

ANNUAL REPORT

2015

MILLCON

Annual Report 2015



MILLCON

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Vision & Mission



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.



80 OPEN MIND เปิดใจ OPERATION สร้างกำไร OPPORTUNITY ทำโอกาส

Core Value “3O”

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

In 2015, the economic conditions of the country expanded 2.80 percent, compared with the previous year which had expanded only 0.70 percent. In term of the construction and Real Estate sectors which are related to the Company's business expanded 15.8 and 4.1 percent respectively due to the mainly expansion of the construction of the public sector. Whereas, the construction of the private sector slightly declined. Moreover, the important factors that influenced the overall business operations of the Company in last year was the global price of steel had declined due to the fact that the economic conditions of China which is the world's largest steel manufacturer and consumer was dropped.

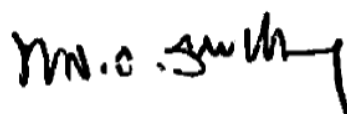
Furthermore, the result of operations of the Company and its subsidiaries for the year 2015 was 13,660 million baht of the total revenue and the net profit was 756 million baht which had gained from the previous year as a result of the sales volume of steel of the Company increased, even though the steel prices reduced in 2015.

In 2016, the Company has a joint venture with the Kobe Steel Limited which is the leader of steel manufacturer in Japan to produce the special grade steel which is high in demand and high value added. For this reason, the Company can expand its business into the market of special grade steel such as the steel used for the automobile and machinery industries which is less competitive but more profit margins and the product can also meet more various types of the business requirements. As a consequence, it will be the positive impact on the Company's future. In addition, the stimulus measures of the Government 4.7 hundred billion baht, which is expected to be disbursed in 2016 continues to invest in the infrastructure projects as urgent 1.8 hundred billion baht and thus it will be the factors that benefit the operating results of the Company.

By the way, the Board of Directors was aware of the good corporate governance principles by resolving to appoint the Corporate Governance Committee in 2015 in order to sustain the Company's growth. Besides, the Company had established the policies of corporate governance to give the rights and the treatment of shareholders as well as stakeholders equally, perform transparently and have the social responsibility.

Lastly, on behalf of the Board, I would like to thank all of the shareholders and involved parties which have a great support to the Company. The Board, the Executives and all of the employees are endeavoring the best to conduct the outstanding operating results of the Company and achieve the goals constantly.

On behalf of the Board of Directors



General Winai Phattiyakul
The Chairman of the Board

Message from Chairman of the board

An overview of the steel industry in Thailand in 2015, there were 16.73 million tonnes of the steel consumption which had decreased 3.5 percent from last year. Due to the price fluctuations, it faced the difficulty to manage. As a representative of the management division, we intended to switch from the steel business to construction materials in order to achieve the Company's aims as follows; 1) Construction materials 2) Special grade steel 3) Investment in the other businesses.

In 2015, the Company achieved another step forward due to the signing of a memorandum of cooperation to explore the joint venture between the Company and Kobe Steel Company Limited and therefore the joint investment in manufacturing and selling steel wires as well as the special grade steel wires. Afterwards, that such joint venture agreement was signed on February 2, 2015 at the Millcon Special Steel Company Limited and then had changed the name to the Kobelco Millcon Steel Company Limited. This investment was worth up to 6.79 billion baht in order to be the significant manufacturing base of the region in the steel wires. Moreover, the Kobe Steel Limited also aids in parts of the production process, technology, monitoring the product quality and marketing in order to manufacture and sell the special grade steel wires which required such the expertise. This step is expected to manufacture the special grade products which will be entered into the automotive industry by the year 2017. As a result, the Company will acquire the market shares in the part of the special grade steel which is the key factor in driving the revenue growth in the future.

By the way, the Companies continue conduct the businesses with the principle of "3O" (Open Mild, Operation, and Opportunity) to be one of the leaders in the business of the steel industry and construction materials. Moreover, the Company has been managed cautiously by applying the risk management policy to manage inventories and not to speculate from fluctuations in prices. Furthermore, the Company continues driving the organizations to the goal of the operation which is effective, steady and sustainable along with the good corporate governance. In 2015, the Company had been evaluated by the Thai Institute of Directors in term of the corporate governance of the registered company which was listed on the level of "good".

In addition, the Company has given the priority to reward to the society and environment by continuing on the useful project such as providing the knowledge development and educational tools to the youth, conducting the health checks of the people in the community area nearby the factory. Besides, the Company also cooperates with the public and private sectors in assisting the people that have been affected by the flood.

In conclusion, the Companies would like to thank all of the shareholders, community, customers, partners and involved parties that always have an excellent support to the business of the Company as well as all of the employees of the Company that engross and dedicate themselves to work with their fully knowledge, capability, empathy and truly understanding to produce the quality products for the Company.

On behalf of the 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 | www.millconsteel.com |

Registered Capital and Paid Up Capital

| | | | | |
|-------------------------|------------------------------------|------|----------|---------|
| Registered Capital Baht | 2,256.45 million | | | |
| | • Ordinary shares | Baht | 2,000.58 | million |
| | • Preferred shares | Baht | 255.87 | million |
| Paid Capital Baht | 1,501.67 million | | | |
| | • Ordinary shares | Baht | 1,621.76 | million |
| | • Preferred shares | Baht | 255.87 | million |
| Share Type and Value | Ordinary shares | | | |
| Preferred | shares each of Baht 0.40 par value | | | |



Name and Location of Reference Parties

| | |
|---------------------------------|---|
| Share Registrar | Thailand Securities Depository Co., Ltd. |
| (Share Registrar) | |
| 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 | www.set.or.th/tsd |
| Share Registrar | Millcon Steel Public Company Limited |
| (Share Registrar) | |
| Location | 52 Thaniya Plaza Building, Floor 29, Silom Road, Suriyawongse, Bangrak, Bangkok 10500 Tel. 0 2652 3333, Fax. 0 2632 7800 |
| Share Registrar | Millcon Steel Public Company Limited |
| (convertible debentures) | |
| Location | 52 Thaniya Plaza Building, Floor 29, Silom Road, Suriyawongse, Bangrak, Bangkok 10500 Tel. 0 2652 3333 Fax. 0 2632 7800 |
| Auditor | Ms. Wanya Puttasatarn C.P.A. (Thailand) Registration No. 4387 Mr. Cherdsakul Onmomkol C.P.A. (Thailand) Registration No. 7195 CWWP Company Limited. |
| Location | 128/151-153 Phayatai Plaza Building, 14th Floor, Phayatai Road., Thungphayatai, Ratchatavee, Bangkok 10400 Tel. 0 2214 6466 - 70 Fax. 0 2214 6067 |

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, Bangkok 10500 Tel. 0 2652 3333, Fax. 0 2632 9899 |
| Type of Business | Production and distribution of Billet |
| Registration no. | 0215537001304 |
| Registered Capital | Baht 3,399.99 million |
| Paid Capital | Baht 3,399.99 million |
| Share Type and Value | Ordinary shares each of Baht 5.00 per share |
| Shareholding | 99.10 % |

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 % |

MILLCON THIHA LIMITED

| | |
|-----------------------------|---|
| Head Office Location | NO. 68/C SAYAR SAN ROAD. BAHAN TOWNSHIP, YANGON REGION, MYANMAR |
| Type of Business | Distribution Steel and construction equipment |
| Registration no. | NO.17FC of 2014-2015 |
| Registered Capital | \$100,000 USD |
| Shareholding | 51 % |

MILLCON MAURITIUS COMPANY LIMITED

| | |
|-----------------------------|---|
| Head Office Location | 10 th FLOOR, RAFFLES TOWER 19 CYBERCITY, EBENE MAURITIUS |
| Type of Business | Build factory for production and distribution of structural steel |
| Registration no. | 126011 |
| Registered Capital | \$10,000 USD |
| Shareholding | 100% |

SAHARUAM CONSTRUCTION MATERIAL COMPANY LIMITED

| | |
|----------------------|--|
| Head Office Location | 9,11,13 Banggradee Soi 32, Banggradee Road, Samaredum, Bangkhuntien, Bangkok 10150 |
| Type of Business | Distribution of steel and construction material |
| Registration no. | 0105558082487 |
| Registered Capital | Baht 50,000,000 |
| Shareholding | 99.99 % |

MILLCON STEEL PIPE COMPANY LIMITED

| | |
|----------------------|--|
| Head Office Location | 11, Banggradee Soi 32, Banggradee Road, Samaredum, Bangkhuntien, Bangkok 10150 |
| Type of Business | Production and distribution of structural steel |
| Registration no. | 0105558082452 |
| Registered Capital | Baht 150,000,000 |
| Shareholding | 99.99 % |

SUNTECH METALS COMPANY LIMITED

| | |
|----------------------|---|
| Head Office Location | 339 Moo 6 Pakruam-Ao Udom, Bowin, Siracha, Chonburi 20110 |
| Type of Business | Metal scrap management for distribution |
| Registration no. | 0205548021174 |
| Registered Capital | Baht 716,000,000 |
| Shareholding | 99.99 % |

WORLD WIRE PROCESSING COMPANY LIMITED

| | |
|----------------------|--|
| Head Office Location | 44/2 Moo 2, Tivanon Road, Tumbon Bangkadee, Ampoe Muang, Pathumthani 12000 |
| Type of Business | For support to expand business's Suntech Metals |
| Registration no. | 01055522015259 |
| Registered Capital | Baht 14,000,000 |
| Shareholding | 99.99 % |

General Information of Associates

IGEN ENGINEERING COMPANY LIMITED

| | |
|----------------------|---|
| Head Office Location | 52 Thaniya Plaza Building, Floor 27, Silom Road, Suriyawongse, Bangrak, Bangkok 10500 |
| Type of Business | Produce electrical equipment and service electric power system |
| Registration no. | 0105551028657 |
| Registered Capital | Baht 40,000,000 |
| Shareholding | 39.99 % |

