,164
Deferred tax liabilities	-	7,810,714	7,810,714
Unappropriated retained earnings	70,450,687	(1,121,550)	69,329,137
Other components of equity			
Gain (loss) on remeasuring available for sale investments - net income tax	(2,600,000)	780,000	(1,820,000)
<b>Statement of Financial Position as at December 31, 2012</b>			
Deferred tax asset	-	6,583,213	6,583,213
Deferred tax liabilities	-	35,838	35,838
Unappropriated retained earnings	66,868,801	3,879,376	70,748,177
Other components of equity			
Gain (loss) on remeasuring available for sale investments - net income tax	(11,600,000)	2,668,000	(8,932,000)

	Separate Financial Statements		
	As Previously Reported	Adjustments	Restated
<b>Statements of Comprehensive Income for the year ended December 31, 2012</b>			
Tax (Expense) Income	(3,349,771)	5,000,926	1,651,155
Profit (loss) for the period.	5,584,316	5,000,926	10,585,242
Other comprehensive income			
Gain (loss) on remeasuring available for sale investments - net income tax	(9,000,000)	1,888,000	(7,112,000)
Basic earnings (loss) per share	(0.04)	0.01	(0.03)
Diluted earning (loss) per share	(0.03)	-	(0.03)

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

New accounting standards, financial reporting standards, interpretations accounting standards, interpretations financial reporting standards, which are effective for accounting periods beginning on or after January 1, 2014 and 2016, that the Company has not adopted, are as follows:

##### Effective on or after January 1, 2014

TAS 1 (revised 2012)	Presentation of Financial Statements
TAS 7 (revised 2012)	Statement of Cash Flows
TAS 12 (revised 2012)	Income Taxes
TAS 17 (revised 2012)	Leases
TAS 18 (revised 2012)	Revenue



TAS 19 (revised 2012)	Employee Benefits
TAS 21 (revised 2012)	The Effects of Changes in Foreign Exchange Rates
TAS 24 (revised 2012)	Related Party Disclosures
TAS 28 (revised 2012)	Investments in Associates
TAS 31 (revised 2012)	Interests in Joint Ventures
TAS 34 (revised 2012)	Interim Financial Reporting
TAS 36 (revised 2012)	Impairment of Assets
TAS 38 (revised 2012)	Intangible Assets
TFRS 2 (revised 2012)	Share-based Payment
TFRS 3 (revised 2012)	Business Combinations
TFRS 5 (revised 2012)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 8 (revised 2012)	Operating Segments
TSIC 15	Operating Leases – Incentives
TSIC 27	Evaluating the Substance of Transactions in the Legal Form of a Lease
TSIC 29	Disclosure - Service Concession Arrangement
TSIC 32	Intangible Assets – Web Site Costs
TFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4	Determining Whether an Arrangement Contains a Lease
TFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7	Applying the Restatement Approach under TAS 29 Financial Reporting in Hyperinflationary Economies
TFRIC 10	Interim Financial Reporting and Impairment
TFRIC 12	Service Concession Arrangement
TFRIC 13	Customer Loyalty Programs
TFRIC 17	Distributions of Non-cash Assets to Owners
TFRIC 18	Transfers of Assets from Customers

Effective on or after January 1, 2016

TFRS 4	Insurance Contracts
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The management of the Company believes that above financial reporting standards will not have any impact on the financial statements when they are applied.

## 7. 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 Items denominated in 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 at the prevailing exchange rate on that date. (Except for liabilities under rehabilitation plan on the exchange rate as defined in the plan). Profit or loss arising from such conversion is shown as revenues or expenses in the statements of comprehensive income for that period.

#### 7.3 Financial Instruments

Financial assets and liabilities were shown in the statements of financial position composed of Cash and cash equivalents, investments, trade receivables, loans, other payables, liabilities under rehabilitation plan under restructuring and borrowings. The accounting policy of each item would be disclosed in separated items

#### 7.4 Cash and Cash Equivalents

Cash and cash equivalents includes bank deposit in type of saving accounts, current accounts and 3-months fixed accounts without guarantee obligation and short-term highly liquid investments with maturities of three months or less from the date of acquisition and no restrictions on the withdrawal.

#### 7.5 Trade Receivables and Allowance for doubtful debt

Trade and other receivables are stated at the net realizable value. The allowance for doubtful considering individual debtor is expected to be uncollectible.

#### 7.6 Inventories

Inventories are stated at the lower of cost or net realisable value. Cost of raw materials (Billet) and other inventories are determined by the specific method and the first-in, first-out method, respectively. The cost of purchase comprises both the purchase price and costs directly attributable to the acquisition of the inventory, such as import duties and transportation charges, less all attributable discounts, allowances or rebates. The cost of finished goods and work in progress comprise raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity), but excluded borrowing costs. Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses. Allowance is made, where necessary, for obsolete, slow-moving and defective inventories.

#### 7.7 Investments

Investments other than investments in subsidiaries and an associate are classified into the following three categories: trading investments, held-to-maturity, and available-for-sale. The classification is dependent on the purpose for which the investments were acquired. Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.

- Investments that are acquired principally for the purpose of generating a profit from short-term fluctuations in price are classified as trading investments and included in current assets.
- Investments with fixed maturity that the management has the intent and ability to hold to maturity are classified as held-to-maturity and are included in non-current assets, except those with maturities within 12 months from the end of the reporting period, which are classified as current assets.
- Investments intended to be held for an indefinite period of time, which may be sold in response to liquidity needs or changes in interest rates, are classified as available-for-sale; and are included in non-current assets unless management has expressed the intention of holding the investment for less than 12 months from the statement of financial position date or unless they will need to be sold to raise operating capital, in which case they are included in current assets.

All categories of investment are initially recognised at cost, which is equal to the fair value of consideration paid plus transaction cost.

Trading investments and available for sale investments are subsequently measured at fair value. The fair value of investments is based on quoted bid price at the close of business on the statement of financial position date by reference to the Stock Exchange of Thailand. The unrealised gains and losses of trading investments are recognised in the profit or loss.

The unrealised gains and losses of available for sale investments are recognised in other comprehensive income or loss. When investments classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the profit or loss as gains and losses from investment in securities.

Held-to-maturity investments are carried at amortised cost using the effective yield method less impairment loss.

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 profit or loss.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the profit or loss. When disposing of part of the Company's holding of a particular investment in debt or equity securities, the carrying amount of the disposed part is determined by the weighted average carrying amount of the total holding of the investment.

#### 7.8 Property, Plant and Equipment

All property, plant and equipment are initially recorded at cost. All plant and equipment are stated at historical cost less accumulated depreciation and impairment (if any). The costs of property, plant and equipment comprise both the purchase price and any costs directly attributable to bringing the assets to location and condition necessary for them to be capable of operating in the manner intended by management. Their costs also include the initial estimate of the costs of dismantling and removing the item and restoring the site on which they are located, the obligation for which the Group incurs either when the items are acquired or as a consequence of having used the items during a particular period.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Land is not depreciated. Depreciation is calculated on the straight-line method to write-off the cost of each asset, to its residual value over the estimated useful life as follows:

Land improvement	5 - 20 years
Buildings and buildings improvement	10 - 50 years
Machinery and equipment	5 - 50 years
Furniture, fixtures and office equipment	5 years
Motor vehicles	5 years
Utilities system	50 years

The Group review and adjust the assets' residual values and useful lives, if appropriate, at the end of each reporting period.

Where the carrying amount of asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains or losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Other (losses)/gains - net' in profit or loss.

Borrowing costs that are directly attributable to the acquisition or construction of a qualifying asset are capitalised as part of the cost of that asset, during the period of time required to complete and prepare the asset for its intended use. All other borrowing costs are recognised as expenses in profit or loss.

#### Land Revaluation

Since September 30, 2013, the Group Company has provided the assessment to its lands (in former using of cost basis) by an independent appraisal firm. The revaluation surplus directly recognized into "Land account" against with "Revaluation surplus on land account" and also "Minority interest in subsidiaries - from revaluation surplus on land account"

under shareholders' equity. The Group Company has a policy to review the revaluation in time to time in order to not allow the book value as of the date of the financial statement position to have significant variance from its current fair value.

The Group Company recognizes an increasing value of property from new revaluation into "Revaluation Surplus on Property" and also "Minority interest in subsidiaries - from revaluation surplus on property account" which are presented under shareholders' equity. However, if that asset is used to reduce the value and recognized the decreasing value as expenditure in the comprehensive income statement, then the surplus from new revaluation shall be recognized as income that does not exceed the amount that had been reduced as expenditure in the previous period.

The Group Company recognizes a decreasing value of property from new revaluation as expenditure in comprehensive income statement. However, if that asset is used to increase value and remains an outstanding amount in the account of "Revaluation Surplus on Property" and also "Minority interest in subsidiaries - from revaluation surplus on property account" in shareholders' equity, then the decreasing value from new revaluation shall be deducted from both accounts "Revaluation Surplus on Property" and "Minority interest in subsidiaries - from revaluation surplus on property" that do not exceed the amount that had been increased from prior revaluation and the remaining decreasing value shall be recognized as expenditure in the comprehensive income statement.

#### 7.9 Intangible assets

##### 7.9.1 Research and development

Research expenditure is recognised as an expense as incurred. Costs incurred on development projects relating to the design and testing of new or improved products are recognised as intangible assets when it is probable that the project will be a success considering its commercial and technological feasibility, and only if the cost can be measured reliably. Other development expenditure is recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Development costs that have been capitalised are amortised from the commencement of the commercial production of the product on a straight line basis over the period of its expected benefit, not exceeding 10 years.

##### 7.9.2 Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives between 5 and 10 years.

Costs associated with maintaining computer software programmes are recognised as an expense as incurred.

##### 7.9.3 Relationship with customer

Contractual customer relationships acquired in a business combination are recognised at fair value at the acquisition date. The contractual customer relations have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over the expected life of the customer relationship which is 6 years and 8 months.

#### 7.10 Impairment of assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets and intangible assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the assets exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows. Assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

#### 7.11 Leases where a Group company is the lessee

Leases of assets where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property and

the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to profit or loss over the lease period so as to achieve a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant or equipment acquired under finance leases is depreciated over the shorter period of the useful life of the asset and the lease term.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

#### 7.12 Leases where a Group company is the lessor

Assets leased out under operating leases are included in property, plant and equipment in the statement of financial position. They are depreciated over their expected useful lives on a basis consistent with other similar property, plant and equipment owned by the Group. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

#### 7.13 Borrowings

Borrowings are recognised initially at the fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective yield method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent that there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of reporting date.

#### 7.14 Employee benefit

The Group has post-employment benefits consisting of both defined benefit and defined contribution plans. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan. Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age of employee, years of service and compensation.

##### 7.14.1 Defined benefit plan - retirement benefit

The Group provides for post employment benefits, payable to employees under the labour laws applicable in Thailand and other countries in which the Group has its operations. The liability in respect of employee benefits is the present value of the defined benefit obligation which is calculated by an independent actuary in accordance with the actuarial technique. The present value of the defined benefit obligation is determined by discounting estimated future cash flows using yields on government bonds which have terms to maturity approximating the terms of the related liability. The estimated future cash flows shall reflect employee salaries, turnover rate, mortality, length of service and other factors. Actuarial gains or losses will be recognised in the profit or loss in the period to which they relate. The costs associated with providing these benefits are charged to the profit or loss so as to spread the cost over the employment period during which the entitlement to benefits is earned.

##### 7.14.2 Defined contribution plan - provident fund

The Group operates a provident fund that is a defined contribution plan. The assets are held in a separate fund which is managed by an external fund manager. The provident fund is funded by payments from employees and by the Group. Contributions to the provident fund are charged to the profit or loss in the year to which they relate.

#### 7.14.3 Defined contribution plan - Employee Joint Investment Program

Since 31 May 2011, the Group operates Employee Joint Investment Program for the Group's employees to purchase the Company's shares through Employee Joint Investment Program, being a defined contribution plan, the assets for which are held in a separate agent. The Program is funded by payments from employees and by the Group. The Group's contributions to the Program are charged to the profit or loss in the year to which they relate.

#### 7.15 General provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, 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. Where the Group expects a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain.

#### 7.16 Share capital

Ordinary shares and non-redeemable preferred shares with discretionary dividends are classified as equity.

Incremental external costs directly attributable to the issue of new shares or options are shown in shareholders' equity as a deduction, net of tax, from the proceeds.

#### 7.17 Recognition of Revenues

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and service in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts, and after eliminating sales within the Group. Revenue from sales of goods is recognised when significant risks and rewards of ownership of the goods are transferred to the buyer. Revenue from rendering services is based on the stage of completion determined by reference to services performed to date as a percentage of total services to be performed.

Interest income is recognised on an accrual basis.

Dividend income is recognised when the shareholder's right to receive payment is established.

#### 7.18 Recognition of Expenses

Expenses are recognized on an accrual basis

#### 7.19 Dividends

Dividends are recorded in the financial statements in the period in which they are approved by the shareholders and the Board of Directors.

#### 7.20 Income tax

The Group calculates income taxes according to the Revenue Code and records them on accrual basis. The Group does not recognise income taxes payable or receivable in future periods with respect to temporary differences.

##### Income tax

Income tax expense comprises current tax and deferred tax. Income tax expense 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 recognize in other comprehensive income or recognized directly in equity as same as that items.

##### 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.

A 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.

#### 7.21 Significant Accounting Judgments and Estimates

In order to prepare the financial statements to comply with financial reporting standards, the Company's management had to make some judgment and estimates which may have an effect on the amount shown in financial statements and notes to financial statements, therefore the actual result may differ from the estimated amount. Significant estimates and provisions are as follows:

##### **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.

##### **Investments in subsidiaries**

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the consideration transferred the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

Intercompany transactions, balances and unrealised gains or loss on transactions between group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

In the company financial statements, investments in subsidiaries are accounted for using the cost method of accounting. Under the cost method, income from investments in subsidiaries will be recorded when dividends are declared. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

A test for impairment for investments in subsidiaries is carried out when there is a factor indicating that investments might be impaired. If the carrying value of the investments is higher than its recoverable amount, impairment loss is charged to the profit or loss.

#### Transactions with non-controlling interests

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For changes in a parent's ownership interest in a subsidiary that do not result in a loss of control, the difference between any consideration paid/received and the relevant share acquired/disposed of the carrying value of net assets of the subsidiary is recorded in shareholders' equity. Gains or losses on disposals to non-controlling interests are also recorded in shareholders' equity.

When the Group ceases to have control, any retained interest in the former subsidiary is re-measured at its fair value, with the change in carrying amount recognised in income statement. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest. In addition, any amounts previously recognised in statement of comprehensive income in respect of the former subsidiary are accounted for in the income statement as if the Group had directly disposed of the related assets or liabilities.

#### Investment in an associate

Associate is an entity over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investment in an associate is initially recognised at cost and accounted for using the equity method of accounting in the consolidated financial statements.

The Group's share of its associates' post-acquisition profits or losses is recognised in the profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Accounting policies of associates have been changed to ensure consistency with the policies adopted by the Group. Dilution gains and losses arising in the investment in an associate are recognised in the profit or loss.

In the Company's financial statements, the investment in an associate is accounted for using the cost method.

A list of the Group's principal associate and the effects acquisition of the associate are shown in Note 15.

#### 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.

#### Post Employment Benefits

The obligation under defined benefit plan is determined based on actuarial valuations. Inherent within these calculations are assumptions as to discount rates, future salary increases and other demographic factors. In determining the appropriate discount rate, management selects an interest rate that reflects the current economic situation, the mortality rates using mortality tables that reveal the country. Actual post-retirement costs may ultimately differ from these estimates.



#### 8. Cash and Cash Equivalents

Consist of:

	Consolidated Financial Statements		Separate Financial Statements	
	As at	As at	As at	As at
	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
	Baht	Baht	Baht	Baht
Cash on hand	498,239	251,222	434,620	150,000
Cash Deposit - Current Account	52,445,274	12,310,062	48,737,017	4,108,077
Cash Deposit - Savings Account	264,669,371	28,834,481	245,933,383	6,575,767
Cash Deposit - Fixed Account	2,799,624	9,401,061	325,355	7,733,912
<b>Total</b>	<b>320,412,508</b>	<b>50,796,826</b>	<b>295,430,375</b>	<b>18,567,756</b>

#### 9. Restricted Deposit

Consist of:

	Consolidated Financial Statements		Separate Financial Statements	
	As at	As at	As at	As at
	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
	Baht	Baht	Baht	Baht
Cash Deposit - Saving Account	440,460,393	418,351,419	440,460,393	418,351,419
Cash Deposit - Fixed Account	206,001,687	395,001,800	165,901,687	354,901,800
<b>Total</b>	<b>646,462,080</b>	<b>813,353,219</b>	<b>606,362,080</b>	<b>773,253,219</b>

As at December 31, 2013 and 2012, the weighted average interest rate of savings accounts with financial institutions was 0.25% - 2.25% per annum and 0.25% - 1.75% per annum respectively.

As at December 31, 2013 and 2012, interest rate of fixed deposit with financial institutions was 0.10% - 1.75% per annum and 0.90% - 4.50% per annum respectively.

As at December 31, 2013 and 2012, the deposits with financial institutions have been pledged as collateral for credit facilities.

#### 10. Trade and Other Receivables - Net

Consist of:

	Consolidated Financial Statements		Separate Financial Statements	
	As at	As at	As at	As at
	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
	Baht	Baht	Baht	Baht
Trade account receivable	1,500,225,402	1,970,733,023	780,676,336	754,607,764
Notes receivable	528,018,583	1,060,892,247	213,672,576	1,060,892,247
<b>Total</b>	<b>2,028,243,985</b>	<b>3,031,625,270</b>	<b>994,348,912</b>	<b>1,815,500,011</b>
<u>Less Allowance for doubtful debt</u>	<u>(10,765,967)</u>	<u>(1,151,134)</u>	<u>(10,765,967)</u>	<u>(1,151,134)</u>
<b>Net</b>	<b>2,017,478,018</b>	<b>3,030,474,136</b>	<b>983,582,945</b>	<b>1,814,348,877</b>

Trade accounts and notes receivable were classified by aging as follows:

	Consolidated Financial Statements		Separate Financial Statements	
	As at	As at	As at	As at
	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
	Baht	Baht	Baht	Baht
Not yet due	1,796,823,122	2,124,507,238	775,400,893	1,418,116,337
- Less than 3 months	123,868,727	737,248,633	127,200,088	349,308,329
- Over 3 months to 6 months	76,899,398	136,534,824	76,899,398	46,924,211
- Over 6 months to 12 months	8,165,131	32,132,903	8,165,131	-
- Over 12 months	22,487,607	1,201,672	6,683,402	1,151,134
Total	2,028,243,985	3,031,625,270	994,348,912	1,815,500,011
<u>Less</u> Allowance for doubtful debt	(10,765,967)	(1,151,134)	(10,765,967)	(1,151,134)
Net	2,017,478,018	3,030,474,136	983,582,945	1,814,348,877

For the years ended December 31, 2013 and 2012, the movement of allowance for doubtful accounts are as follows:

	Consolidated Financial Statements		Separate Financial Statements	
	2013	2012	2013	2012
	Baht	Baht	Baht	Baht
Beginning Balance	(1,151,134)	(4,306,857)	(1,151,134)	(4,306,857)
Increased during the year	(11,022,251)	-	(11,022,251)	-
Decreased during the year	1,407,418	3,155,723	1,407,418	3,155,723
Ending Balance	(10,765,967)	(1,151,134)	(10,765,967)	(1,151,134)

#### 11. Inventories - net

Consist of:

	Consolidated Financial Statements		Separate Financial Statements	
	As at	As at	As at	As at
	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
	Baht	Baht	Baht	Baht
Spare parts and supplies	427,635,442	233,825,024	88,561,577	51,866,937
Raw materials	1,045,014,640	1,330,531,299	289,602,119	538,818,100
Semi-finished goods	12,376,423	20,567,683	12,376,423	20,567,683
Finished goods	1,016,703,841	899,703,217	846,110,721	678,099,247
Total	2,501,730,346	2,484,627,223	1,236,650,840	1,289,351,967
<u>Less</u> Allowance for net realisable value of inventories				
- Raw material	(693,633)	(1,080,615)	(318,309)	(831,652)
- Semi-finished goods	(252,909)	(14,086)	(252,909)	(14,086)
- Finished goods	(8,603,252)	(3,975,046)	(6,495,580)	(3,519,918)
Total	(9,549,794)	(5,069,747)	(7,066,798)	(4,365,656)
Goods in transit	80,889,125	152,223,074	5,903,866	12,837,788
Total - Net	2,573,069,677	2,631,780,550	1,235,487,908	1,297,824,099

For the years ended December 31, 2013 and 2012, allowance for declining value of balance inventories are movement as follow:

	Consolidated Financial Statements		Separate Financial Statements	
	2013	2012	2013	2012
	Baht	Baht	Baht	Baht
Beginning Balance	(5,069,747)	(5,036,297)	(4,365,656)	(5,089,810)
Increased during the year	(4,480,047)	(33,450)	(2,701,142)	-
Decrease during the year	-	-	-	724,154
Ending Balance	(9,549,794)	(5,069,747)	(7,066,798)	(4,365,656)

## 12. Other current assets

Consist of:

	Consolidated Financial Statements		Separate Financial Statements	
	As at December 31, 2013	As at December 31, 2012	As at December 31, 2013	As at December 31, 2012
	Baht	Baht	Baht	Baht
Revenue department receivable	49,365,806	41,572,993	33,821,905	29,655,293
Dividends receivable	-	-	248,802,708	-
Other receivable	5,189,437	26,619,947	548,420	20,944,106
Prepaid corporate income tax	19,560,208	15,283,176	19,560,208	14,938,635
Others	241,110,733	79,270,643	167,158,294	23,720,985
Total	315,226,184	162,746,759	469,891,535	89,259,019

## 13. Available-for-sale investments

Consist of:

	Consolidated and Separate Financial Statements	
	2013	2012
	Baht	Baht
As at January 1,	18,400,000	27,400,000
Additions	-	-
<u>Less</u> Re-measuring available-for-sale investments	(4,400,000)	(9,000,000)
Fair values as at December 31,	14,000,000	18,400,000

	Consolidated and Separate Financial Statements	
	2013	2012
	Baht	Baht
Cost as at December 31,	30,000,000	30,000,000
<u>Less</u> Unrealized loss	(16,000,000)	(11,600,000)
Fair value as at December 31,	14,000,000	18,400,000

14. Investment in associated company

Consisted of:

Consolidated Financial Statements							
Company's name	Nature of business	Paid-up Capital		Percentage of shareholding		Equity method	
		2013	2012	2013	2012	As at December 31, 2013	As at December 31, 2012
		Baht	Baht	%	%	Baht	Baht
Million Miles Co., Ltd.	Transportation service	-	55,000,000	-	33.33	-	19,249,817

Separate Financial Statements							
Company's name	Nature of business	Paid-up Capital		Percentage of shareholding		Cost method	
		2013	2012	2013	2012	As at December 31, 2013	As at December 31, 2012
		Baht	Baht	%	%	Baht	Baht
Million Miles Co., Ltd.	Transportation service	-	55,000,000	-	33.33	-	18,149,990

The voluntarily non-exercise purchased shares capital in Million Miles Co., Ltd. (Deemed disposal)

According to the BOD meeting no.1/2013 held on January 29, 2013, Million Miles Company Limited was increasing common share from 5,500,000 shares to 15,000,000 shares at the par value of Baht 10 per share. In this case, the company had been allotted the increasing common share at amount of 3,134,998 shares. But the Company had disclaimed the purchase of shared increase in the subsidiary. The management had gave reasons that the company did not specialize in this business and limitation in personal resource and time in management. As the results, the shareholding in Million Mile Company Limited of the Company was reduced to 12.10 percent of paid up capital. The Company had reclassified investment in associate company to be investment in the general investment. (See Note 16)

As of February 12, 2013 the Company's interest on net assets of Million Miles was Baht of 19,648,649. The Company recorded sharing on the profit from associated company in the amount of Baht 398,833.

Movements of net book amount of investment in an associate for the year ended December 31, 2013 can be analysis as follows:

	Consolidated Financial Statements Baht	Separate Financial Statements Baht
<b>Investment in an associate</b>		
Beginning Book Value - Net	19,249,817	18,149,990
Reclassification of investment in Million Miles Co., Ltd.		
from an associate to be a other long-term borrowing	(19,249,817)	(18,149,990)
Ending Book Value - Net	-	-



**15. Investment in subsidiary company**

Consisted of :

Company's name	Separate Financial Statements									
	Paid-up Capital		Percentage of shareholding		Cost method		Dividends			
	As at December 31, 2013 Baht	As at December 31, 2012 Baht	As at December 31, 2013 %	As at December 31, 2012 %	As at December 31, 2013 Baht	As at December 31, 2012 Baht	For the years ended December 31, 2013 Baht	For the years ended December 31, 2012 Baht		
Mill Con Burapa Co., Ltd.	2,399,999,990	2,399,999,990	98.73	98.73	2,524,115,163	2,524,115,163	248,802,708	-	-	-
Zentra Watung Engineering Co., Ltd.	30,000,000	10,000,000	99.99	99.99	29,999,800	9,999,800	-	-	-	-
<b>Total</b>					2,554,114,963	2,534,114,963	248,802,708			
<b>Less: Allowance for impairment on investment</b>					(9,999,800)	(9,999,800)				
<b>Net</b>					2,544,115,163	2,524,115,163				

At the Extraordinary General meeting of shareholder of the Zentra Watung Engineering Co., Ltd. (Formerly the Ocean Profit Co., Ltd.) held on June 17, 2013, Shareholder approved an increase in its registered capital from Baht 10 million to Baht 30 million by issuing ordinary shares up to 200,000 shares at the par value of Baht 100 per share, totaling Baht 20 million. The subsidiary company registered the increase with the Ministry of Commerce on June 24, 2013.