KOBELCO MILLCON STEEL COMPANY LIMITED

| | |
|----------------------|---|
| Head Office Location | 119 Ban Leang - Nata kwan Road, Ban Leang, Muang Rayong, Rayong 21000 |
| Type of Business | Production and sale of special steel and ordinary steel wire rods |
| Registration no. | 0105557054161 |
| Registered Capital | Baht 2,830,000,000 |
| Shareholding | 50% |

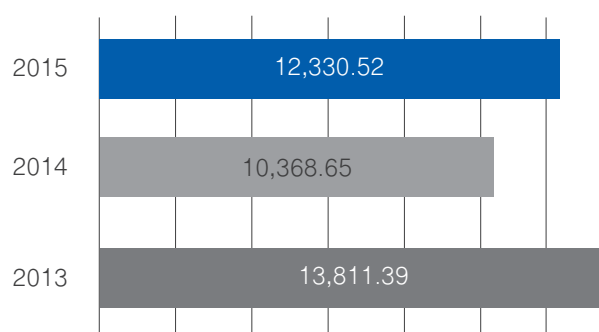
Summary of Financial Information

Summary of Financial Information of MILLCON STEEL Public Company Limited and its Subsidiaries for Fiscal Years Ending December 31, 2013 to December 31, 2015

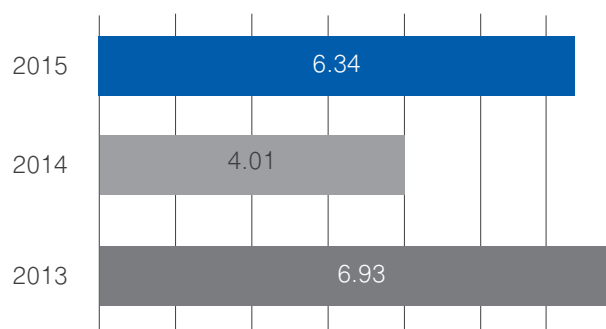
| | Consolidated | | |
|--|--------------|------------|-----------|
| | 2015 | 2014 | 2013 |
| Consolidated Financial Statement | | | |
| Sales of goods and services | 12,330.52 | 10,368.65 | 13,811.39 |
| Total revenues | 13,660.12 | 10,489.45 | 13,904.22 |
| Profit for the year | 755.80 | (1,003.41) | (114.00) |
| Net cash inflows (out flows) from operating activities | (2,001.96) | 945.94 | 1,651.26 |
| Total assets | 19,304.35 | 16,486.77 | 13,858.45 |
| Total liabilities | 13,444.26 | 11,990.37 | 10,345.95 |
| Total shareholders' equity | 5,860.09 | 4,496.40 | 3,512.50 |
| Investor ratio | | | |
| BVS | 1.45 | 1.20 | 1.78 |
| EPS | 0.23 | (0.57) | (0.09) |
| Financial Ratio | | | |
| Gross profit margin ratio | 6.34 | 4.01 | 6.93 |
| Operating profit margin | 12.05 | (2.53) | 4.08 |
| Net profit margin | 6.13 | (9.52) | (0.82) |
| Return on equity | 12.90 | (25.14) | (3.39) |

Graph of Financial Information

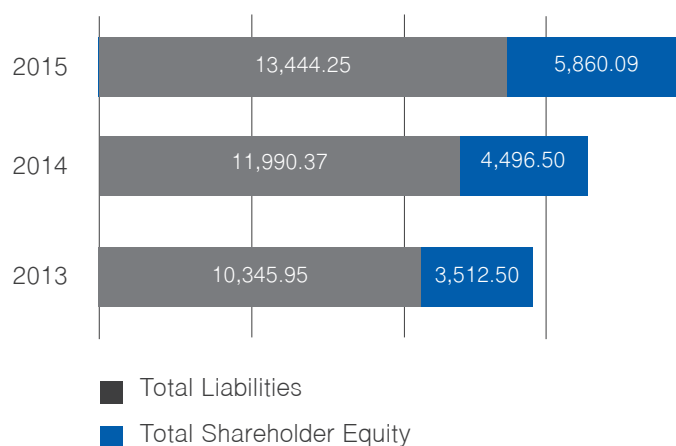
Sales of Goods and Service



Gross Profit Margin Ratio



Total Assets



Total Liabilities
 Total Shareholder Equity

Board of Directors name lists



1. General Winai Phattiyakul

Chairman of the Board / Chairman of
Audit Committee / Independent Director

2. POI.Gen. Soontorn Saikwan

Vice Chairman of the Board /
Independent Director

3. Mr. Pratana Bongkojmas

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

4. Mr. Apichart Chirabandhu

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

5. Mr. Sakchai Tanaboonthai

Director / Independent Director

6. Mr. Sittichai Leeswadtrakul

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

7. Ms. Suttirat Leeswadtrakul

Director who are authorized signatories
of the company

8. Mrs. Nantaphat Thianprateep

Director who are authorized signatories
of the company / Senior Executive
Vice President of Supply Chain

9. Ms. Jureerat Lapanavanich

Director who are authorized signatories of
the company / Executive Vice President of
Accounting and Financial

10. Mr. Sophon Pholprasith

Director

11. Mr. Vipoota Trakulhoon

Director

Executive Officers name lists



1. **Mr. Sittichai Leeswadtrakul**
Chief Executive Officer and
President

2. **Mrs. Nantaphat Thinprateep**
Executive Director / Senior
Executive Vice President of Supply
Chain

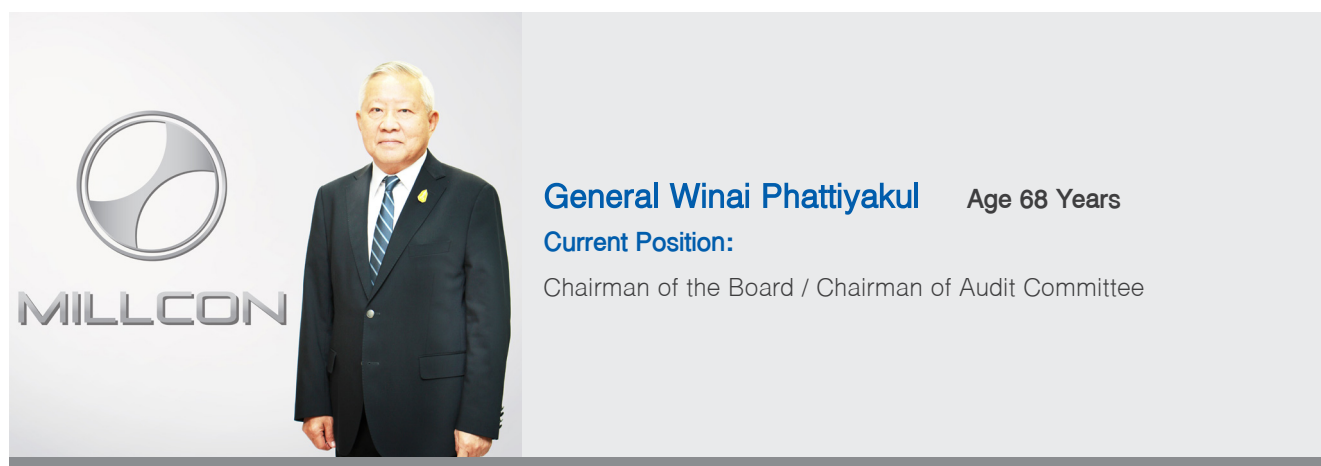
3. **Mr. Puchong Jungwilikasem**
Senior Executive Vice President of
Production

4. **Mr. Thanee Loketkravee**
Senior Executive Vice President of
Sale and Marketing

5. **Ms. Jureerat Lapanavanich**
Executive Director / Executive
Vice President of Accounting and
Financial

6. **Mr. Jiruss Rianchaiwanich**
Executive Vice President of Human
and Administration

Directors and Management Biography



General Winai Phattiyakul

Age 68 Years

Current Position:

Chairman of the Board / Chairman of Audit Committee

Position in Other Organization:

- Expert member of the King Prajadhipok's Institute Council
- Director of Thai Life Insurance
- Chairman of Thai San Miguel Liquor Co., Ltd.
- President of Thailand Practical Shooting Association
- Committee Chairman of Pituk Prachachart Foundation
- Committee and Secretary Than Puying Prapasri Foundation

Education:

- Armed Forces Academies Preparatory School
- Chulachomklao Royal Military Academy
- (Bachelor of Science) Class #57
- National Defense College Class #41
- Infantry Officer Advanced Course, US Army
- Ranger & Airborne Training, US Army
- Command and General Staff College, US Army

Working Experiences:

- Present Expert member of the King Prajadhipok's Institute Council
- Present Chairman of Thai San Miguel Liquor Co., Ltd.
- Present Director of Thai Life Insurance
- Present President of Thailand Practical Shooting Association
- Present Committee Chairman of Pituk Prachachart Foundation
- Present Committee and Secretary Than Puying Prapasri Foundation
- 1969 Infantry Platoon Leader, 3rd Infantry Battalion, 13th Infantry Regiment, RTA
- 1972 Instructor, Infantry School, RTA
- 1975 Ranger & Airborne Instructor, Special Force Department, Infantry Center, RTA
- 1976 Heavy Mortar Company Commander, 1st Infantry Regiment, King's Guard, RTA

- 1980 Assistant G-5, 1st Infantry Division, King's Guard, RTA
- 1982 ADC, Assistant C-in-C, RTA
- 1983 Deputy, Infantry Battalion Commander, 11th Military Circle, RTA
- 1985 Infantry Battalion Commander, 11th Military Circle, RTA
- 1989 Instructor, Army War College, RTA
- 1991 Chief, Division 4, Armed Forces Security Center, Supreme Command
- 1992 Staff Officer to The Minister of Defence
- 1995 Deputy Commanding General, Armed Forces Security Center, Supreme Command
- 1996 Deputy Director, Directorate of Joint Intelligence
- 1997 Director, Directorate of Joint Intelligence
- 2002 Force Commander, UNTAET/UNMISSET PKF
- 2002 Secretary General, the National Security Council
- 2006 Permanent Secretary for Defence