According to the board of director meeting no. 5/2013 of the subsidiary held on December 19, 2013, it has approval resolution to allocate retained earnings of the subsidiary company to pay the interim dividend for its shareholders of 479,999 million shares, in the rate of Baht 0.525 per share, with the total amount of Baht 251.99 million. Payment shall be made on January 17, 2014. However, the payment still is not paid until now because of a commitment in contractual terms stipulated in the credit facilities agreement. Later, on January 20, 2014, the subsidiary company has received a letter for given the consent and waiver of affirmative covenants from a financial institution. There are several significant conditions that are given consent and waiver including allowing of the subsidiary company's interim dividend payment in such amount but giving significant conditions to limit the parent company relating to the certain way of utilizing the said cash dividend. (see note no. 20.2)

**16. Other long-term investment - net**

Consisted of :

	Consolidated Financial Statements		Separate Financial Statements	
	As at	As at	As at	As at
	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
	Baht	Baht	Baht	Baht
Government Bond	3,400,000	3,400,000	-	-
<u>Add</u> Excess in value of bond	274,601	274,601	-	-
<u>Less</u> Amortised premium value of bond	(247,642)	(208,748)	-	-
Other long-term investment - net	3,426,959	3,465,853	-	-
Transferred from investments reclassification	19,648,650	-	18,149,990	-
Total	23,075,609	3,465,853	18,149,990	-



**17. Property, plant and equipment – net**

17.1 For the years ended December 31, 2013 and 2012, comprise the following:

	Consolidated Financial Statements									
	Land	Land improvement	Buildings and buildings improvement	Machinery and equipment	Furniture and equipment	Vehicles	Utilities system	Construction in progress	Total	
	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	
As at 1 January 2012										
Cost	320,055,661	52,622,457	459,615,361	1,243,743,918	33,956,338	69,009,568	172,926,507	4,597,673,975	6,949,603,785	
Less Accumulated Depreciation	-	(7,533,150)	(150,495,027)	(537,144,414)	(19,199,746)	(5,905,323)	(64,867,474)	-	(785,145,134)	
Book value	320,055,661	45,089,307	309,120,334	706,599,504	14,756,592	63,104,245	108,059,033	4,597,673,975	6,164,458,651	
Transactions during the year ended December 31, 2012										
Purchase	-	-	182,002	21,485,181	3,199,139	230,765,547	8,002,000	861,421,153	1,125,055,022	
Transfer in (/ Transfer out)	-	591,914	1,143,320,496	2,771,736,534	-	24,799,513	674,050,229	(4,614,498,686)	-	
Sale Assets	(44,550,478)	(331,323)	(29,479,235)	(689,079)	(144,460)	(20,750,000)	(1,900,592)	-	(97,845,167)	
- Accumulated Depreciation	-	109,683	10,679,533	20,667	143,587	5,053,279	805,263	-	16,812,012	
Written-off Assets	-	-	(472,144)	(3,203,222)	(78,202)	-	-	-	(3,753,568)	
- Accumulated Depreciation	-	-	176,728	3,203,209	69,670	-	-	-	3,449,607	
Depreciation for the year	-	(3,049,228)	(26,608,817)	(105,913,119)	(5,481,238)	(17,649,190)	(15,946,087)	-	(174,647,679)	
Reclassification - accumulated depreciation	-	-	-	-	-	(9,639,906)	9,639,906	-	-	
Deemed disposal of assets of Million Miles Co., Ltd. due to reclassification of investment from subsidiary to associate (Note 14)	-	-	-	-	(219,487)	(270,874,462)	(7,062,000)	-	(278,155,949)	
- cost	-	-	-	-	97,964	22,969,966	243,117	-	23,311,047	
- accumulated depreciation	-	-	-	-	-	-	-	-	-	
Ending book value	275,505,183	42,410,353	1,406,918,897	3,393,239,675	12,343,565	27,778,992	775,890,869	844,596,442	6,778,683,976	
As at 31 December 2012										
Cost	275,505,183	52,883,048	1,573,166,480	4,033,073,332	36,713,328	32,950,166	846,016,144	844,596,442	7,694,904,123	
Less Accumulated Depreciation	-	(10,472,695)	(166,247,583)	(639,833,657)	(24,369,763)	(5,171,174)	(70,125,275)	-	(916,220,147)	
Ending book value	275,505,183	42,410,353	1,406,918,897	3,393,239,675	12,343,565	27,778,992	775,890,869	844,596,442	6,778,683,976	

Consolidated Financial Statements										
	Land	Land improvement	Buildings and buildings improvement	Machinery and equipment	Furniture and equipment	Vehicles	Utilities system	Construction in progress	Total	
	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht
<b>As at 1 January 2013</b>										
Cost	275,505,183	52,883,048	1,573,166,480	4,033,073,332	36,713,328	32,950,166	846,016,144	844,596,442	7,694,904,123	
Less Accumulated Depreciation	-	(10,472,695)	(166,247,583)	(639,833,657)	(24,369,763)	(5,171,174)	(70,125,275)	-	(916,220,147)	
<b>Book value</b>	<b>275,505,183</b>	<b>42,410,353</b>	<b>1,406,918,897</b>	<b>3,393,239,675</b>	<b>12,343,565</b>	<b>27,778,992</b>	<b>775,890,869</b>	<b>844,596,442</b>	<b>6,778,683,976</b>	
<b>Transactions during the year ended December 31, 2013</b>										
Purchase	-	-	-	23,235,890	1,817,410	9,400,000	290,000	476,005,717	510,749,017	
Provides the assessment to its lands	235,818,400	-	-	-	-	-	-	-	235,818,400	
Transfer in ( / Transfer out )	-	-	144,948	118,259,653	46,147	-	1,682,377	(182,412,865)	(62,279,740)	
Sale Assets	-	-	-	(9,104,612)	-	(9,495,385)	-	(9,132,531)	(27,732,528)	
- Accumulated Depreciation	-	-	-	8,211,108	-	2,102,928	-	-	10,314,036	
Written-off Assets	-	-	-	(1,783,614)	(60,682)	-	-	-	(1,844,296)	
- Accumulated Depreciation	-	-	-	1,108,583	58,943	-	-	-	1,167,526	
Depreciation for the year	-	(2,906,484)	(31,026,293)	(129,782,205)	(4,921,248)	(3,382,905)	(19,772,491)	-	(191,791,626)	
<b>Ending book value</b>	<b>511,323,583</b>	<b>39,503,869</b>	<b>1,376,037,552</b>	<b>3,403,384,478</b>	<b>9,284,135</b>	<b>26,403,630</b>	<b>758,090,755</b>	<b>1,129,056,763</b>	<b>7,253,084,765</b>	
<b>As at 31 December 2013</b>										
Cost	511,323,583	52,883,048	1,573,311,428	4,163,680,649	38,516,203	32,854,781	847,988,521	1,129,056,763	8,349,614,976	
Less Accumulated Depreciation	-	(13,379,179)	(197,273,876)	(760,296,171)	(29,232,068)	(6,451,151)	(89,897,766)	-	(1,096,530,211)	
<b>Ending book value</b>	<b>511,323,583</b>	<b>39,503,869</b>	<b>1,376,037,552</b>	<b>3,403,384,478</b>	<b>9,284,135</b>	<b>26,403,630</b>	<b>758,090,755</b>	<b>1,129,056,763</b>	<b>7,253,084,765</b>	





Separate Financial Statements										
	Land	Land improvement	Buildings and buildings improvement	Machinery and equipment	Furniture and equipment	Vehicles	Utilities system	Construction In progress	Total	
	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht
<b>As at 1 January 2012</b>										
Cost	229,487,201	52,622,457	230,072,113	514,666,481	20,639,292	4,052,070	21,937,940	322,827,574	1,396,305,128	
Less: Accumulated Depreciation	-	(7,533,150)	(58,907,775)	(124,001,298)	(9,807,250)	(1,944,841)	(4,421,633)	-	(206,615,947)	
<b>Book value</b>	<b>229,487,201</b>	<b>45,089,307</b>	<b>171,164,338</b>	<b>390,665,183</b>	<b>10,832,042</b>	<b>2,107,229</b>	<b>17,516,307</b>	<b>322,827,574</b>	<b>1,189,689,181</b>	
<b>Transactions during the year ended December 31, 2012</b>										
Purchase	-	-	28,000	1,210,797	1,637,292	-	-	34,240,404	37,116,493	
Transfer in ( / Transfer out )	-	591,914	3,219,339	29,679,715	-	-	-	(33,490,968)	-	
Sale Assets - Cost	(44,550,478)	(331,323)	(29,479,235)	(889,079)	(144,460)	(650,000)	(1,900,592)	-	(77,745,167)	
- Accumulated Depreciation	-	109,683	10,679,533	20,667	143,587	649,999	805,263	-	12,408,732	
Written-off Assets - Cost	-	-	(423,540)	(3,203,222)	(78,202)	-	-	-	(3,704,964)	
- Accumulated Depreciation	-	-	128,126	3,203,209	69,670	-	-	-	3,401,005	
Depreciation for the year	-	(3,049,228)	(3,908,335)	(14,818,456)	(4,047,708)	(398,507)	(805,478)	-	(27,027,712)	
<b>Ending book value</b>	<b>184,936,723</b>	<b>42,410,353</b>	<b>151,408,226</b>	<b>406,068,814</b>	<b>8,412,221</b>	<b>1,708,721</b>	<b>15,615,500</b>	<b>323,577,010</b>	<b>1,134,137,568</b>	
<b>As at 31 December 2012</b>										
Cost	184,936,723	52,883,048	203,416,677	541,664,692	22,053,922	3,402,070	20,037,348	323,577,010	1,351,971,490	
Less: Accumulated Depreciation	-	(10,472,695)	(52,008,451)	(135,595,878)	(13,641,701)	(1,693,349)	(4,421,848)	-	(217,833,922)	
<b>Ending book value</b>	<b>184,936,723</b>	<b>42,410,353</b>	<b>151,408,226</b>	<b>406,068,814</b>	<b>8,412,221</b>	<b>1,708,721</b>	<b>15,615,500</b>	<b>323,577,010</b>	<b>1,134,137,568</b>	



Separate Financial Statements									
	Land	Land improvement	Buildings and buildings improvement	Machinery and equipment	Furniture and equipment	Vehicles	Utilities system	Construction in progress	Total
	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht
<b>As at 1 January 2013</b>									
Cost	184,936,723	52,883,048	203,416,677	541,664,692	22,053,922	3,402,070	20,037,348	323,577,010	1,351,971,490.
Less: Accumulated Depreciation	-	(10,472,695)	(52,008,451)	(135,595,878)	(13,641,701)	(1,693,349)	(4,421,848)	-	(217,833,922)
<b>Book value</b>	<b>184,936,723</b>	<b>42,410,353</b>	<b>151,408,226</b>	<b>406,068,814</b>	<b>8,412,221</b>	<b>1,708,721</b>	<b>15,615,500</b>	<b>323,577,010</b>	<b>1,134,137,568</b>
<b>Transactions during the year ended December 31, 2013</b>									
Purchase	-	-	-	7,524,056	726,905	-	290,000	54,145,620	62,686,581
Provides the assessment to its lands	157,420,877	-	-	-	-	-	-	-	157,420,877
Transfer in (/( Transfer out )	-	-	144,948	17,159,403	46,147	-	1,682,377	(81,312,615)	(62,279,740)
Sale Assets	-	-	-	(598,000)	-	-	-	(9,132,531)	(9,730,531)
- Cost	-	-	-	23,592	-	-	-	-	23,592
- Accumulated Depreciation	-	-	-	-	(60,682)	-	-	-	(60,682)
Written-off Assets	-	-	-	-	58,943	-	-	-	58,943
- Accumulated Depreciation	-	-	-	-	(3,454,398)	(398,507)	(931,648)	-	(26,557,152)
Depreciation for the year	-	(2,906,484)	(3,677,979)	(15,188,136)	(3,454,398)	(398,507)	(931,648)	-	(26,557,152)
<b>Ending book value</b>	<b>342,357,600</b>	<b>39,503,869</b>	<b>147,875,195</b>	<b>414,989,729</b>	<b>5,729,136</b>	<b>1,310,214</b>	<b>16,656,229</b>	<b>287,277,484</b>	<b>1,255,699,456</b>
<b>As at 31 December 2013</b>									
Cost	342,357,600	52,883,048	203,561,625	565,750,151	22,766,292	3,402,070	22,009,725	287,277,484	1,500,007,995
Less: Accumulated Depreciation	-	(13,379,179)	(55,686,430)	(150,760,422)	(17,037,156)	(2,091,856)	(5,353,496)	-	(244,308,539)
<b>Ending book value</b>	<b>342,357,600</b>	<b>39,503,869</b>	<b>147,875,195</b>	<b>414,989,729</b>	<b>5,729,136</b>	<b>1,310,214</b>	<b>16,656,229</b>	<b>287,277,484</b>	<b>1,255,699,456</b>

During the year ended December 31, 2013, the finance costs of Baht 15,002,225 (2012 : Baht 44,172,628) arising from financing specifically entered into for the construction of plant were capitalised during the period and included in additions. A capitalisation rate of 6.20% - 8.03% per annum was used representing the actual borrowing costs of the loans used to finance the project.