Relationship: -none-

Training Course:

- Capital Market Academy Class #8
- Public Director Certification Program Class #1
- Top Executive Program in Commerce and Trade (TEPCoT) Class #4
- Executive Program of Energy Literacy for Sustainable Future Class #1)

Meeting Attendance:

- Board of Directors' Meeting : Attending 10 Out of 10 meeting *

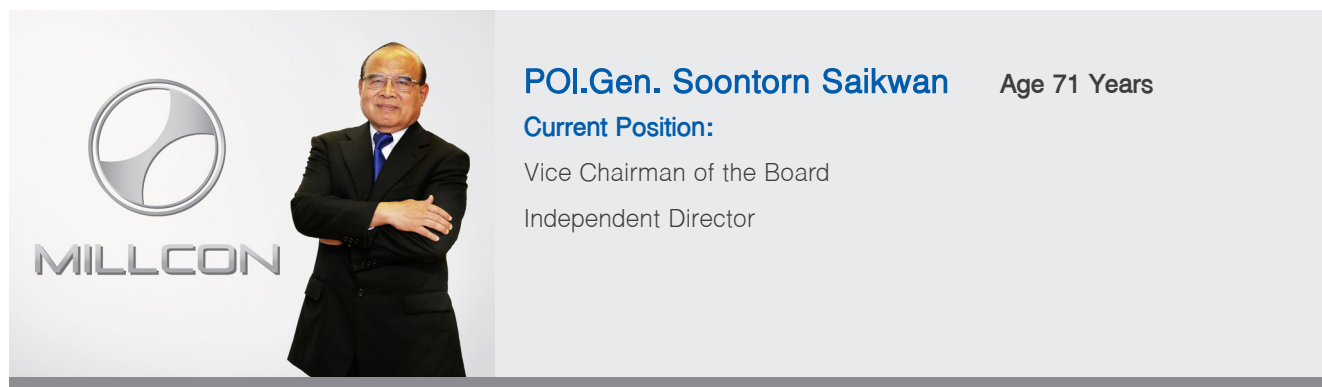
(%) Shareholding (as at December 31, 2015) : -none-

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. Soonporn Saikwan

Age 71 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 Defiance Collage (Class 36)
- Bachelor of Political administrative Science, Thai Police Cadet Academy

Working Experiences:

- 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 - 2013 Chairman of the Board Millcon Steel Plc.
- 2005 - Present Director of Vanachai 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 6 out of 10 meeting


(%) Shareholding (as at December 31, 2014) : 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.

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 56 Years**

Current Position:

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

Position in Other Organization:

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

Education:

- Bachelor of Business Administration (Accounting), Ramkhamhaeng 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 Unicorn 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 9 out of 10 meetings
- Board of Audit Committee' Meeting : attending 9 out of 9 meetings
- Board of Nomination and Remuneration' Meeting: attending 3 out of 4 meetings

(%) Shareholding (as at December 31, 2015) : 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. Apichart Chirabandhu Age 57 Years

Current Position:

Director
Audit Committee Member
Chairman of Nomination and Remuneration Committee
Chairman of Corporate Governance
Independent Director

Position in Other Organization:

- Independent Director and Audit Committee Nok Air Public Company Ltd.
- Executive Partner Siam Premier International Law Office Limited
- Executive Partner Lao Premier International Law Office Limited, Lao PDR
- Executive Partner Myanmar Premier International Law Office Limited, Myanmar
- Executive Consultant Haad Thip Public Company Ltd.
- Consultant of the Labour Exploitation Committee The Senate's Labour and Welfare Committee

Education:

- The National Defence College (NDC) 2011 - 2012
- LLB - Ramkhamhaeng University

Working Experiences:

- 2008 - 2014 Chairman of the board, Wattana Capitol Plc.
- 2012 - 2014 Consultant of the Labour Exploitation Committee The Senate's Labour and Welfare Committee
- 2011 - 2014 Honorary Advisory Committee of Thai Senate Standing Committee on Corruption Investigation and Good Governance Promotion
- 2008 - 2013 Specialist of The Committee on Human Rights, The Rights and Liberties and Consumer Protection Committee on Human Rights, The Rights and Liberties and Consumer Protection
- 2006 - 2008 Member of the National Assembly
- 1981 - 1990 Associate Baker & McKenzie

Relationship : -none-

Training Course:

- Director Accreditation program (DAP) (Thai Institute of Directors Association : IOD)

Meeting Attendance:

- Board of Directors' Meeting : attending 9 out of 10 meetings
- Board of Audit Committee' Meeting : attending 9 out of 9 meetings

(%) Shareholding (as at December 31, 2015) : -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



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., 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 9 out of 10 meetings

(%) Shareholding (as at December 31, 2015) : -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 37 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 IGEN Engineering Co., Ltd.
- Director of Saharuam Construction Material Co., Ltd
- Director of Millcon Steel Pipe Co., Ltd.
- Director of Metal Tube and Cold-Forming Steel Association.
- Director of the Association of Thai Steel Industries.

Education:

- Master of Art, Department of Economic Law, 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:

- 2015 - Present Director of IGEN Engineering Co., Ltd.
- 2015 - Present Director of Millcon Steel Pipe Co., Ltd
- 2015 - Present Director of Saharuam Construction Material Co., Ltd
- 2013 - Present Acting as Executive Director of Millcon Burapa Co.,Ltd.
- 2011 - 2015 Director of Zentra-Wartung Engineering Co.,Ltd.
- 2010 - Sep.2013 Director of Million Miles Co., Ltd.
- 2009 - 2012 Director of G STEEL Plc.
- 2009 - 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 :

- Brother of Ms. Suttirat Leeswadtrakul

Training Course:

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

Meeting Attendance:

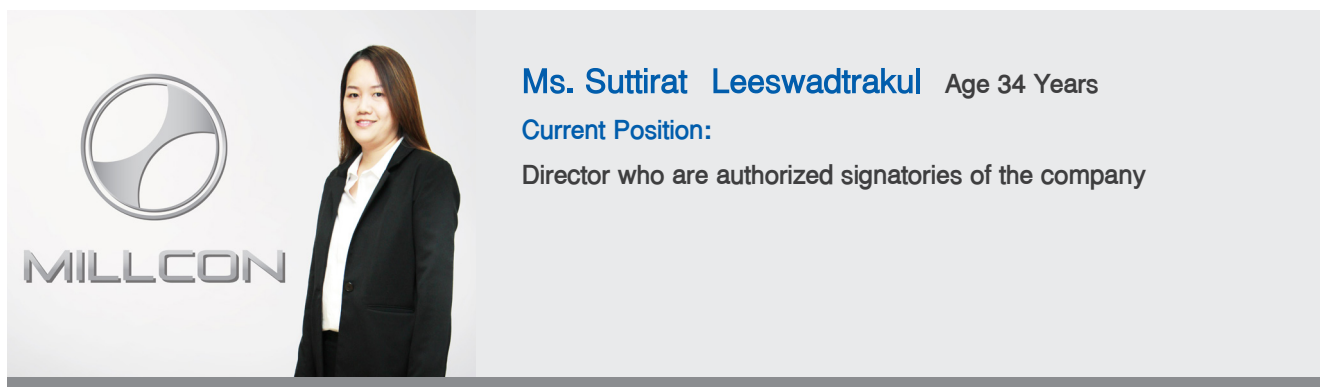
- Board of Directors' Meeting : attending 10 out of 10 meetings

(%) Shareholding (as at December 30, 2015) : 17.58

*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.



Position in Other Organization:

- Director of Millcon Burapa Co.,Ltd.
- Director of Saharum Construction Material 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 of Millcon Steel Plc.

Relationship :

- Sister of Ms. Sittichai Leeswadtrakul

Training Course:

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

Meeting Attendance:

- Board of Directors' Meeting : attending 9 out of 10 meetings

(%) Shareholding (as at December 31, 2015) : 1.32

*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.



Mr. Sophon Pholprasith Age 63 Years

Current Position:

Director

Position in Other Organization:

- Vice Chairman of the Board of General engineering PLC.

Education:

- Master of Business Administration, Ramkhamhaeng University
- Graduate Diploma in Public Law and Management (Class6)
- Bachelor of Environmental Engineering, Mapue Institute of Technology, Philippines

Working Experiences:

- 2014 Vice Chairman of the Board of General engineering PLC.
- 2013 Director-General of Department of Industry Promotion, Ministry of Industry.
- 2012 Director of the offices of industrial Economics.
- 2010 Inspector of Ministry of Industry.
- 2008 Deputy Permanent Secretary of Department of Industrial Works.

Relationship : -none-

Training Course: -none-

Meeting Attendance:

- Board of Directors' Meeting : attending 7 out of 10 meetings

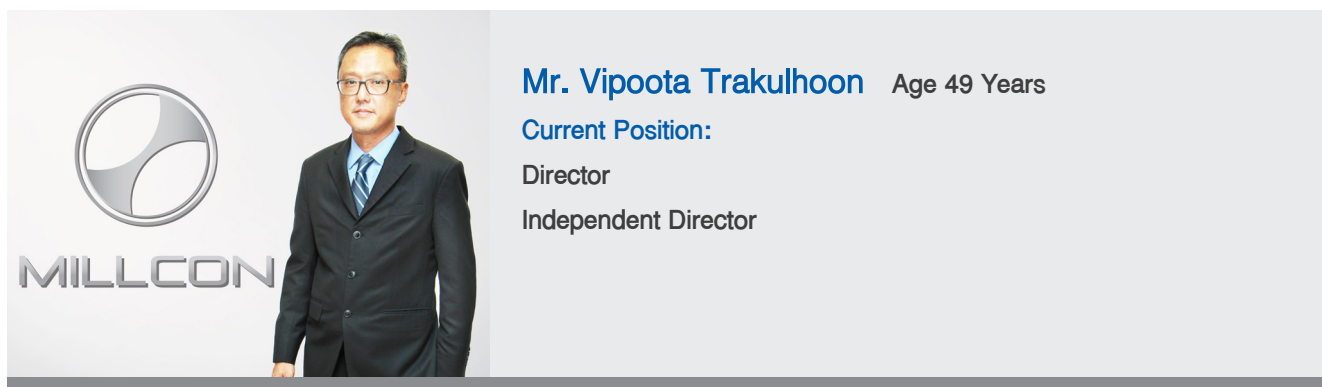
(%) Shareholding (as at December 31, 2015) : -none-

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



Position in Other Organization: -

Education:

- Master of Business Administration Degree, Sasin Graduate Institute of Business Administration, CHULALONGKORN UNIVERSITY
- Bachelor of Business Administration degree, CHULALONGKORN UNIVERSITY

Working Experiences:

- 2013 Chairman of the Board of Directors, KT-IBJ LEASING CO., LTD.
- 2011 Senior Executive Vice President, Managing Director Corporate Banking Group, KRUNG THAI BANK PUBLIC CO., LTD.
- 2010 Deputy Chief Executive Officer, KTB ADVISORY CO., LTD.
- 2007 Advisor, IFAC ADVISORY CO., LTD.
- 2002 Managing Director, TURNAROUND ADVISORY CO., LTD.
- 2000 Head of Debt Capital Market, THE HONGKONG SHANGHAI BANKING CORPORATION
- 1998 Director Debt Capital Market, SG ASIA CREDIT PUBLIC COMPANY LIMITED
- 1987 Vice President, PHATRA THANAKIT PUBLIC COMPANY LIMITED

Relationship : -none-

Training Course: -none-

Meeting Attendance:

- Board of Directors' Meeting : attending 10 out of 10 meetings

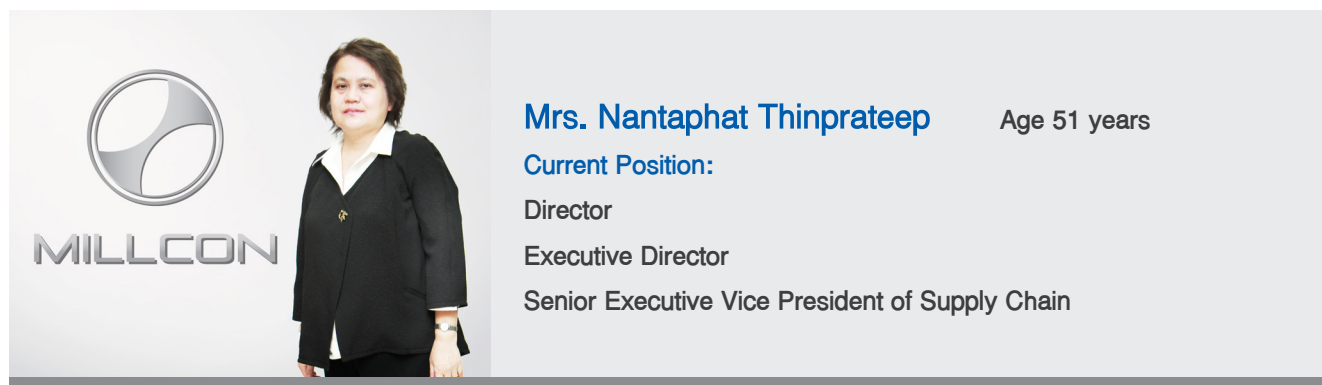
(%) Shareholding (as at December 31, 2015) : -none-

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



Mrs. Nantaphat Thinprateep

Age 51 years

Current Position:

Director

Executive Director

Senior Executive Vice President of Supply Chain

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 Senior Executive Vice President of Supply Chain 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-

Training Course: -none-


Meeting Attendance:

- Board of Directors' Meeting : attending 4 out of 10 meetings

(%) Shareholding (as at December 31, 2015): 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.



Ms. Jureerat Lapanavanich Age 39 Years

Current Position:

Director

Executive Director

Corporate Governance Committee member

Executive Vice President of Accounting and Financial

Position in Other Organization:

- Director of Millcon Burapa Co., Ltd.

Education:

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

Working Experiences:

- 2015 - Present Executive Vice President of Accounting and Financial
- 2014 - 2015 Director of Millcon Special Steel Co., Ltd,
- 2012 - 2015 Director of Zentra-wartung Engineering Co., Ltd.
- 2011 - 2014 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: -none-

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

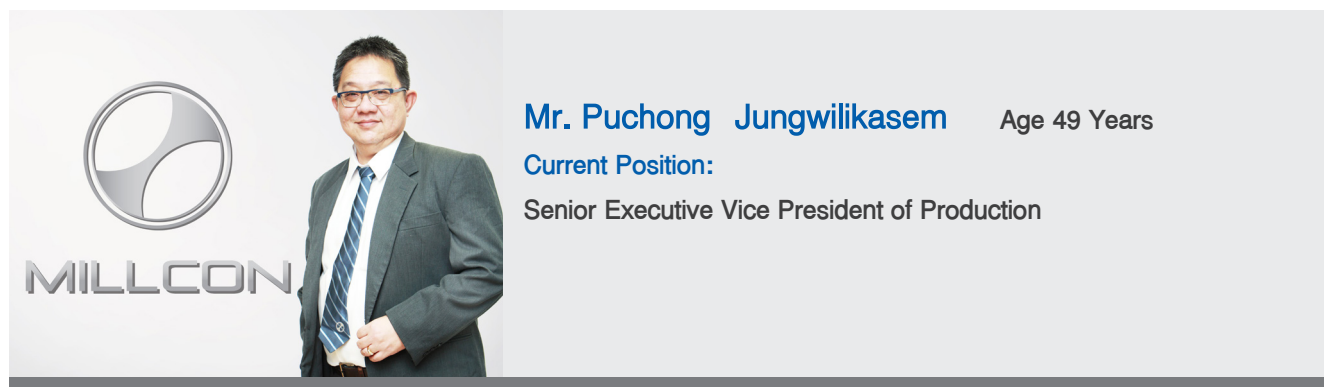
Meeting Attendance:

- Board of Directors' Meeting : attending 7 out of 10 meetings

(%) Shareholding (as at December 31, 2015) : 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. Puchong Jungwilikasem

Age 49 Years

Current Position:

Senior Executive Vice President of Production

Position in Other Organization:

- Director of Suntech Metals Co., Ltd.

Education:

- Bachelor of Engineering, Chulalongkorn University.

Working Experiences:

- 2011-2015 Vice President of EAF and Business Development of Millcon Steel Plc.
- 2007-2011 Manager of Green Mill Project of Millcon Burapa Co.,Ltd.
- 1990-2007 Manager of EAF of Tata Steel (Thailand) Plc.

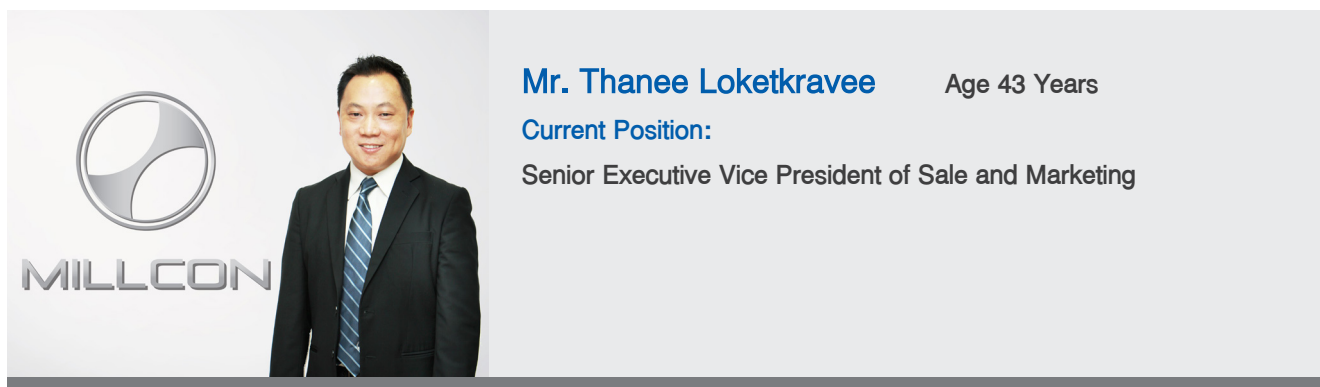
Relationship : -none-

Training Course: -none-

(%) Shareholding (as at December 31, 2014) : 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. Thanee Loketkravee

Age 43 Years

Current Position:

Senior Executive Vice President of Sale and Marketing

Position in Other Organization:

- Director of Suntech Metals Co., Ltd.

Education:

- Certificate of Management Development Program at Wharton school of Business, University of Pennsylvania
- Master of Business Administration of Loyola University of Chicago
- Bachelor of Financial Management of Southern Illinois University

Working Experiences:

- 2012 - 2015 Recycled Metal and Plastic Manager of SCG Trading Co., Ltd.
- 2007 - 2012 General Manager of SCG Trading Co., Ltd. (United State)
- 2004 - 2006 Construction Material Manager of SCT Co., Ltd.