Leased assets included above, where the Group and Company are a lessee under a finance lease, comprise vehicles are as follows:

	Consolidated Financial Statements		Separate Financial Statements	
	As at December 31, 2013 Baht	As at December 31, 2012 Baht	As at December 31, 2013 Baht	As at December 31, 2012 Baht
Cost - capitalised finance lease	29,838,010	23,246,730	2,095,327	2,095,327
<u>Less</u> Accumulated depreciation	(4,043,929)	(2,168,564)	(836,983)	(459,824)
Book value	<u>25,794,081</u>	<u>21,078,166</u>	<u>1,258,344</u>	<u>1,635,503</u>

#### Collateral

As at December 31, 2013 and 2012, the Group has mortgaged the following part of the land, buildings and machinery to financial institutions as collateral for overdrafts, long-term loans and working capital facilities from financial institutions.

	Net book Value	
	As at December 31, 2013 Baht	As at December 31, 2012 Baht
Land, buildings and machinery of Mill Con Steel Industries Public Company Limited	967,111,758	808,851,837
Land, buildings and machinery of a subsidiary - Millcon Burapa Co., Ltd.	422,184,404	353,006,002

#### 18. Intangible asset - Net

Consisted of :

	Consolidated Financial Statements				
	Computer software Baht	Customer relationship Baht	Development cost of new products Baht	Computer software under installation Baht	Total Baht
As at January 1, 2012					
Cost	985,408	39,922,000	47,657,414	9,760,800	98,325,622
<u>Less</u> Accumulated amortisation	(590,409)	(21,957,097)	(10,122,563)	-	(32,670,069)
Net book Value	<u>394,999</u>	<u>17,964,903</u>	<u>37,534,851</u>	<u>9,760,800</u>	<u>65,655,553</u>

For the year ended December 31, 2012

Opening net book value	394,999	17,964,903	37,534,851	9,760,800	65,655,553
Purchase	124,300	-	-	2,416,800	2,541,100
Amortization Expenses	(186,917)	(5,988,297)	(4,765,739)	-	(10,940,953)
Loss from impairment of asset	-	-	(16,384,556)	(1,376,448)	(17,761,004)
Deemed disposal of assets from subsidiary to associate					
- cost	(33,088)	-	-	(1,377,600)	(1,410,688)
- accumulated depreciation	29,833	-	-	-	29,833
- allowance for impairment	-	-	-	1,376,448	1,376,448
<b>Ending Book Value - Net</b>	<b>329,127</b>	<b>11,976,606</b>	<b>16,384,556</b>	<b>10,800,000</b>	<b>39,490,289</b>

As at December 31, 2012

Cost	1,076,620	39,922,000	47,657,414	10,800,000	99,456,034
<u>Less</u> Impairment of asset	-	-	(16,384,556)	-	(16,384,556)
<u>Less</u> Accumulated amortisation	(747,493)	(27,945,394)	(14,888,302)	-	(43,581,188)
<b>Book Value</b>	<b>329,127</b>	<b>11,976,606</b>	<b>16,384,556</b>	<b>10,800,000</b>	<b>39,490,289</b>

Consolidated Financial Statements

Computer software	Customer relationship	Development cost of new products	Computer software under installation	Total
Baht	Baht	Baht	Baht	Baht

As at December 31, 2012

Cost	1,076,620	39,922,000	47,657,414	10,800,000	99,456,034
<u>Less</u> Impairment of asset	-	-	(16,384,556)	-	(16,384,556)
<u>Less</u> Accumulated amortisation	(747,493)	(27,945,394)	(14,888,302)	-	(43,581,188)
<b>Book Value</b>	<b>329,127</b>	<b>11,976,606</b>	<b>16,384,556</b>	<b>10,800,000</b>	<b>39,490,289</b>

For the year ended December 31, 2013

Opening net book value	329,127	11,976,606	16,384,556	10,800,000	39,490,289
Purchase	-	-	-	240,000	240,000
Amortization Expenses	(128,022)	(5,988,292)	(4,778,798)	-	(10,895,112)
Loss from impairment of asset	-	-	-	-	-

Ending Book Value - Net	201,105	5,988,314	11,605,758	11,040,000	28,835,177
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**As at December 31, 2013**

Cost	1,076,620	39,922,000	47,657,414	11,040,000	99,696,034
Less Impairment of asset	-	-	(16,384,556)	-	(16,384,556)
<u>Less</u> Accumulated amortisation	(875,515)	(33,933,686)	(19,667,100)	-	(54,476,301)
Book Value	201,105	5,988,314	11,605,758	11,040,000	28,835,177

**Separate Financial Statements**
**As at January 1, 2012**

Cost	952,320	4,800,000	5,752,320
<u>Less</u> Accumulated amortisation	(571,042)	-	(571,042)
<b>Net book Value</b>	<b>381,278</b>	<b>4,800,000</b>	<b>5,181,278</b>

**For the year ended December 31, 2012**

Opening net book value	381,278	4,800,000	5,181,278
Purchase	124,300	1,200,000	1,324,300
Amortization Expenses	(176,451)	-	(176,451)
<b>Ending Book Value - Net</b>	<b>329,127</b>	<b>6,000,000</b>	<b>6,329,127</b>

**As at December 31, 2012**

Cost	1,076,620	6,000,000	7,076,620
<u>Less</u> Accumulated amortisation	(747,493)	-	(747,493)
<b>Book Value</b>	<b>329,127</b>	<b>6,000,000</b>	<b>6,329,127</b>

**For the year ended December 31, 2013**

Opening net book value	329,127	6,000,000	6,329,127
Purchase	-	240,000	240,000
Amortization Expenses	(128,022)	-	(128,022)

Ending Book Value - Net	201,105	6,240,000	6,441,105
As at December 31, 2013			
Cost	1,076,620	6,240,000	7,316,620
Less Accumulated amortisation	(875,515)	-	(875,515)
Book Value	201,105	6,240,000	6,441,105

#### 19. Deferred income taxes

Deferred income taxes are calculated in full on temporary differences, using the liability method and applying a principal tax rate of 23% for 2012 and 20% for 2013 onwards. The deferred taxation related to the temporary differences between the carrying amounts and the tax bases of assets and liabilities of the company are summaries below:

	Consolidated Financial Statements			
	As at December 31, 2012	Recognized in the Profit (Loss) for the period	Recognized in the other Comprehensive Profit (Loss)	As at December 31, 2013
	Baht	Baht	Baht	Baht
Deferred tax asset				
Allowance for doubtful debt	264,761	1,888,432	-	2,153,193
Allowance for net realizable value				
of inventories	1,093,276	682,639	-	1,775,915
Allowance for intangible assets	3,768,448	(491,537)	-	3,276,911
Retirement benefit obligations	2,958,736	187,677	-	3,146,413
Losses on derivative financial instruments	4,102,737	(2,757,890)	-	1,344,847
Losses on remeasuring available				
for sale investments	2,668,000	-	532,000	3,200,000
Total	14,855,958	(490,679)	532,000	14,897,279
Deferred tax liabilities				
Gain on derivative financial instruments	97,757	7,250,790	-	7,348,547
Revaluation surplus from land	-	-	47,163,680	47,163,680
Fair value at at date of purchase	66,554,400	(12,842,626)	-	53,711,774
Total	66,652,157	(5,591,836)	47,163,680	108,224,001

	Separate Financial Statements			
	As at December 31, 2012	Recognized in the Profit (Loss) for the period	Recognized in the other Comprehensive Profit (Loss)	As at December 31, 2013
	Baht	Baht	Baht	Baht
Deferred tax asset				
Allowance for doubtful debt	264,761	1,888,432	-	2,153,193
Allowance for net realizable value of inventories	1,004,080	409,280	-	1,413,360
Retirement benefit obligations	2,620,348	51,516	-	2,671,864
Losses on derivative financial instruments	26,024	1,318,822	-	1,344,846
Losses on remeasuring available for sale investments	2,668,000	-	532,000	3,200,000
<b>Total</b>	<b>6,583,213</b>	<b>3,668,050</b>	<b>532,000</b>	<b>10,783,263</b>
Deferred tax liabilities				
Gain on derivative financial instruments	35,838	3,665,280	-	3,701,118
Revaluation surplus from land	-	-	31,484,175	31,484,175
<b>Total</b>	<b>35,838</b>	<b>3,665,280</b>	<b>31,484,175</b>	<b>35,185,293</b>

## 20. Loans from financial institutions - net

### 20.1 Short-term loans from financial institutions - net

Consisted of :

	Consolidated Financial Statements		Separate Financial Statements	
	As at December 31, 2013	As at December 31, 2012	As at December 31, 2013	As at December 31, 2012
	Baht	Baht	Baht	Baht
Bank overdrafts	179,261	-	-	-
Short-term loans - promissory note	6,298,483,843	6,076,472,583	4,016,628,664	4,005,477,523
Short-term loans - trust receipt/ letter of credit	770,270,879	832,217,278	509,753,400	516,641,333
Reclassified from long-term loans net of transaction cost	1,439,599,978	1,703,283,251	-	-
<b>Total short-term loans from financial institutions</b>	<b>8,508,533,961</b>	<b>8,611,973,112</b>	<b>4,526,382,064</b>	<b>4,522,118,856</b>
<u>Less</u> Prepaid interest on promissory notes	(29,893,499)	(32,133,112)	(19,738,809)	(21,397,393)
<b>Net</b>	<b>8,478,640,462</b>	<b>8,579,840,000</b>	<b>4,506,643,255</b>	<b>4,500,721,463</b>

Short-term loans from financial institutions of the Company

As at December 31, 2013 short-term loans from promissory note of Baht 4,016.63 million and from trust receipt of Baht 509.75 million bear interests at the rate of MLR less 1.00% discount per annum. The loans are secured by land, buildings, machinery and the Company's director (December 31, 2012 : short-term loans from promissory note of Baht 4,005.48 million and from trust receipt of Baht 516.64 million bear interests at the rate of MLR less 1.00% discount per annum. The loans are secured by land, buildings, machinery and the Company's director).

Short-term loans from financial institutions of a subsidiary

As at December 31, 2013 short-term loans from promissory note of Baht 2,281.86 million and from trust receipt of Baht 260.52 million bear interests at the rate of MLR less 1.00% discount per annum. The loans are secured by land, buildings, machinery, fixed deposits at financial institutions and the Company's director (December 31, 2012 : short-term loans from promissory note of Baht 2,071.00 million and from trust receipt of Baht 315.58 million bear interests at the rate of MLR less 1.00% discount per annum. The loans are secured by land, buildings, machinery, fixed deposits at financial institutions and the Company's director).

Movements of short-term loans from financial institutions for the year ended December 31, 2013 comprise the following:

	Consolidated Financial Statements		Separate Financial Statements	
	2013	2012	2013	2012
	Baht	Baht	Baht	Baht
Balance as at Beginning	8,611,973,112	5,532,498,605	4,522,118,856	3,872,468,237
Increased for the year	31,861,181,131	26,643,399,890	22,257,260,628	17,209,951,392
Repayment for the year	(31,983,097,806)	(25,254,051,255)	(22,253,473,507)	(16,542,478,848)
Reclassified from long-term loans	-	1,703,283,251	-	-
Realised gain on exchange rate	-	(17,803,305)	-	(17,803,305)
Unrealized losses on exchange rate	18,477,524	(12,925,313)	476,087	(18,620)
Written-off transaction costs	-	17,571,239	-	-
Balance as at Ending	8,508,533,961	8,611,973,112	4,526,382,064	4,522,118,856
<u>Less</u> Prepaid interest on promissory notes	(29,893,499)	(32,133,112)	(19,738,809)	(21,397,393)
Net	8,478,640,462	8,579,840,000	4,506,643,255	4,500,721,463

20.2 Long-term loans from financial institutions - net

Consisted of :

Consolidated Financial Statements		Separate Financial Statements	
As at	As at	As at	As at
December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
Baht	Baht	Baht	Baht



Current portion of long-term loans	33,600,000	33,600,000	33,600,000	33,600,000
Loans due later than 1 year	54,824,675	88,424,675	54,824,675	88,424,675
Total long-term loans from financial institutions - net	88,424,675	122,024,675	88,424,675	122,024,675

The interest rate exposures on the borrowings of the Group and the Company as at December 31, 2013 and 2012 is the following:

	Consolidated Financial Statements		Separate Financial Statements	
	As at	As at	As at	As at
	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
	Baht	Baht	Baht	Baht
Total borrowings:				
at floating rates	1,528,024,654	1,825,307,925	88,424,675	122,024,675
Weighted average effective interest rates:				
Bank borrowings	6.12% - 7.01%	6.20% - 7.25%	6.12% - 6.75%	6.20% - 7.25%

The movements in book value of long-term loans from financial institutions for the year ended December 31, 2013 and 2012 are the following:

	Consolidated Financial Statements		Separate Financial Statements	
	As at	As at	As at	As at
	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
	Baht	Baht	Baht	Baht
Balance as at Beginning	122,024,675	1,889,647,216	122,024,675	164,750,000
Increased for the year	-	187,825,748	-	-
Repayment of long-term loans for the year	(33,600,000)	(188,121,084)	(33,600,000)	(42,725,325)
Transaction cost - net	-	5,944,085	-	-
Disposal of liabilities of Million Miles Co., Ltd. due to deemed disposal of investment in subsidiary to be an associate	-	(45,805,000)	-	-
Reclassified to short-term loans	-	(1,727,466,290)	-	-
Balance as at Ending	88,424,675	122,024,675	88,424,675	122,024,675

The long-term loan in Thai Baht currency of Baht 88.42 million represents loan from a local financial institution, bearing interest at the rates of MLR less 0.50% discount to MLR less 1.00% discount per annum (December 31, 2012 : Baht 122 million represents loan from a local financial institution, bearing interest at the rates of MLR less 0.50% discount

to MLR less 1.00% discount per annum). The loan is guaranteed by the Company's director and mortgaged by the land, buildings, and machinery.