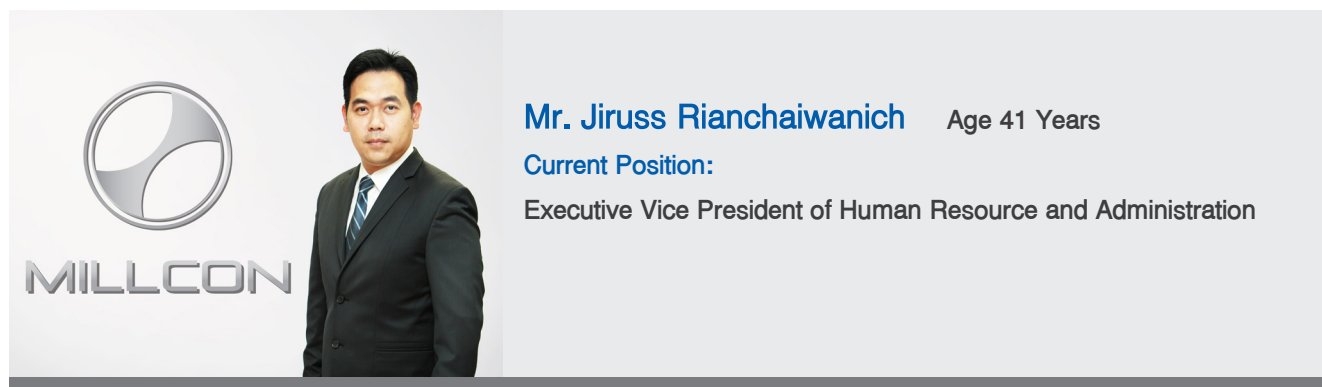
Relationship : -none-

Training Course: -none-

(%) Shareholding (as at December 31, 2015) : -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. Jiruss Rianchaiwanich Age 41 Years

Current Position:

Executive Vice President of Human Resource and Administration

Position in Other Organization: -none-

Education:

- Master of Human Resource Development of National Institute of Development Administration
- Bachelor of Arts (Hotel Management) of Rungsit University.

Working Experiences:

- 2015 - Present Executive Vice President of Human Resource and Administration.
- 2013 - 2015 Vice President of Human Resource of National Healthcare System Co., Ltd.
- 2009 - 2013 Human Resource Manager of Zuellig Pharma Co., Ltd
- 2008 - 2009 Learning and Development Manager of Krungthai-AXA Life Plc.
- 2005 - 2008 Human Resource Manager of Nok Airline Co., Ltd.

Relationship : -none-

Training Course:

- Director Accreditation Program (DAP) Class 121/2558

(%) Shareholding (as at December 31, 2015) : -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.

Nature of Business of the Company and Subsidiary



Nature of Business of the Company

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

- Steel Bar
 - Rolled Steel
 - High Tensile Thread Steel Bar
- Billet
- Structural Steel
- Wire Rod
- Metal Scrap

1) Steel Bar

1.1 Round Bar and 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.

1.2. 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.

2) 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

3) 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:

3.1. 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.

3.2. 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:

3.2.1. 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.

3.2.2. 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.

3.2.3. 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.

3.2.4. 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.

3.2.5. 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



4) Wire Rod

The Group produces distributes low carbon wire rod, medium carbon wire rod and high carbon wire rod which are raw material in automotive industry, machinery industry and furniture industry. The Group can produces wire rod with a diameter of 5.5 mm. to 16 mm.

5) Metal Scrap

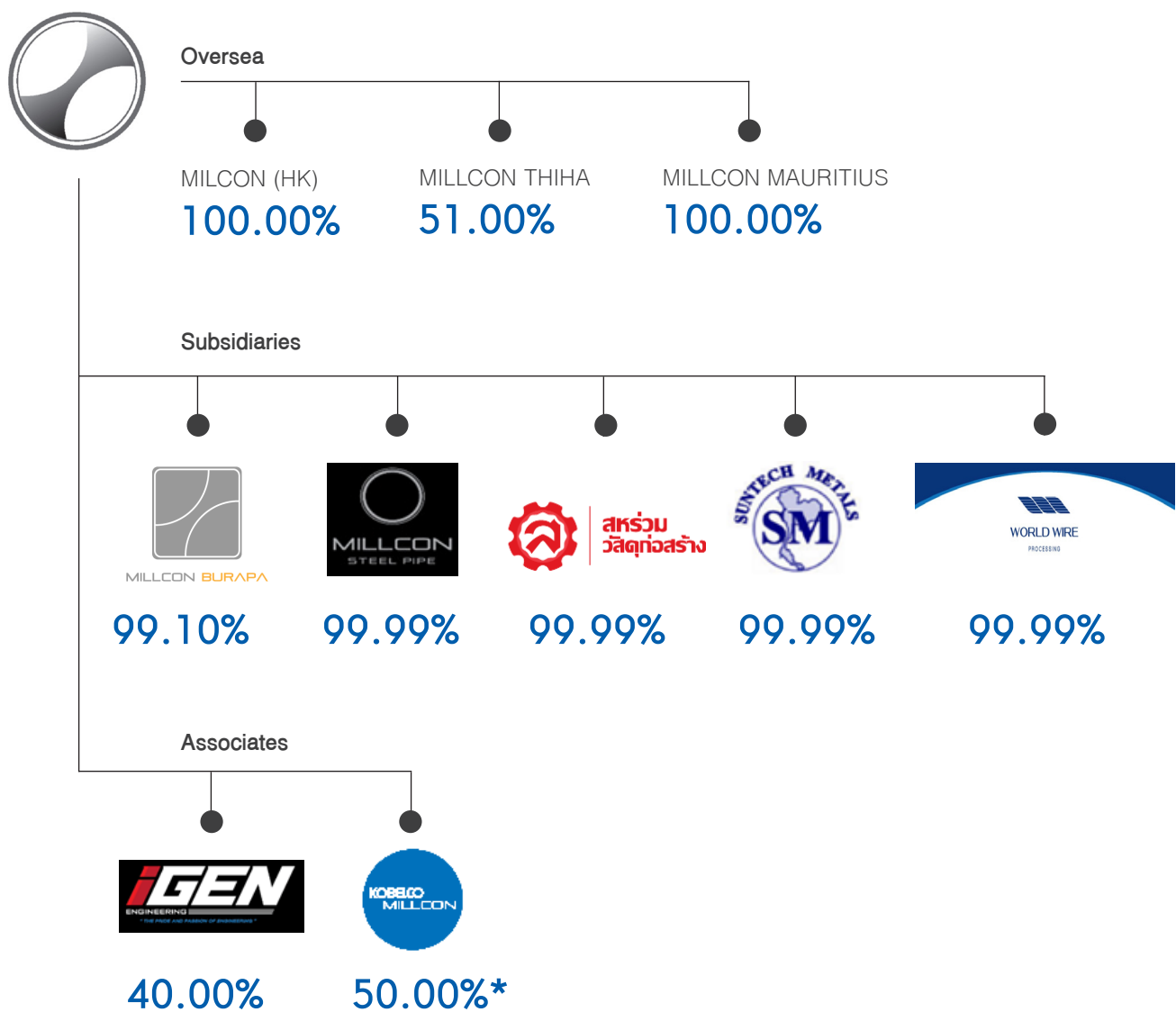
Metal scrap are raw material in produces billet. The group will buy scrap and scrap processing by shear and shred process from product which have steel as a component for produce billets further. The processing will reduce cost of producing billet because scrap processing are small which will melting scrap faster large scrap.

Production Capacity

| | Millcon Steel | Millcon Burapa | Millcon Steel Pipe | Kobelco Millcon Steel | Suntech Metals | Millcon Engineering |
|---------------------------------|------------------|-------------------|-----------------------|-----------------------------|-------------------|------------------------|
| Production capacity (tons/year) | | | | | | |
| Round bars & deformed bars | 550,000 | - | - | - | - | - |
| Structural Steel | - | - | 96,000 | - | - | 64,397 |
| Billet | - | 500,000 | - | - | - | - |
| Wire Rod | - | - | - | 480,000 | - | - |
| Metal Scrap | - | - | - | - | 460,000 | - |
| Total Capacity | 550,000 | 500,000 | 96,000 | 480,000 | 460,000 | 64,397 |

Shareholding Structure Group

As at December 31, 2014 the group structure of the Company is as follows:



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 | 2015 | | 2014 | | 2013 | |
|---|---|-----------------|--------|-------|--------|-------|--------|-------|
| | | | Value | % | Value | % | Value | % |
| Millcon Steel PCL. | Manufacturer and Distributor Steel Bar and Structural Steel | - | 9,583 | 55.90 | 8,083 | 67.69 | 10,845 | 62.78 |
| Millcon Burapa Co., Ltd. | Manufacturer and Distributor Billet | 99.10 | 3,624 | 21.14 | 3,740 | 31.32 | 6,384 | 36.95 |
| IGEN Engineering Co., Ltd. | - Engineering & Maintenance Service - Cut & Bend Service | 39.99 | 71 | 0.41 | 118 | 0.99 | 48 | 0.27 |
| Millcon Special Steel Ltd.** | Manufacturer and Distributor Wire rod | 99.97 | 836 | 4.88 | - | - | - | - |
| Millcon Steel Pipe Co., Ltd. | Production and distribution of structural steel | 99.99 | 913 | 5.33 | - | - | - | - |
| Saharum Construction Material Co., Ltd. | Distributor steel and construction materials | 99.99 | 1,548 | 9.03 | - | - | - | - |
| Suntech Metals Co., Ltd | Metal scrap management for distribution | 99.99 | 568 | 3.31 | - | - | - | - |
| Grand Total | | | 17,143 | 100 | 11,941 | 100 | 17,277 | 100 |

Revenue by Product (Financial Statement of Consolidate)

Unit: Million Baht

| Product | 2015 | | | 2014 | | | 2013 | | |
|------------------|---------|--------|--------|---------|--------|--------|---------|--------|--------|
| | Ton | Value | % | Ton | Value | % | Ton | Value | % |
| Steel Bar | 541,584 | 8,345 | 67.68 | 377,408 | 7,520 | 72.52 | 436,369 | 8,755 | 63.40 |
| Structural Steel | 32,928 | 612 | 4.96 | 18,710 | 449 | 4.33 | 67,417 | 1,553 | 11.24 |
| Billet | 127,985 | 2,010 | 16.30 | 124,452 | 2,259 | 21.79 | 136,861 | 2,441 | 17.68 |
| Other | 103,810 | 1,337 | 10.84 | 6,957 | 141 | 1.36 | 75,532 | 1,062 | 7.68 |
| Grand Total | 809,569 | 12,330 | 100.00 | 527,527 | 10,369 | 100.00 | 716,179 | 13,811 | 100.00 |

The Situation of the steel industry



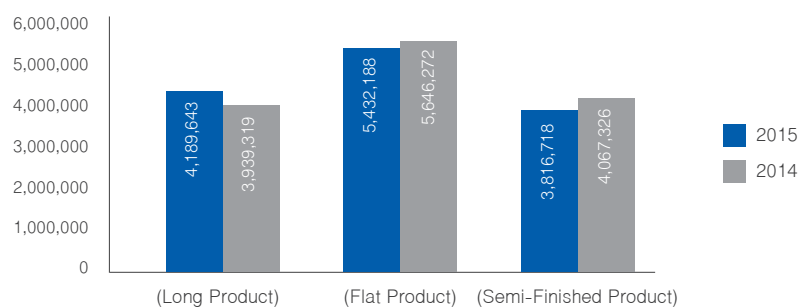
In 2015, the volumes of the iron and steel production were 662,377 metric tons which lightly diminished 1.94 percent compared with the previous year. Moreover, the domestic sale was approximately 17,116,251 metric tons which decreased 1.28 percent. Similarly, the exports and imports also reduced 19.27 and 12.13 percent respectively. For instance, the importation of the slabs and hot rolled structural steel dramatically dropped 50.67 and 32.14 percent respectively.

Manufacturing

The condition of the iron and steel production in 2015 slightly decreased 1.94 percent from last year and the volume of production was 662,377 metric tons. On the other hand, the manufacturing of the long steel product increased 6.35 percent (Due to the fact that the situation of the construction industry remained stable and the price of steel reduced for last 3 to 4 months. Therefore, the manufacturers of steel bar that had no furnace and used the raw materials of billet bar steel to be rolled dramatically imported the raw materials for the long steel production.)

The condition of the iron and steel production in 2015 slightly decreased 1.94 percent from last year and the volume of production was 662,377 metric tons. On the other hand, the manufacturing of the long steel product increased 6.35 percent (Due to the fact that the situation of the construction industry remained stable and the price of steel reduced for last 3 to 4 months. Therefore, the manufacturers of steel bar that had no furnace and used the raw materials of billet bar steel to be rolled dramatically imported the raw materials for the long steel production.)

The important part of the production quantity of iron and steel in 2015 comparing to 2014



The important part of the production quantity of iron and steel in 2015 comparing to 2014

Domestic sales

In 2015, the sale volume of the iron and steel was approximately 17,116,251 metric tons (excluding the products of semi-finished steel, cold rolled flat steel, coated flat steel and steel pipes) which slightly dropped 1.28 percent compared with the same period last year. As can be seen from the graph, the long steel product increased the most which was 3.53 percent while the flat steel product decreased 3.94 percent.

Exportation

The value of exportation of iron and steel in 2015 was approximately 724.45 million US dollars which reduced 19.27 percent compared with the previous year. Besides, the semi-finished steel product was the least export value which decreased 32.10 percent and followed by the long steel product declined 31.16 percent consisting of the steel bar and wire rod diminishing 39.53 and 36.42 percent respectively. Similarly, the value of exports of the flat steel product also reduced 17.51 percent consisting of the hot rolled flat steel decreasing 52.37 percent and hot rolled flat pickling and oil coating steel dropping 49.52 percent.

Importation

In 2015, the value of importation of iron and steel was approximately 7,305.77 million US dollars which reduced 12.13 percent from last year. Compared with the previous year, the semi-finished steel product was the least import value which declined 24.26 percent and slabs dramatically dropped 50.67 percent as well. In the same way, the value of imports of the long steel product and hot rolled structural steel diminished 7.93 and 32.14 percent respectively. Furthermore, the value of imports of the flat steel product and hot rolled flat steel also reduced 7.80 and 27.96 percent respectively. The value of imports of the seamless steel pipe decreased 19.92 percent.

| Product | Import (million US dollars) | | | Export (million US dollars) | | |
|------------------------------------|-----------------------------|----------------|---------------|-----------------------------|---------------|---------------|
| | 2015 | 2014 | differences | 2015 | 2014 | differences |
| Long Steel Product | 463.64 | 503.59 | -7.93 | 258.39 | 375.35 | -31.16 |
| Bar | 218.43 | 246.73 | -11.47 | 75.28 | 124.49 | -39.53 |
| HR section | 25.08 | 36.96 | -32.14 | 177.64 | 242.26 | -26.67 |
| Wire rod | 220.13 | 219.90 | 0.10 | 5.47 | 8.60 | -36.43 |
| Flat Steel Product | 4908.04 | 5323.01 | -7.80 | 237.17 | 287.51 | -17.51 |
| Hot rolled flat products | 1661.75 | 1860.38 | -10.68 | 10.68 | 21.77 | -50.94 |
| Cold rolled flat products | 992.83 | 1034.11 | -3.99 | 140.74 | 159.10 | -11.54 |
| Coated Steel | 2253.46 | 2428.52 | -7.21 | 85.75 | 106.64 | -19.59 |
| Semi-Finished Steel Product | 1226.88 | 1619.80 | -24.26 | 2.42 | 3.57 | -32.10 |
| Billet | 578.05 | 558.80 | 3.45 | 0.05 | 0.00 | 100.00 |
| Slab | 441.25 | 894.51 | -50.67 | 0.03 | 0.00 | 100.00 |
| All other Semi-Product | 207.57 | 166.49 | 24.68 | 2.35 | 3.57 | -34.07 |
| Pipe | 707.22 | 868.07 | -18.53 | 226.48 | 230.96 | -1.94 |
| Pipe-Seamless | 478.45 | 597.46 | -19.92 | 85.53 | 105.73 | -19.11 |
| Pipe-Welded | 228.76 | 270.61 | -15.46 | 140.95 | 125.23 | 12.55 |

Source: The Customs Department



Tendency for 2016

In 2016, the prediction of the steel production will be poised at 6.66 million tons and the demand for steel in the country will be in the range of 0 to 3 percent. The key factor that leads to the increase of demand of steel is the investment of construction of public infrastructure. However, the construction of the private sector still slowed down as consumers retarded to buy and invest in real estate sector. Moreover, the automotive industry is expected to expand; nevertheless, the imported steel is mainly used in the industries and thus it does not affect the domestic production. Furthermore, China faced the difficulty of oversupply and thus distributed the products to many countries of the world. As a consequence, many countries could not resist the price competition and signaled China to ease the production.

Operational Plan for 2016



For the direction of operations of the group of the companies in 2016, it is divided into three parts as follows;

- 1) Focusing on adding value to the product of the construction segment, driving sales to the dealers in the various regions of Thailand and exploring channels to reach the retail customers.
- 2) Emphasizing on manufacturing of the special grade steel, both billets and wire rods entering into the automotive industry.
- 3) Exploring and looking for the opportunities to invest in other businesses, both relating to the original business and expanding to new businesses which result in the sustainable growth of the Company.

By the way, the management has determined to monitor the situation intensively to evaluate the risks from the external factors. For instance, the Company has established the team to monitor the trend of steel prices very closely during the period of the steel price fluctuations and also plan for the purchase of raw materials to cope with this obstacle. Moreover, the Company is capable to manufacture the billets as the reserve of raw materials for both general and special quality uses. Therefore, this is the crucial factor of the business group which manufactures steel bars, deformed steel bars and wire rods.

Furthermore, the group of the companies has the business plan to ease the cost of production and focuses on developing the new innovations and other types of the high quality steel products. In 2016, the group of the companies is able to start manufacturing the wire rod in order to meet the end customers' requirements. For this reason, the group of the companies has the capability to expand its customer base to the other industrial groups such as automotive parts, appliances, furniture and packaging not only the construction industry.

In addition, the Company also emphasizes on the delivery of quality products with a competitive price to keep pace with the customer needs and therefore it enables the customers to manage the capitals and reduces the risk for customers in terms of transportation. For instance, the customers will encounter the foreign exchange risk and may face the delays of products if they import steel from overseas.

Due to the intensive management policy and the great vision of the Executive Committee, the group of the companies performs efficiently on the risk and inventory management, optimizes the production cost and also acquires new customers and new business opportunities to the business group in order to boost its competitiveness. All of these great factors will accelerate the growth rate of turnover of the group of the companies and result in the sustainability of the group of the companies amid the intense competition. As a result, it leads the benefits to the group of the companies as well as shareholders.

Risk Management

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 2015, the Company's registered capital was at Baht 2,256,452,334 of which Baht 2,000,573,631 has been paid up. The paid-up capital comprises 3,414,708,896 ordinary shares and 639,691,757 preferred shares total of share 4,054,400,653 shares with a par value of Baht 0.40 per share.