As a consequence on 19 December 2013, the subsidiary company has declared the interim dividend for the year 2013 in the amount of Baht 251.99 (see note no. 15) million. But it does not agreed with the contractual terms of the long-term agreement. However, later on 20 January 2014, the subsidiary company has received a letter for given the consent and waiver of affirmative covenants from the financial institution. There are several significant conditions that are given consent and waiver including:

1. The subsidiary company has to maintain debt service coverage ratio in the rate is not less than 1.25:1 after such dividend or other distribution.
2. The subsidiary company has to repay at least thirty percent (30%) of the loan.
3. The subsidiary company shall prepay the loan to the lender in the same amount of dividend.
4. The amount of dividend or other distribution declared does not exceed thirty percent (30%) of its net profits in that year.

In addition, the financial institution has also set additional condition to the Parent Company for limitation usage of the dividend received from its subsidiary in the total of Baht 214 million which shall be subject to apply for payment of the properties auction project. Otherwise, the Parent Company shall provide the said dividend to the subsidiary company in the form of shareholder loan for the prepayment of the loan owed by the subsidiary company to the financial institution under the credit facilities agreement.

### 20.3 Unutilized credit facilities

Consisted of :

Consolidated Financial Statements				
As at December 31, 2013		As at December 31, 2012		
Long-term loan facilities	Working capital facilities	Long-term loan facilities	Working capital facilities	
Baht	Baht	Baht	Baht	
Floating rate				
- draw down with no timeframe limitation	-	705,551,300	-	852,331,166
Ending Book Value - Net	-	705,551,300	-	852,331,166

Separate Financial Statements				
As at December 31, 2013		As at December 31, 2012		
Long-term loan facilities	Working capital facilities	Long-term loan facilities	Working capital facilities	
Baht	Baht	Baht	Baht	
Floating rate				
- draw down with no timeframe limitation	-	628,649,589	-	798,433,908
Ending Book Value - Net	-	628,649,589	-	798,433,908

**21. Liabilities under finance lease - net**

Consisted of :

	Consolidated Financial Statements		Separate Financial Statements	
	As at	As at	As at	As at
	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
	Baht	Baht	Baht	Baht
Not later than 1 year	6,279,673	7,846,295	447,096	447,095
Later than 1 year but not later than 5 years	13,243,179	9,403,676	372,580	819,676
Total	19,522,852	17,249,971	819,676	1,266,771
<u>Less</u> Deferred Interest Expense	(2,946,569)	(1,598,806)	(48,768)	(112,383)
Net	16,576,283	15,651,165	770,906	1,154,388
Liabilities under finance leases				
- current	5,465,895	6,922,699	409,155	383,482
- non-current	11,110,388	8,728,466	361,751	770,906
Total liabilities under finance leases	16,576,283	15,651,165	770,906	1,154,388

Movements of liabilities under finance leases for the years ended December 31, 2013 and 2012 is the following:

	Consolidated Financial Statements		Separate Financial Statements	
	2013	2012	2013	2012
	Baht	Baht	Baht	Baht
Beginning balance	17,249,971	58,505,358	1,266,771	1,713,866
Addition during the year	9,400,000	211,297,631	-	-
Payment during the year	(7,127,119)	(41,252,579)	(447,095)	(447,095)
Disposal of liabilities of				
Million Miles Co., Ltd. due to deemed				
disposal of investment in subsidiary to be				
an associate	-	(211,300,439)	-	-
Net	19,522,852	17,249,971	819,676	1,266,771

## 22. Retirement benefit obligations

The movements in the retirement benefit obligations for the years ended December 31, 2013 and 2012 is the following:

	Consolidated Financial Statements		Separate Financial Statements	
	2013	2012	2013	2012
	Baht	Baht	Baht	Baht
Present value of the obligation as at January 1,	12,864,070	10,450,684	11,392,816	9,535,996
Current service cost	2,393,047	2,344,738	1,547,464	1,503,988
Interate expenses	474,948	386,784	419,040	352,832
Disposal of liabilities of Million Miles Co., Ltd. due to deemed disposal of investment in subsidiary to be an associate	-	(318,136)	-	-
Present value of the obligation as at December 31,	15,732,065	12,864,070	13,359,320	11,392,816

Costs are included in cost of sales and selling and administrative expenses are as follows.

	Consolidated Financial Statements		Separate Financial Statements	
	2013	2012	2013	2012
	Baht	Baht	Baht	Baht
For the year ended December 31,				
Cost of sales	1,500,154	2,344,738	600,010	1,503,988
Selling expenses	39,263	386,784	39,263	352,832
Administrative expenses	1,328,578	-	1,327,231	-
Total	2,867,995	2,731,522	1,966,504	1,856,820

The principal actuarial assumptions used were as follows:

	Consolidated Financial Statements		Separate Financial Statements	
	2013	2012	2013	2012
Discount rate	3.7% - 3.8%	3.7% - 3.8%	3.7%	3.7%
Future salary increases	3.5% - 7.0%	3.5% - 7.0%	3.5% - 7.0%	3.5% - 7.0%

### 23. Share capital

The movements of share capital and premium on share capital for the year ended December 31, 2013 and 2012 comprise the following:

	Authorized share capital		Issued and paid-up			Issued and paid-up shares capital			Premium on paid-up capital		
	Ordinary shares	Preferred shares	Ordinary shares	Preferred shares	Ordinary shares	Preferred shares	Ordinary shares	Preferred shares	Ordinary shares	Preferred shares	Baht
As at December 31, 2011	294,864,171	2,751,449,419	294,864,171	1,566,463,019	117,945,668	626,585,208	1,089,887,863	731,608,017			
Issue of shares during the year	-	-	-	2,276,390	-	910,556	-	3,252,961			
Decrease of number of registered shares	-	(453,666,665)	-	-	-	-	-	-			
Increase of number of registered shares	-	468,000,000	-	-	-	-	-	-			
As at December 31, 2012	294,864,171	2,765,782,754	294,864,171	1,568,739,409	117,945,668	627,495,764	1,089,887,863	734,860,978			
Issue of shares during the period	-	-	-	113,265,656	-	45,306,262	-	-			
Decrease of number of registered shares	-	(814,000,002)	-	-	-	-	-	-			
Increase of number of registered shares	750,000,000	1,602,563,745	-	-	-	-	-	-			
As at December 31, 2013	1,044,864,171	3,554,346,497	294,864,171	1,682,005,065	117,945,668	672,802,026	1,089,887,869	734,860,978			

During the year 2013, the Company issues warrants to the Company's shareholder of 465,900,910 units. The exercise ratio is 1 warrant per 1 ordinary shares and the exercise price is Baht 2.50 per share.

Issue of shares during the period

Resolution by the General Meeting of Shareholders No. 1/2556 held on May 21, 2013, the shareholders approved the Company to pay a dividend to shareholders who are holding of preferred shares by 113,265,656 shares, at Baht 0.40 per share, in the amount of Baht 45,306,262. This is resulting from the originally paid-up at Baht 627,495,764 to be Baht 672,802,026.

Decrease of registered capital

At the Annual General Meeting of Shareholders no. 1/2013 held on May 21, 2013, shareholders approved a decrease in its registered capital of 814,000,000 shares at the par value of Baht 0.40 per share, from the registered capital of Baht 1,224,258,770 to Baht 898,658,745, by cancelling unissued ordinary shares.

The Company registered the reduction with the Ministry of Commerce on June 6, 2013.

Increase of registered capital

At the Annual General Meeting of Shareholders no. 1/2013 held on May 21, 2013, shareholders approved an increase in its registered capital from Baht 898,658,745 to Baht 1,839,684,267 by issuing ordinary shares up to 1,602,563,745 shares and preferred shares up to 750,000,000 shares at the par value of Baht 0.40 per share, totaling Baht 941,025,498.

The Company registered the reduction with the Ministry of Commerce on June 6, 2013.

**24. Convertible bonds**

At the Board of Directors Meeting of the Company no. 2/2012 held on March 23, 2012, the directors passed resolutions to approve the changes of features of convertible debenture relating to the right to convert the convertible bonds to ordinary shares. The changes were approved by the holders of the convertible bonds on March 28, 2012.

Summary of Features of Convertible Debentures (CDs) are as below:

Type	: Non-guaranteed convertible debentures in a name certificate form representing the right to convert the CDs to ordinary shares of the Company
Offering size	: Not exceeding Baht 1,809,000,000
Offering price per unit	: Baht 1,000
Conversion ratio	: Principal amount of the CDs divided by the conversion price
Conversion price	: Baht 3 for 1 ordinary share
Interest (Coupon)	: 5% per annum throughout the term to maturity (payable annually)
Face value of the CD	: Baht 1,000 per unit
Number of ordinary shares reserved for the conversion	: Not exceeding 603,000,000 shares
Term to maturity	: Not exceeding 6 years from the date on which the CDs are issued
Conversion period (Old feature)	: Voluntary Conversion: The holder of the CDs has the right to convert all or part of the CDs to ordinary shares of the Company on the last business day of each month. The CDs can be converted for the first time on the first month after one year starting from issuing date. The minimum conversion amount shall be 1,000 units, except for the month prior to the maturity date where, the holder shall have the right to convert all of the CDs held by him without any minimum conversion amount being required.

The Company will pay interest for CDs which have been converted by calculating until the date prior to the conversion date (excluding the conversion date). The number of days in each year used for interest calculation is 365 day.

**Mandatory Conversion:** The Company has the right to convert all or part of the CDs to ordinary shares of the Company on the last business day of each month. The CDs can be converted for the first time on the first month after one year starting from issuing date.  
The minimum conversion amount shall be 10% of the total CDs issued and sold which have not

been converted. In case, there is more than one holder, the number of CDs to be converted shall be allocated proportionately to the units held by all holders.

In the event that the Company exercises the aforementioned conversion right and, as a result, the holder holds less than 1,000 units, that holder has the right to convert all of the remaining part of the CDs to ordinary shares of the Company on the last business day of each month.

In the event that the Company exercises the aforementioned conversion right, the Company will compensate the holder by paying the interest calculated from the conversion date until the maturity date with the discount rate of 5% per annum. The number of days in each year used for interest calculation is 365 day.

The Company has the right to convert all or part of the CDs to ordinary shares of the Company at any time by formally informing to the holders of CDs no later than 7 days before conversion date.

The minimum conversion amount shall be 10% of the total CDs issued and sold which have not been converted. In case, there is more than one holder, the number of CDs to be converted shall be allocated proportionately to the units held by all holders.

In the event that the Company exercises the aforementioned conversion right and, as a result, the holder holds less than 1,000 units, the Company has the right to convert all of the remaining part of the CDs to ordinary shares of the Company on the conversion date

Conversion period  
(New feature) (Cont'd) : In the event that the Company exercises the aforementioned conversion right, the Company will compensate the holder by paying the interest calculated from the conversion date until the maturity date (excluding the conversion date). The number of days in each year used for interest calculation is 365 day.

On maturity of CDs, the Company has the right to convert all or part of the CDs to ordinary Shares of the Company or to redeem the CDs. In the event that the Company redeem partial CDs, the remaining part of CDs will be converted to ordinary shares of the Company.

Maturity period for  
conversion of the CDs  
to the Company's  
ordinary shares

: Until the maturity date

Offering method

: The CDs will be offered to specific investors not exceeding 10 investors during each 4-month period, as defined in Clause 32 (2) of the Notification of the Capital Market Supervisory Board No. TorJor 9/2552 regarding the Application and Permission to Offer for Sale Newly Issued Debentures.

Redemption on maturity date  
(Old features)

: The holders of the CDs shall convert all CDs held by them to ordinary shares of the Company at the conversion price on the maturity date.

Redemption on maturity date  
(New features)

: On maturity of CDs, the Company has the right to convert all or part of the CDs to ordinary shares of the Company or to redeem the CDs. In the event that the Company redeem partial CDs, the remaining part of CDs will be converted to ordinary shares of the Company.

As at December 28, 2011, the Company issued convertible bonds of 175,000 units at the par value of Baht 1,000 per unit, totaling amount of Baht 175,000,000, to specific investors. The convertible bonds are classified as compound financial derivative. The fair values of the liability component and the equity conversion component are determined on the date of issue of bonds. The fair value of the equity conversion component is calculated using the market price of the Company's share as at that date and is included in the shareholders' equity. The residual amount represents the value of liability component.

According to Thai Accounting Standard No. 107 "Financial Instruments: Disclosure and Presentation", the Company has the option of either redeeming the convertible bonds or converting them into ordinary shares on the maturity date and delivery of equity securities will not be changed by fair value of such equity securities (since the Company determined a certain conversion price); therefore, the convertible bonds are not covered by the definition of financial liabilities and are to be treated as equity securities. In addition, the Company's management expressed the intention to convert these bonds into ordinary shares on the maturity date. Therefore, after acceptance by the holder of convertible bonds on March 28, 2012, the whole amount of the convertible bonds is presented as part of shareholders' equity and future interest on the bonds will be recorded in the shareholders' equity. Due to the change in condition in respect of the convertible bonds, the Company reclassified the convertible bonds which were previously presented as compound financial instrument as at December 31, 2011 with a liability portion of Baht 45 million, to present as shareholder's equity since the date that the changes were approved by the holder of the convertible bonds.