Major Shareholders

| Major shareholders | Shares | | | % |
|--|-----------------|------------------|---------------|--------|
| | Ordinary shares | Preferred shares | Total | |
| 1. GENERAL ENGINEERING PLC. | 480,344,788 | 249,555,211 | 729,899,999 | 18.00 |
| 2. Mr.Sittichai Leeswadtrakul | 712,732,220 | - | 712,732,220 | 17.58 |
| 3. Bangkok Bank PLC | 300,000,000 | - | 300,000,000 | 7.40 |
| 4. Mrs. Nathatai Sawatyanon | | 122,636,600 | 122,636,600 | 3.02 |
| 5. Industrielle Beteiligung (Thailand) Co., Ltd. | 39,408,867 | 78,817,734 | 118,226,601 | 2.92 |
| 6. Mr. Tanarat Pasawongse | 39,298,043 | 73,891,626 | 113,189,669 | 2.79 |
| 7. Danieli Co.,Ltd. | 83,434,728 | - | 83,434,728 | 2.06 |
| 8. Mr. Wichai Wachiraphong | 70,169,200 | - | 70,169,200 | 1.73 |
| 9. HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED, SINGAPORE BRANCH | 61,110,000 | - | 61,110,000 | 1.51 |
| 10. Mrs. Suchada Lisawattrakul | 56,322,300 | - | 56,322,300 | 1.39 |
| 11. Others | 1,571,888,750 | 114,790,586 | 1,686,679,336 | 41.60 |
| Grand Total | 3,414,708,896 | 639,691,757 | 4,054,400,653 | 100.00 |

Dividend Payment Policy

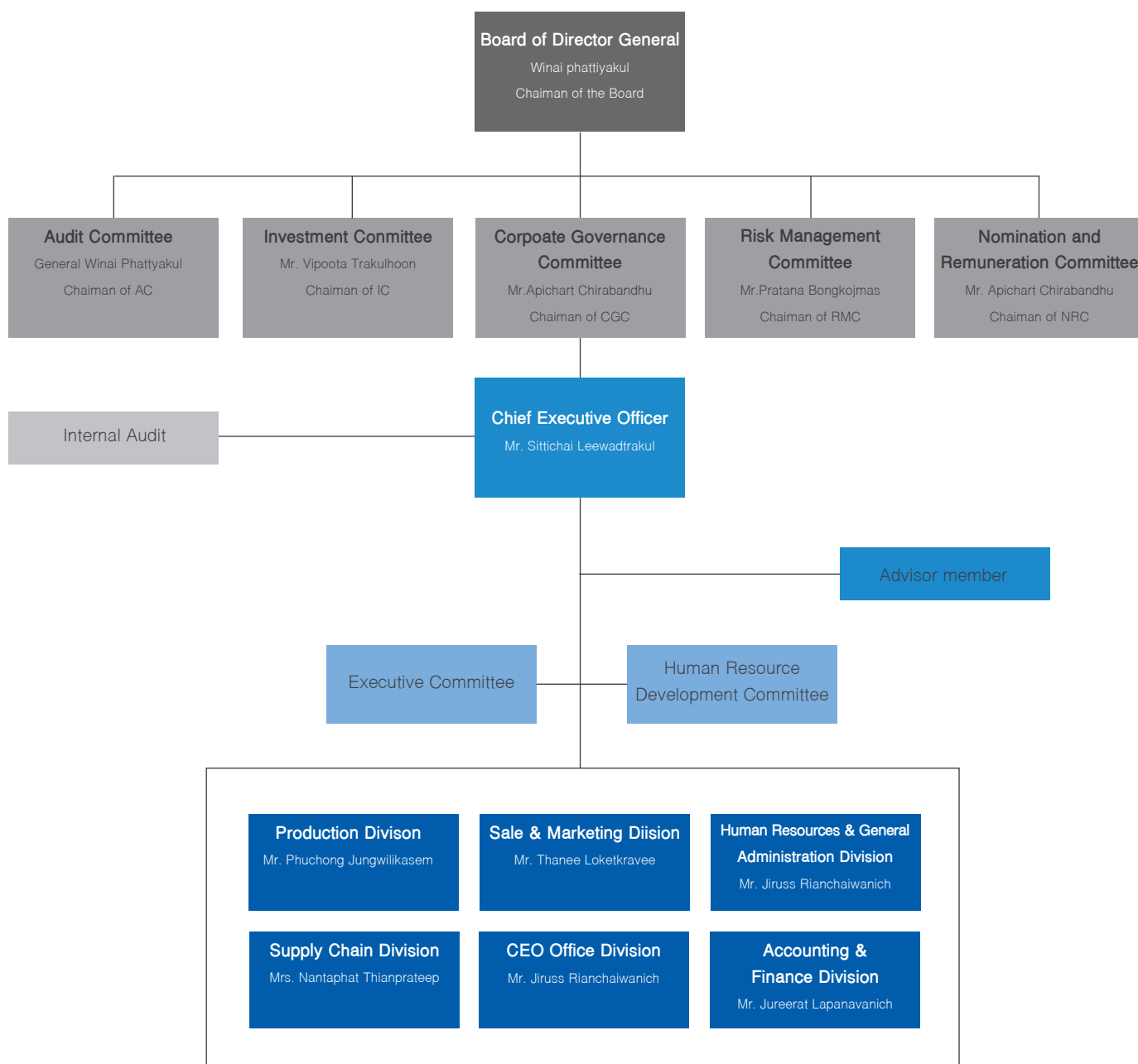
The Company has a policy to pay dividend to ordinary shareholders at the rate of at least 40 percent of net profit after corporate income tax according to company-only financial statements and after legal reserve and other accumulated amount as prescribed by the Company. Such dividend payment may change 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 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, 2015, 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) Corporate Governance Committee (E) Executive Committee, (F) Risk Management Committee and (G) 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. KorJor. 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 12 directors. Of the total, 8 are non-executives and 8 of whom are independent directors, and 4 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 | | | Position |
|----------------------------------|------------------|---------------|--|
| 1. | General Winai | Phattiyakul | Chairman of the Board / Independent |
| 2. | Pol.Gen.Soonporn | Saikwan | Vice Chairman of the Board / Independent |
| 3. | Mr. Pratana | Bongkojmas | Director / Independent |
| 4. | Mr. Apichart | Chirabandhu | Director / Independent |
| 5. | Mr. Sakchai | Tanaboonchai | Director / Independent |
| 6. | Mr. Sittichai | Leeswadtrakul | Director who are authorized signatories of the company |
| 7. | Ms. Suttirat | Leeswadtrakul | Director who are authorized signatories of the company |
| 8. | Mrs. Nantaphat | Thianprateep | Director who are authorized signatories of the company |
| 9. | Ms. Jureerat | Lapanavanich | Director who are authorized signatories of the company |
| 10. | Mr. Sophon | Pholprasith | Director |
| 11. | Mr. Vipoota | Trakulhoon | Director |

Remark * In year 2015, according to AGM 1/2015 held on 27 April 2015, meeting of the Board of Director 5/2015 held on 29 June 2015 had approved to assigns new directors as following names,

- | | | |
|-------------------|--------------|----------|
| 1. Ms. Jureerat | Lapanavanich | Director |
| 2. Mrs. Nantaphat | Thianprateep | Director |

Therefore, 2 directors who cannot attend any Board of Director meeting and Shareholders Meeting held before the appointment With Mr. Jiruss Rianchianwanich 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. Nantaphat Thianprateep or Ms. Jureerat Lapanavanich 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 | | | Position |
|---------------------------|---------------|-------------|-----------------------------|
| 1. | General Winai | Phattiyakul | Chairman of Audit Committee |
| 2. | Mr. Pratana | Bongkojmas | Audit Committee Member |
| 3. | Mr. Apichart | Chirabandhu | Audit Committee Member |

With Mrs. Phatnaree Thitiariyakul 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 | | | Position |
|---|--------------|-------------|---|
| 1. | Mr. Apichart | Chirabandhu | Chairman of the Nomination and Remuneration Committee |
| 2. | Mr. Pratana | Bongkojmas | Nomination and Remuneration Committee |
| 3. | Ms. Suttirat | Sukmueng | Nomination and Remuneration Committee |

With Mr. Jiruss Rianchaiwanich 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 2014, the Company convened 9 meetings of the Board of Directors, 6 meetings of the Audit Committee, 6 meetings of the Nomination and Remuneration Committee, and 2 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 | Corporate Governance Committee meetings | Shareholders Meeting | |
|------|-------------------|---------------|---|---|--|---|----------------------|-------------------|
| | | | (11 persons) Meeting by a total 10 times | (3 persons) Meeting by a total 9 times | (3 persons) Meeting by a total 4 times | (3 persons) Meeting by a total 0 times | Attendance of AGM | Attendance of EGM |
| 1 | General Winai | Phattiyakul | 10/10 | 4/9** | - | - | 1/1 | 1/1 |
| 2 | Pol.Gen.Soonthorn | Saikwan | 6/10 | - | - | - | 1/1 | 1/1 |
| 3 | Mr. Pratana | Bongkojmas | 9/10 | 9/9 | 3/4 | - | 1/1 | 1/1 |
| 4 | Mr. Apichart | Chirabandhu | 9/10 | 9/9 | 1/4*** | - | 1/1 | 1/1 |
| 5 | Mr. Sakchai | Tanaboonchai | 9/10 | - | - | - | - | 1/1 |
| 6 | Mr. Sittichai | Leeswadtrakul | 10/10 | - | - | - | 1/1 | 1/1 |
| 7 | Ms. Suttirat | Leeswadtrakul | 9/10 | - | 1/4*** | - | 1/1 | 1/1 |
| 8 | Mrs. Nantaphat | Thianprateep | 4/10* | - | - | - | - | 1/1 |
| 9 | Ms. Jureerat | Lapanavanich | 7/10* | - | - | - | 1/1 | 1/1 |
| 10 | Mr. Sophon | Pholprasith | 7/10 | - | - | - | 1/1 | - |
| 11 | Mr. Vipoota | Trakulhoon | 10/10 | - | - | - | 1/1 | 1/1 |
| 12 | Mrs. Phatnaree | Thitiariyakul | - | - | 1/4 | - | - | - |

Remark : *In year 2015, according to AGM 1/2015 held on 27 April 2015, meeting of the Board of Director 5/2015 held on 29 June 2015 had approved to assigns new directors as following names,

1. Ms. Jureerat Lapanavanich Director
2. Mrs. Nantaphat Thianprateep Director

Therefore, 2 directors who cannot attend any Board of Director meeting and Shareholders Meeting held before the appointment

** The meeting of the board of Director 5/2015 held on 29 June 2015 had approved to appointed General Winai Phattiyakul to Chairman of Audit Committee.