However, at the Annual General Meeting of Shareholders no.1/2012 held on April 30, 2012, shareholders approved a cancellation of issuance and offer of convertible bonds of Baht 595,999,995.

**25. Appropriated Legal reserve**

	Consolidated Financial Statements		Separate Financial Statements	
	2013	2012	2013	2012
	Baht	Baht	Baht	Baht
Beginning balance	32,442,515	32,163,299	32,442,515	32,163,299
Appropriation during the year	-	279,216	-	279,216
Ending balance	32,442,515	32,442,515	32,442,515	32,442,515

Under the Public Limited Company Act., the Company is required to set aside as a legal reserve at least 5% of its net profit after accumulated deficit brought forward (if any) until the reserve is not less than 10% of the registered capital. The legal reserve is non-distributable.

**26. Dividend Payment**

In accordance with the Minute of the Annual General of Meeting Shareholders for No. 1/2013, held on May 21, 2013. The shareholders approved the payment of dividend for the year 2012 to the holders of cumulative preference shares A at Baht 0.21 per share, divided by a common stock dividend of Baht 0.16 per share and cash dividend per share of 0.05 baht. And payment of cash Dividend to preferred shares B of Baht 0.20 per share. Form A, Entitled to receive a dividend of 283 million shares divided by common stock dividend to 113.27 million shares and cash dividend to Baht 14.16 million. Form B, Entitled to receive a dividend of 11.70 million shares identified to pay by cash dividend amounting to Baht 4.68 million. The dividend shall be paid on/or before June 3, 2013.

**27. Capital Management**

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.



In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, decrease share capital, or issue new shares.

As at December 31, 2013 and 2012, debt to equity ratio in the consolidated financial statements are 2.95:1 and 3.22:1, respectively.

As at December 31, 2013 and 2012, debt to equity ratio in the financial separate statements are 1.73:1 and 2.08:1, respectively.

## 28. Revenues

### 28.1 Sale of goods and services

Sales of goods and services recorded in the consolidated statements of comprehensive income for the year ended December 31, 2013 included sales of raw materials amount of Baht 881 million, such income is cost of sales. Related, totaling Baht 852 million. (For the year ended December 31, 2012 includes income from the sale of raw materials amounted to Baht 3,193 million, such income is cost of sales. Related amounting to Baht 3,097 million).

Sales of goods and services recorded in the company statements of comprehensive income for the year ended December 31, 2013 included sales of raw materials amount of Baht 445 Million, such revenue had the related cost of sales amounting to Baht 419 million. (For the year ended December 31, 2012 includes income from the sale of raw materials amounted to Baht 1,611 million, such income, cost of sales related, totaling Baht 1,567 million).

### 28.2 Other income

Other income for the year ended December 31, 2013 and 2012 comprise the following:

	Consolidated Financial Statements		Separate Financial Statements	
	2013	2012	2013	2012
	Baht	Baht	Baht	Baht
Net gain (loss) on exchange rate	-	56,724,072	-	4,199,765
Gain from disposal of property,				
plant and equipment	2,734,357	45,477,843	991,322	44,894,567
Interest income	9,321,028	8,816,449	7,877,989	7,596,911
Dividend	1,000,000	1,000,000	249,802,708	1,000,000
Gain on derivative				
financial Instrument	47,169,841	3,105,809	11,738,691	3,105,809
Sales of scrap	4,864,662	13,373,176	4,864,662	23,872,425
Rental income	2,292,995	3,452,977	366,995	3,504,977
Others income	25,048,980	11,970,962	9,987,597	2,205,246
Total other income	92,431,863	143,921,288	285,629,964	90,379,700

## 29. Other expenses

Other expenses for the year ended December 31, 2013 and 2012 comprise the following:

Consolidated Financial Statements		Separate Financial Statements	
2013	2012	2013	2012
Baht	Baht	Baht	Baht

Net (gain) loss on exchange rate	77,370,982	-	27,508,772	-
Loss from write-off equipment	-	303,961		303,959
Loss from sale of				
temporary investment	1,448,834	8,508,216	1,448,834	8,508,216
Net fair value gain from derivative				
financial instruments	-	23,925,775		-
Total other expenses	78,819,816	32,737,952	28,957,606	8,812,175

### 30. Finance costs

Finance costs for the year ended December 31, comprise the following:

	Consolidated Financial Statements		Separate Financial Statements	
	2013	2012	2013	2012
	Baht	Baht	Baht	Baht
Interest expenses	627,031,905	543,020,905	397,978,092	318,748,922
Amortization of direct costs of				
providing long-term loans.	2,483,738	9,365,239	2,483,738	9,365,239
Bank charge	53,556,867	34,772,390	39,884,260	28,482,124
Net (gain) loss from foreign exchange				
rate for loans and accrued				
interests	-	(19,455,601)	-	(19,455,601)
Net fair value (gain) loss from				
derivative financial instruments				
of loans	-	25,738,595	-	25,738,595
Total finance costs	683,072,510	593,441,528	440,346,090	362,879,279

### 31. Tax (Expense) Income

Income tax is recognized in the Profit (Loss) for the year ended December 31, 2013 and 2012 comprise the following:

	Consolidated Financial Statements		Separate Financial Statements	
	2013	2012	2013	2012
	Baht	Baht	Baht	Baht
Current tax income (expense)	(1,165,546)	(5,464,396)	-	(3,349,771)
Prior year tax expense	1,006,321	-	-	-
Deferred income tax				
(Expenses) revenues deferred income tax	(2,002,868)	43,955,561	508,775	4,739,231
Effect of change in tax rate	7,104,025	(151,702)	(506,005)	261,695
(Expense) revenues Income tax is recognized in the				
profit (loss) for the year	4,941,932	38,339,463	2,770	1,651,155

The difference between (expenses) revenue tax calculated from accounting profit at the tax rate for the year ended December 31, 2013 and 2012 rate of 20% and 23% respectively.

	Consolidated Financial Statements		Separate Financial Statements	
	2013	2012	2013	2012
	Baht	Baht	Baht	Baht
Profit before income tax	(118,944,863)	105,048,353	131,415,473	8,934,087
(Expenses) revenues tax calculated				
at the tax rate of 20% (2012 : 23%)	23,788,973	(24,161,121)	(26,283,095)	(2,054,840)
Impact of change in tax rate	(1,576,983)	(151,702)	(506,006)	261,695
The impact of income between related company	7,185,869	9,612,341	-	-
Profit sharing from equity accounted investment	(79,767)	(252,960)	-	-
Prior year tax expense	1,006,321	-	-	-
Effect of income that is exempt from taxation	3,144,052	35,010,571	49,960,542	-
(Expenses) revenues not deductible for income tax	7,834,444	37,927,197	(1,261,633)	2,458,457
Tax losses the year that are not recognized as deferred tax assets.	(36,360,977)	(20,630,705)	(21,907,038)	-
Tax losses last year that are not recognized as deferred tax assets.	-	985,842	-	985,843
(Expenses) revenues income tax is Recognized in the Profit for the year	4,941,932	38,339,463	2,770	1,651,155

Income tax is recognized in the other comprehensive Profit (Loss) consist of:

	Consolidated Financial Statements		
	Amount Before Taxes	Revenues (Expenses)	Net of Taxes
	Baht	Income Taxes Baht	Baht
<b>For the year ended December 31, 2013</b>			
Gain (loss) on remeasuring available for sale investments	(4,400,000)	532,000	(3,868,000)

Gain (loss) on land revaluation 235,817,400 (47,162,680) 188,654,720

**For the year ended December 31, 2012**

Gain (loss) on remeasuring available for sale  
investments (9,000,000) 1,888,000 (7,112,000)

Separate Financial Statements		
Amount Before Taxes	Revenues (Expenses)	Net of Taxes
	Income Taxes	
Baht	Baht	Baht

**For the year ended December 31, 2013**

Gain (loss) on remeasuring available for sale  
investments (4,400,000) 532,000 (3,868,000)  
Gain (loss) on land revaluation 157,420,877 (31,484,175) 125,936,702

**For the year ended December 31, 2012**

Gain (loss) on remeasuring available for sale  
investments (9,000,000) 1,888,000 (7,112,000)

**32. Basic earnings (loss) per share**

Basic earnings (loss) per share and diluted earnings (loss) per share for the year ended December 31, 2013 and 2012 are as follows;

Basic earnings (loss) per share is calculated by dividing the profit (loss) for the year attributable to shareholders after deduction of preference shares dividend by the weighted average number of ordinary shares in issue during the year and after retrospective to the shares dividend of 113,265,656 shares.

	Consolidated Financial Statements		Separate Financial Statements	
	2013	2012	2013	2012
For the year ended December 31,				
Basic earnings per share				
Profit attributable to owners of the parent (Baht)	(114,219,992)	141,621,515	131,418,243	10,585,242
<u>Less</u> Dividend of preference shares (Baht)	(61,804,476)	(61,804,476)	(61,804,476)	(61,804,476)
Profit (loss) attributable to ordinary shareholders (Baht)	(176,024,468)	79,817,039	69,613,767	(51,219,234)
Weighted average number of ordinary shares in issue				
(Share)	3,090,769,668	1,680,885,529	3,090,769,668	1,680,885,529
Basic earnings (loss) per share (Baht)	(0.06)	0.05	0.02	(0.03)

The diluted earnings (loss) per share is calculated adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has three categories of dilutive potential ordinary shares: convertible preferred shares, convertible bonds, and warrants. The convertible preferred shares and convertible bonds are assumed to have been converted into ordinary shares. For the warrant, a calculation is made to determine the number of shares that could have been acquired at fair value (determined as the average annual by using daily market price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would

have been issued assuming the exercise of the warrant. The difference is added to the denominator as an issue of ordinary shares for no consideration. No adjustment is made to earnings.

	Consolidated Financial Statements		Separate Financial Statements	
	2013	2012	2013	2012
For the year ended December 31,				
Diluted earnings (loss) per share				
Profit (loss) attributable to owners of the parent (Baht)	(176,024,468)	79,817,039	69,613,767	(51,219,234)
Weighted average number of ordinary shares in issue (Share)	3,090,769,668	1,680,885,529	3,090,769,668	1,680,885,529
Adjustments for				
- convertible bonds (Share)	58,333,333	58,333,333	58,333,333	58,333,333
- warrants (Share)	68,025,226	68,025,226	68,025,226	68,025,226
Weighted average number of ordinary shares for diluted earnings (loss) per share (Share)	3,177,696,822	1,807,244,088	3,177,696,822	1,807,244,088
Diluted earnings (loss) per share (Baht)	(0.06)	0.04	0.02	(0.03)

### 33. Expenses by Nature

The following expenditure items, classified by nature, have been charged in arriving at profit before finance costs and income tax:

	Consolidated Financial Statements		Separate Financial Statements	
	2013 Baht	2012 Baht	2013 Baht	2012 Baht
Raw materials and consumable used	10,502,976,428	12,935,488,257	9,477,676,623	9,916,982,341
Purchases of finished goods and raw material	684,411,707	1,894,157,007	245,282,121	2,076,080,656
Change in finished goods and semi-finished goods	(220,811,109)	381,405,289	(159,765,086)	203,486,605
Staff costs	277,640,602	256,547,269	184,867,480	168,977,113
Depreciation on property, plant and equipment	191,994,943	174,658,140	26,561,874	27,027,712
Utilities expenses	783,111,415	590,696,134	154,546,125	126,717,268
Oil/gas	322,318,659	278,476,575	232,235,195	195,118,541

### 34. Segment information

The Group is principally engaged in manufacturing and trading steel products, both in Thailand and overseas.

The Group does not disclose information in respect of geographical segments because revenue from overseas sales for the year ended December 31, 2013, was Baht 699.75 million to 5.07% of total sales of goods and services. (For the year ended December 31, 2012, was Baht 769.85 million to 4.68% of total sales of goods and services).

### 35. Financial instruments

#### 35.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain exposures.

##### 35.1.1 Foreign exchange risk

The Group has exposure to foreign currency exchange fluctuations on purchasing /selling of goods and loans. The Group manages this risk through the financial derivatives such as forward foreign exchange contracts, and forward foreign currency and interest rate as following:

##### Forward foreign exchange contracts and foreign exchange option

The Group uses derivative financial instruments such as forward foreign exchange contracts and Foreign-exchange option to hedge certain exposures by establishing the rate at which a foreign currency asset will be realized or a foreign currency liability settled.

##### Foreign currency and interest rate forward contracts

Foreign currency and interest rate forward contracts are financial instrument to protect fluctuations of exchange rates and interest rate.

##### 35.1.2 Interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. All interest rate derivative transactions are subject to approval by the Finance Director before execution. The Group has no significant interest-bearing assets. The Group hedges the interest rate exposure by using financial instruments such as foreign currency and interest rate forward contracts as described in Note 35.1.1.

##### 35.1.3 Credit risk

The Group has no significant concentrations of credit risks. The Group has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. Derivative counterparties and cash transactions are limited to high credit quality financial institutions. The Group has policies to limit the amount of credit exposure to each financial institution.

##### 35.1.4 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

#### 35.2 Accounting for derivative financial instruments and hedging activities

The Group recognises derivative financial instruments in the financial statements on the inception. Subsequently the Group measures each derivative financial instrument at its fair value. Gains and losses on the derivative financial instruments which relate to borrowings are offset for financial reporting purposes and are recognised as finance costs in the profit or loss, whereas the gains and losses on the derivative financial instruments which relate to trading business are offset for financial reporting purposes and are recognised as other income/(other expenses) in the profit or loss.

##### Forward foreign exchange contracts

Forward foreign exchange contracts have been entered into to manage exposure to fluctuations in foreign currency exchange rates on accounts receivable, loans and accounts payable denominated in foreign currencies.

##### Foreign exchange forward contracts

	Consolidated Financial Statements		Separate Financial Statements	
	As at	As at	As at	As at
	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
Euro				
- Average exchange rate (Baht/Euro)	-	41.96 - 44.13	-	-
- Amount in Euro	-	1,810,095	-	-
- Amount in local currency (Baht)	-	77,167,886	-	-
US Dollar				
- Average exchange rate (/USD)	31.22 - 32.87	30.92 - 32.11	31.53 - 32.87	30.99 - 32.11
- Amount in USD	46,783,876	31,672,843	32,285,483	1,138,598
- Amount in local currency (Baht)	1,498,156,032	994,060,041	1,036,524,462	35,591,700

#### Net fair values

The net fair values of derivative financial instruments comprise the following:

	Consolidated Financial Statements			
	As at December 31, 2013		As at December 31, 2012	
	Foreign	Fair values	Foreign	Fair values
	currency	Favourable (unfavourable)	currency	Favourable (unfavourable)
	Baht	Baht	Baht	Baht
Derivative financial instruments (assets)				
- Foreign exchange forward contracts				
US Dollar				
- Current	37,096,376	36,742,738	5,285,598	425,031
Derivative financial instruments (liabilities)				
- Foreign exchange forward contracts				
Euro				
- Current	-	-	1,810,095	(2,656,400)
US Dollar				
- Current	9,687,500	(6,724,232)	26,387,245	(15,181,586)

Separate Financial Statements				
As at December 31, 2013		As at December 31, 2012		
Foreign	Fair values	Foreign	Fair values	
currency	Favourable	currency	Favourable	
	(unfavourable)		(unfavourable)	
Baht	Baht	Baht	Baht	
Derivative financial instruments (assets)				
- Foreign exchange forward contracts				
US Dollar				
- Current	22,597,983	18,505,589	338,598	155,817
Derivative financial instruments (liabilities)				
- Foreign exchange forward contracts				
US Dollar				
- Current	9,687,500	(6,724,232)	800,000	(113,151)

The fair value of forward foreign exchange contracts is determined by the market rate of each contract which is calculated by financial institutions dealing with the Group at the date of the statement of financial position.

### 36. Transactions with business alliances

According to Section 89/1 of the Securities and Exchange Act BE 2535 (including its amendments) and Clause 2 (3) of the Notification of the Capital Market Supervisory Board No. Tor Chor 21/2551 Re: Rules on Connected Transactions, and its definition stated in the notification, the Company has numbers of significant transactions dealt with these business alliances being individuals or entities which are management's relatives or a former employee of a related party. The detail is below.

Name of business alliances	Relationship
- Insight Steel Co., Ltd.	- a major shareholder and the authorised director is management's relative
- Simba Inter Co., Ltd.	- a major shareholder and the authorised director is also a shareholder of the Group holding 1.49% interest of the Group (information as of April 11, 2012). The previous owner of this company became a management's relative.
Name of business alliances	Relationship
- Triple O Trading Co., Ltd.	- a major shareholder and the authorised director, who was a former employee of a related party, hold 0.54% interest of the Group (information as of April 11, 2012). This entity has been receiving financial supports from one of the Group's shareholder who is a management's relative. The structure of the parties involved is indirectly linked to a management's relative.
- Jarasrunroj Co., Ltd.	- a major shareholder and the authorised director is management's relative
- Deesinchai Steel Co., Ltd.	- a major shareholder and the authorised director is close relationship with the relative of the Company's management.
- Platinum Auto Services Co., Ltd.	- one of authorized directors is a shareholder of the Group holding 0.56% interest of the Group (information as of April 11, 2012) and is a relative of a subsidiary's management.



The following significant transactions were carried out with business alliances:

#### 36.1 Revenues

Consolidated Financial Statements		Separate Financial Statements	
2013	2012	2013	2012
Baht	Baht	Baht	Baht

For the year ended December 31,

##### Revenue

Sales of goods	2,211,802,357	2,951,538,702	2,211,802,357	2,951,538,702
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#### 36.2 Purchase of goods and services

Consolidated Financial Statements		Separate Financial Statements	
2013	2012	2013	2012
Baht	Baht	Baht	Baht

For the year ended December 31,

Purchase of goods	351,064	5,084,957	351,064	5,084,954
Purchase of services	14,257,943	8,733,079	9,310,645	5,426,933

#### 36.3 Outstanding balances arising from purchases and sales of goods and services

Consolidated Financial Statements		Separate Financial Statements	
As at	As at	As at	As at
December 31,	December 31, 2012	December 31,	December 31, 2012
2013		2013	
Baht	Baht	Baht	Baht

Trade accounts receivable	407,811,967	793,104,662	407,811,967	793,104,662
Other assets (deposit for rental cars)	3,823,315	2,160,073	1,122,600	1,422,600
Other current liabilities (accrued expenses)	516,275	1,265,008	516,275	555,865

#### 37. Inter-transaction between related parties

A group of individual shareholders who are members of the Company's management hold 28.59% interests in the Company's share capital. The Company's remaining shares are widely held. The following significant transactions were carried out with related parties:

##### 37.1 Revenue

Consolidated Financial Statements		Separate Financial Statements	
2013	2012	2013	2012
Baht	Baht	Baht	Baht

For the year ended December 31,

##### Revenue sales of goods and services

Subsidiaries	-	-	77,686,351	280,580,090
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An associate	-	2,200,000	-	2,200,000
Related parties	662,005,189	893,249,667	625,292,649	162,135,748
Total Revenue Sales of goods and services	662,005,189	895,449,667	702,979,000	444,915,838
<b>Rental income</b>				
Subsidiaries	-	-	-	231,000
An associate	-	181,000	-	21,000
Related parties	2,112,000	-	192,000	-
Total Rental income	2,112,000	181,000	192,000	252,000
<b>Dividend income</b>				
Subsidiaries	-	-	248,802,708	-
<b>Other income</b>				
Subsidiaries	-	-	10,700,000	10,518,658

Sale of goods and services transactions with related parties are carried out under commercial terms and conditions that are treated in the same manner as unrelated parties.

### 37.2 Expenses

	Consolidated Financial Statements		Separate Financial Statements	
	2013	2012	2013	2012
	Baht	Baht	Baht	Baht
For the year ended December 31,				
<b>Purchase of goods and services</b>				
Subsidiaries	-	-	3,383,776,982	2,567,440,643
Related parties	168,271,473	1,347,320,307	168,271,473	751,030,349
Total Purchase of goods and services	168,271,473	1,347,320,307	3,552,048,455	3,318,470,992
<b>Rental expenses of factory buildings and machine</b>				
Subsidiaries	-	-	23,012,880	103,227,493
An associate	-	18,683,445	-	10,439,241
Related parties	525,792	465,792	525,792	465,792
Total Rental expenses of factory buildings and machine	525,792	19,149,237	23,538,672	114,132,526
<b>Directors' and management's remunerations</b>				
Short-term Employee Benefit	34,246,172	43,342,772	34,246,172	43,342,772
Post-Employee Benefit	925,979	867,119	925,979	867,119
Total Directors' and management's remunerations	35,172,151	44,209,891	35,172,151	44,209,891

Purchase of goods and services transactions with related parties are carried out under commercial terms and conditions that are treated in the same manner as unrelated parties.

### 37.3 Outstanding balance arising from purchases and sales of goods and service

	Consolidated Financial Statements		Separate Financial Statements	
	As at	As at	As at	As at
	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
	Baht	Baht	Baht	Baht
<b>Trade accounts receivable</b>				
Subsidiaries	-	-	16,224,858	15,889,431
Related parties	136,078,524	6,904,653	135,812,590	6,891,851
Total Trade accounts receivable	136,078,524	6,904,653	152,037,448	22,781,282
<b>Advances to suppliers for purchase of goods</b>				
Subsidiaries	-	-	-	506,831,308
Related parties	32,468	200,485,955	-	200,453,487
Total Advances to suppliers for purchase of goods	32,468	200,485,955	-	707,284,795
<b>Other current assets</b>				
Subsidiaries	-	-	808,972,387	271,664,599
<b>Dividend income - receivable</b>				
Subsidiaries	-	-	248,802,708	-
<b>Trade accounts payable</b>				
Subsidiaries	-	-	484,550	-
Related parties	93,208	13,800	93,208	13,800
Total trade accounts payable	93,208	13,800	577,758	13,800
<b>Advances from customers for sales of goods</b>				
An associate	-	9,891,589	-	9,891,589
<b>Other current liabilities (accrued expenses)</b>				
An associate	-	21,768,024	-	9,731,701
Related parties	10,888,523	37,566	10,888,523	37,566
Shareholders	463,121	463,121	463,121	463,121
Total Other current liabilities	11,351,644	22,268,711	11,351,644	10,232,388
<b>Obligation under finance leases.</b>				
Related parties	9,763,340	-	-	-
<b>Other current liabilities</b>				
An associate	-	13,440,000	-	-

### 38. Non-cash flow transactions

For the year ended December 31,

Gain (loss) on remeasuring available-for -

	Consolidated Financial Statements		Separate Financial Statements	
	2013	2012	2013	2012
	Baht	Baht	Baht	Baht
sale investments-Net	(3,868,000)	(7,112,000)	(3,868,000)	(7,112,000)

Surplus from Revaluation of Land -

	Consolidated Financial Statements		Separate Financial Statements	
	2013	2012	2013	2012
	Baht	Baht	Baht	Baht
net income tax	188,654,720	-	125,936,702	-

Purchase of fixed assets that

	Consolidated Financial Statements		Separate Financial Statements	
	2013	2012	2013	2012
	Baht	Baht	Baht	Baht
have not yet paid	7,072,795	18,635,258	808,515	1,580,353

Dividends paid to common stock

	Consolidated Financial Statements		Separate Financial Statements	
	2013	2012	2013	2012
	Baht	Baht	Baht	Baht
Dividends paid to common stock	45,306,262	-	45,306,262	-

### 39. Guarantees

#### 39.1 Guarantee contract

Guarantee contracts as at December 31, 2013 and 2012 comprise the following:

	Consolidated Financial Statements		Separate Financial Statements	
	As at	As at	As at	As at
	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
	Baht	Baht	Baht	Baht
Guarantee of an associate's liabilities	-	238,836,380	-	238,836,380

#### 39.2 Bank guarantees

The local bank had issued letters of guarantee on behalf of the Group as follows:

	Consolidated Financial Statements		Separate Financial Statements	
	As at	As at	As at	As at
	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
	Baht	Baht	Baht	Baht
In respect of electricity usage	115,303,000	79,437,600	13,420,000	9,694,600
In respect of purchase of gas-petroleum	7,000,000	7,000,000	7,000,000	7,000,000
In respect of purchase of goods and services	20,000,000	20,000,000	-	-
Aval note	40,337,150	-	16,000,000	-

#### 40. Commitments

The Group had commitments but not yet recognized in the consolidated and company financial statements as follows:

	Consolidated Financial Statements		Separate Financial Statements	
	As at	As at	As at	As at
	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
	Baht	Baht	Baht	Baht
Capital commitments	-	31,157,969	-	21,577,969
Operating lease commitments	34,347,325	76,415,988	26,902,187	56,991,576
Shipping guarantee commitments	-	167,154,216	-	167,154,216
Letter of credit for purchase of goods commitments				
- Thai Baht	-	86,670,103	-	86,670,103
- US Dollar	-	13,112,750	-	13,112,750
Service contract commitments	197,200	1,682,540	100,000	1,552,940

#### 41. Entry errors of prior year

A subsidiary has overstated the cost of borrowing as part of the cost of machinery and equipment since 2011 until the present year. The reason was due to the wrong calculation of the effective rate and under of recording on the tax expense for the year 2012. The subsidiary above has corrected such errors by restating the published consolidated statement of financial position as at December 31, 2012 and the published consolidated statement of comprehensive income for the year ended December 31, 2012 in order to ensure correctness in accordance with the financial reporting standards. The details are as follows:

	Consolidated Financial Statements		
	As previously reported	Adjustments	Restated
	Baht	Baht	Baht
<b>Statement of Financial Position</b>			
<b>as at December 31, 2012</b>			
Other current assets	208,109,974	(1,177,693)	206,932,281
Property, plant and equipment - net	6,792,038,755	(13,354,779)	6,778,683,976
Short-term loan from financial institute	8,636,156,151	(24,183,039)	8,611,973,112
Other current liabilities	157,117,345	936,932	158,054,277
Retained earning	522,383,756	8,602,972	530,986,728
Non-controlling interests	33,004,901	110,663	33,115,564
<b>Comprehensive Income for the year ended</b>			
<b>December 31, 2012</b>			
Finance cost	604,269,787	(10,828,259)	593,441,528

Tax (expenses) income	40,454,087	(2,114,624)	38,339,463
Net profit (loss) for the year	134,674,181	8,713,635	143,387,816
Profit (loss) attributable to:			
- Owners of the parent	133,018,543	8,602,972	141,621,515
- Non-controlling interests	1,655,638	110,663	1,766,301
Basic earnings (loss) per share (Baht)	0.05	-	0.05
Diluted earnings (Baht)	0.05	(0.01)	0.04

#### 42. Changes in Accounting Policy

During the year 2013, the Group Company changed its accounting policy with respect to the method used for measurement the initial value of lands from the historical cost to new revaluation price. The Group Company has provided an appraisal to its lands where are locations of two factories of the Group Company located at Bangkadee, Bangkumtheing District and Nicipumtana District, Rayong Province. An independent appraisal firm hired to make the revaluation is approved by the SEC office. The appraiser selected fair value basis on market approach to revalue the lands price which is reported on the appraisal report dated July 26, 2013, as the management considers it is reflect lands' current value. The Group Company applies the change in new revaluation price by using prospective application onward since the third quarter of 2013. The Group Company directly recognizes the increasing value into "land account" against the account of "Revaluation Surplus from Property" and also "Minority interest in subsidiaries - from revaluation surplus on property" which are presented under shareholders' equity. Such revaluation surplus is not allowed to distribute for dividend payment. The Group Company has, accordingly, changed its accounting policy to present financial statement in which the value of lands is measured using fair value basis. This change has the effect to arise of "Revaluation Surplus from Property" as at December 31, 2013 as follow:

(Unit : Baht)

Item	Parent Company	Subsidiary
Revaluation Surplus from land	157,420,877	78,397,523

#### 43. Reclassification of Accounts

The Company reclassified some items in comparative financial statements in order to comply with the present financial statement, which does not have any effects on net profit (loss) or shareholder's equity already presented. The details of reclassification are as follows:

	Consolidated Financial Statements		
	As Previously Reported	Reclassified	As Currently Reported
	Baht	Baht	Baht
<b>Statement of Financial Position</b>			
<b>as at January 1, 2012</b>			
Property, plant and equipment - net	6,174,735,811	(10,277,160)	6,164,458,651
Other current assets	423,740,967	(21,426,772)	402,314,195
Short-term loans from financial			
Institutions - net	5,532,498,605	(21,426,772)	5,511,071,833
Long-term loans - net	1,718,810,263	(10,277,160)	1,708,533,103
<b>Statement of Financial Position</b>			
<b>as at December 31, 2012</b>			
Other current assets	206,932,281	(44,185,522)	162,746,759

Short-term loans from financial			
Institutions - net	8,611,973,112	(32,133,112)	8,579,840,000
Short-term loans from discounted bills	458,110,000	(12,052,410)	446,057,590

Separate Financial Statements		
As Previously Reported	Reclassified	As Currently Reported
Baht	Baht	Baht

**Statement of Financial Position  
as at January 1, 2012**

Other current assets	85,929,853	(16,728,827)	69,201,026
Short-term loans from financial			
Institutions - net	3,872,468,237	(16,728,827)	3,855,739,410

**Statement of Financial Position as at  
December 31, 2012**

Other current assets	122,708,822	(33,449,803)	89,259,019
Short-term loans from financial			
Institutions - net	4,522,118,856	(21,397,393)	4,500,721,463
Short-term loans from discounted bills	458,110,000	(12,052,410)	446,057,590

**44. Other Matter**

On August 8, 2013, the Securities and Exchange Commission ("SEC") issued an instruction no.78/2013 ordering Mill Con Steel Public Company Limited to have a special audit concerning the trade transactions of the year 2012 with the Company's business alliances which may be considered as related parties and the share dilution of investment capital in a company which previously was a subsidiary of the Company (See Note 10). In conditions that the Company has to hire an audit firm from Big Four only and submit the special audit report to the SEC office by October 7, 2013 as well as publicizing such audit results via electronic media of the Stock Exchange of Thailand's information system. The SEC office has the reason for such order that even though the audit committee has already audited the trade transactions with such alliances, but the auditor still issued a disclaimer of opinion on the year 2012 financial statements as there is an indication that certain trade transactions do not follow normal course of business. For the issue of abdication of the right to subscribe its subsidiary's capital increase shares, the fact appears that the buyer of shares of the subsidiary above has sold the shares to a listed company at a price much higher than the reserve price to purchase the share capital increase within the period of only 6 months. Both cases may affect the benefits that belong to the securities holders and the decision-making of the investors. On September 11, 2013, the Company hired an audit firm from Big Four to carry out the special audit. Later, on October 31, 2013, the Company has already submitted the special audit report to the SEC office by October 31, 2013 as well as publicizing such audit results and the Company's responses and action plans via electronic media of the Stock Exchange of Thailand's information system (See Note 2).

**45. Event after the Reporting Period**

According to the Board of Director's meeting No.11/2556, on November 5, 2013, which had approved the specific allotment the amount of 344,827,586 shares .The Board of Director has approved the period for payment the increase in capital shares of 344,827,586 shares, amount to 700,000,000 Baht within February 5, 2014.

Informing the significant resolution of the board of directors No. 1/2014 held on February 28, 2014 are as follows :

1. Approve to propose the shareholder meeting to consider a dividend payment for preferred shareholders Type A, Type B and of Ordinary shares from operating profit of year 2013 in amount of Baht 131,418,243 deducted to Legal Reserve Baht 6,570,912, remaining profit Baht 124,847,331 which the Company divide Baht 92,090,002 or 70.07% of the Company's Net Profit of year 2013 as dividend.

Regarding to the article of association of company, dividend be paid to preferred shareholders by 5 percent of capital investment. Ordinary shares dividend to preferred shareholders Type A and Cash dividend paid to preferred shares Type B mentioned above was Baht 61,804,476 in total amount. As a result, the company's retain earning was enough to pay dividend for ordinary shareholders in this period. The total amount of Ordinary shares of the Company is 1,682,529,257 which shall be entitled to receive dividend.

2. Approved to propose the shareholder meeting to consider the capital reduction in amount of Baht 701,102,164, from Baht 1,839,684,267 to Baht 1,138,582,103 by cancelling the Company's unissued ordinary shares in amount of 1,347,582,997 shares at the par value of Baht 0.40 each and unissued preferred shares in amount of 405,172,414 shares, details as follows:

(a) The amount of 335,368,408 shares at the par value of Baht 0.40 per share issued to support the conversion of warrants to buy common share (MILL-W1), expired on February 24, 2014.

(b) The amount of 12,214,577 shares at the par value of Baht 0.40 per share issued to support the conversion of warrants to buy common share which issued and allotted to directors and employees of the Company (MILL-ESOP), expired on February 24, 2014.

(c) The amount of 12 fraction ordinary Shares at the par value of Baht 0.40 per share which remain after allocation of ordinary shares dividend on June 3, 2013.

(d) The amount of 1,000,000,000 capital increase ordinary shares at the par value of Baht 0.40 share which issued by the Annual General Shareholders Meeting 1/2556, held on May 21, 2013.

(e) The remaining amount of 405,172,414 Type C preferred shares issued by the Annual General Shareholders Meeting 1/2556, held on May 21, 2013.

The objective of shares in (d) and (e) is for support business expansion and/or new business investment and/or company's working capital and/or to payment debt and/or to be acquisition assets of TSSI.

3. Approve to propose the shareholder meeting to consider the increase of the Company's registered capital in amount of Baht 654,236,255 from Baht 1,138,582,103 to Baht 1,792,818,358 by issuing newly ordinary shares in amount of 1,230,418,224 shares at the par value of Baht 0.40 and by issuing newly Type C. preferred shares in amount of 405,172,414 shares at the par value of Baht 0.40, details as follows:

(a) Amount up to Baht 400,000,000 by issuance and selling ordinary shares not exceeding 1,000,000,000 shares at the par value of Baht 0.40.

(b) Amount up to Baht 162,068,966 by issuance and selling Type C. preferred shares not exceeding 405,172,414 shares at the par value of Baht 0.40.

The objective of shares in (a) and (b) is for support business expansion and/or new business investment and/or company's working capital and/or to payment debt and/or to be acquisition assets of TSSI.

(c) Amount of Baht 72,226,730 by issuance and selling ordinary shares in amount of 180,566,826 shares at the par value of Baht 0.40. accommodating to share dividend for preferred shareholders type A.

(d) Amount of Baht 19,940,559.20 accommodating to exercise of right under warrant (MILL-W2) according to ordinary shares dividend.

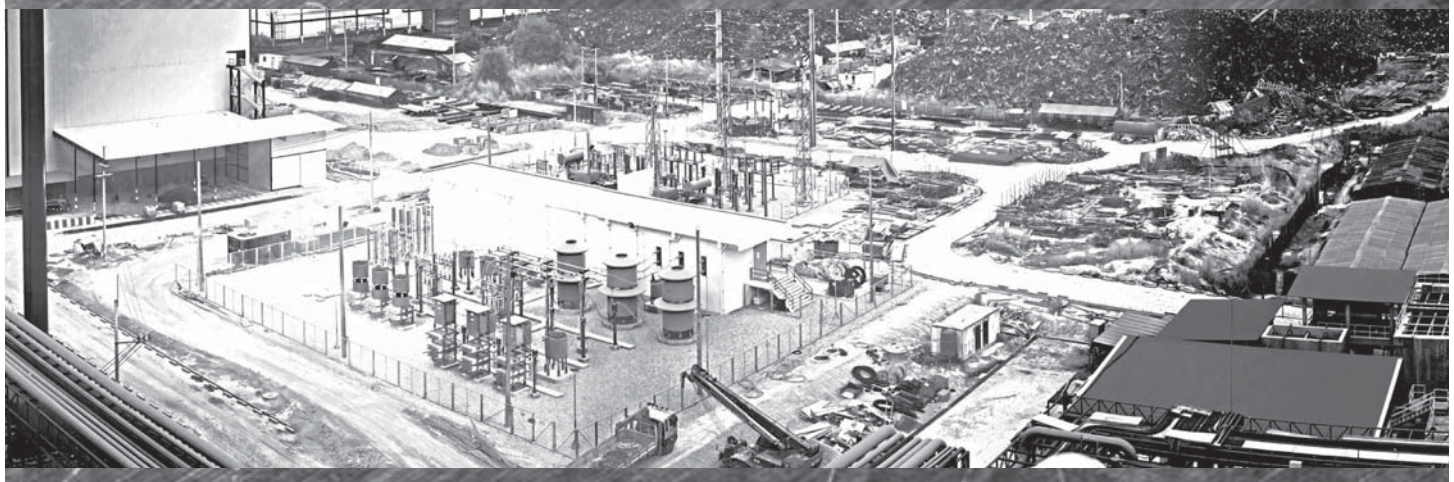
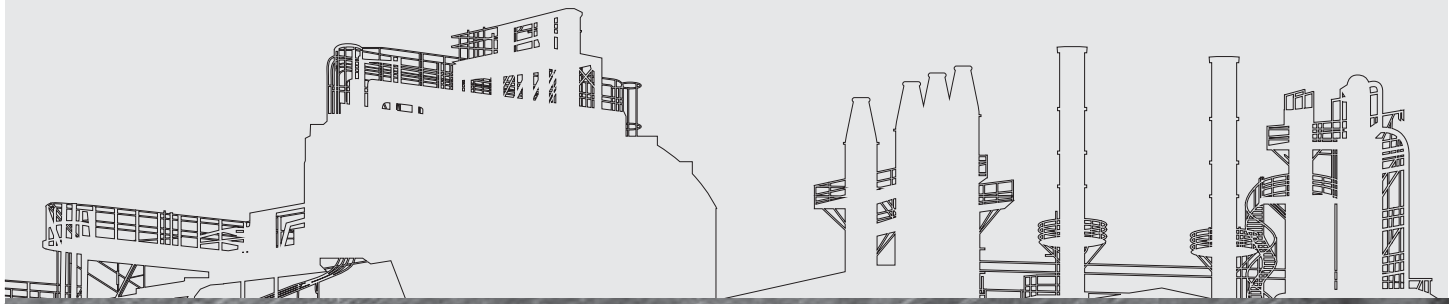


4. Approve to propose the shareholder meeting to consider a newly preferred and Ordinary shares, details are as follows:

- (a) Ordinary shares not exceeding 1,000,000,000 shares at the par value of Baht 0.40 to Private Placement.
- (b) Unanimously approve issuance and offering preferred shares not exceeding 405,172,414 shares at the par value of Baht 0.40 to Private Placement .
- (c) Allotment of Increased ordinary shares not exceeding 180,566,826 shares at the par value of Baht 0.40 accommodating to dividend Payment in form of ordinary shares.
- (d) Allotment of increased ordinary shares not exceeding 49,851,398 shares at the par value of Baht 0.40 accommodating to dividend payment in form of ordinary shares accommodating to exercise of right under share warrants allotted to the company's shareholders pro rata to their shareholders (MILL-W2).

**46. Approval of the Financial Statements**

The financial statements have been approved for issuance by MILL CON STEEL PUBLIC COMPANY LIMITED's board of directors on February 28, 2014.





**MILLCON STEEL**

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