*** The meeting of the board of Director 5/2015 held on 29 June 2015 had approved to appointed Mr. Apichart Chirabandhu to Chairman of Nomination and Remuneration Committee and Ms. Suttirat Leeswadtrakul to Nomination and Remuneration Committee member

*** The meeting of the board of Director 10/2015 held on 30 November 2015 had approved to appointed Corporate Governance Committee

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) Corporate Governance Committee

According to the Meeting of the Board of Director 10/2558 held on November 30, 2016 had approved and appointed the Corporate Governance Committee consist of 3 member as following

| Member of Corporate Governance Committee | | | Position |
|--|--------------|----------------|--|
| 1. | Mr. Apichart | Chirabandhu | Chairman of the Corporate Governance Committee |
| 2. | Ms. Jureerat | Lapanavanich | Corporate Governance Committee member |
| 3. | Mr. Jiruss | Rianchaiwanich | Corporate Governance Committee member |

With Mr. Awirut Niyomdech as Secretary to the Corporate Governance Committee.

Scope of authority and duties and responsibilities of the Corporate Governance Committee.

1. To provide advice on practices guideline and corporate governance policy to the Board of Director.
2. Duties on corporate governance, as assigned by the Board of Director.
3. Review practices and corporate governance policy
4. Compliance of the Board of Director and management team.
5. The monitor and evaluate the performance of the Board of Director.
6. Proposed to practice guideline for Code of Ethics on business.

(E) Executive Committee

Executive Committee consists of 8 members as following

| Member of Executive Committee | | | Position |
|-------------------------------|----------------|------------------|---------------------------------|
| 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. | Mr. Taveechai | Kittichanajaroen | Committee Member |
| 6. | Ms. Jureerat | Lapanavanich | Committee Member |
| 7. | Mr. Theerayuth | Lertsiraungsun h | Committee Member |
| 8. | Mr. Thanee | Loketkravee | 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 1,000 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, 2015, the Company's executive manager as follows:

| Executive Manager | | | Position |
|-------------------|----------------|----------------|---|
| 1. | Mr. Sittichai | Leeswadtrakul | Chief Executive Officer |
| 2. | Mrs. Nantaphat | Thianprateep | Senior Executive Vice President of Supply Chain |
| 3. | Mr. Puchong | Jungwilikasem | Senior Executive Vice President of Production |
| 4. | Mr. Thanee | Loketkravee | Senior Executive Vice President of Sale and Marketing |
| 5. | Ms. Jureerat | Lapanavanich | Executive Vice President of Accounting & Finance |
| 6. | Mr. Jiruss | Rianchaiwanich | Executive Vice President of Human Resource & General Administration |
| 7. | Mr. Jiruss | Rianchaiwanich | Executive Vice President of CEO Office (Acting) |

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.

(F) Risk Management Committee

Risk management Committee consists of 8 members as following

| Member of Risk Management Committee | | | Position |
|-------------------------------------|----------------|------------------|--|
| 1. | Mr. Pratana | Bongkojmas | Chairman of Risk Management Committee |
| 2. | Mrs. Nathaphat | Thianpratheap | Committee Member |
| 3. | Mrs. Phatnaree | Thitiariyakul | Committee Member |
| 4. | Mr. Taveechai | Kittichanajaroen | Committee Member |
| 5. | Mr. Supasith | Sae Lee | Committee Member |
| 6. | Mr. Phetcharat | Taothong | Committee Member |
| 7. | Mrs. Sukritta | Potiprasart | Committee Member |
| 8. | Ms.Yupawadee | Jantarakka | 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.

(G) Investment Committee

Investment Committee consists of 5 members as following

| Member of Investment Committee | | | Position |
|--------------------------------|----------------|-----------------|--|
| 1. | Mr. Vipoota | Trakulhoon | Chairman of Investment Committee |
| 2. | Mr. Puchong | Jungwilikasem | Committee Member |
| 3. | Mr. Theerayuth | Lertsirarungsun | Committee Member |
| 4. | Ms. Jureerat | Lapanavanich | Committee Member |
| 5. | Mr. Thanee | Loketkravee | Committee Member |
| 6. | Mr. Jiruss | Rianchaiwanich | Committee Member |
| 7. | Ms. Sukritta | Potiprasart | Committee Member and 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

In 2015, the company secretary has report the performance evaluation to the directors including the performance of the entire board and individual directors. The criteria and result are detailed as follows:

| Type of Committee and Type of Evaluation Form | Evaluation Result |
|--|-------------------|
| Board of Directors | |
| Entire committee evaluation : Criteria of the evaluation consist of 6 topics | 3.62/4.00 |
| 1. Structure and Qualification of the Board 2. Duties and Responsibilities of the Board 3. The Board of Directors' Meeting 4. Performance of the Board 5. Relationship with Management 6. Self-development of Directors and Executives | |
| Individual self-evaluation : Criteria of the evaluation consist of 3 topics | 3.65/4.00 |
| 1. Structure and Qualification of the Board 2 The Board of Directors' Meeting 3. Duties and Responsibilities of the Board | |

Details of Remuneration of Directors and Management consist of:

(A) Financial Remuneration

The Nomination and Remuneration Committee has reviewed the remuneration for the Company's directors for 2015 to ensure it is commensurate with their roles and responsibilities and has then resolved to propose the remuneration for directors as follows:

Directors' Remuneration for the year 2015

| | | |
|--|--------|------------|
| Chairman of the Board of Director | 60,000 | Baht/Month |
| Vice Chairman of the Board of Director | 25,000 | Baht/Month |
| Director | 20,000 | Baht/Month |
| Chairman of the Audit Committee | 30,000 | Baht/Month |
| Audit Committee member | 25,000 | Baht/Month |

Meeting allowance is also provided based on number of meetings attended*:

| | | |
|--|--------|-----------|
| Chairman of the Board of Director | 10,000 | Baht/Time |
| Vice Chairman of the Board of Director | 5,000 | Baht/Time |
| Director | 5,000 | Baht/Time |

Remark.- * The allowance for the directors regarding to attend the meeting shall not exceed 8 times per year and the director of Audit Committee shall not be paid for the allowance in each meeting. Nevertheless, the director of the Nomination and Remuneration Committee shall be paid for this additional allowance in amount of 5,000 Baht per meeting with the maximum rate of 8 times per year. However, the executive director will not be paid for the allowance mentioned above.

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 2015, remuneration for the 12 board members totaled Baht 22.40 million, divided into 1) Baht 2.91 million for 7 independent directors and non-executive directors

| | | | Remuneration for Board Members | | | Total |
|----|---------------------------|--------------|--------------------------------|-----------------|---------------------------------------|------------|
| | | | Board of Director | Audit Committee | Nomination and Remuneration Committee | |
| 1. | General Winai | Phattiyakul | 820,000.00 | 40,000.00 | - | 860,000.00 |
| 2. | Pol.Gen. Soontorn | Saikwan | 325,000.00 | - | - | 325,000.00 |
| 3. | Mr. Pratana | Bongkojmas | 280,000.00 | 60,000.00 | 20,000.00 | 360,000.00 |
| 4. | Mr. Apichart | Chirabandhu | 275,000.00 | 60,000.00 | 10,000.00 | 345,000.00 |
| 5. | Mr. Sakchai | Tanaboonchai | 275,000.00 | - | - | 275,000.00 |
| 6. | Mr. Sophon | Pholprasith | 265,000.00 | - | - | 265,000.00 |
| 7. | Mr. Vipoota | Trakulhoon | 280,000.00 | - | - | 280,000.00 |
| 8. | Assoc. Prof.Dr. Yannakorn | Warakunruk | 165,000.00 | 30,000.00 | 10,000.00 | 205,000.00 |

2) Baht 19.48 million for executive 4 directors.

(B) Other Remuneration

-None-

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 31,15 | As of Dec 31,14 | Change + (-) |
| 1. | General Winai | Phattiyakul | - | - | - |
| 2. | Pol.Gen. Soontorn | Saikwan | 55 | 55 | - |
| 3. | Mr. Pratana | Bongkojmas | 782,974 | 782,974 | - |
| 4. | Mr. Apichart | Chirabandhu | - | - | - |
| 5. | Mr. Sakchai | Tanaboonchai | - | - | - |
| 6. | Mr. Sittichai | Leeswadtrakul | 712,732,220 | 700,932,220 | 11,800,000 |
| 7. | Ms. Suttirat | Leeswadtrakul | 53,348,259 | 53,348,259 | - |
| 8. | Mrs. Nantaphat | Thianprateep | - | - | - |
| 9. | Ms. Jureerat | Lapanavanich | 380,671 | 380,671 | - |
| 10. | Mr. Sophon | Pholprasith | - | - | - |
| 11. | Mr. Vipoota | Trakulhoon | - | - | - |

(B) Change in securities holding of executives*

| Name | | | Shareholding in MILL (Shares) | | |
|------|-------------|----------------|-------------------------------|-----------------|--------------|
| | | | As of Dec 31,15 | As of Dec 31,14 | Change + (-) |
| 1. | Mr. Puchong | Jungwilikasem | 413 | 413 | - |
| 2. | Mr. Thanee | Loketkravee | - | - | - |
| 3. | Mr. Jiruss | Rianchaiwanich | - | - | - |

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

Auditor's Remuneration

(A) Audit Fee

In 2015, the Company paid a total audit fee of Baht 2,300,000 to its auditor, Ms. Wanya Puttasatiarn , CPA License No. 4387, of CWWP 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., IGEN Engineering Co., Ltd., Saharuam Construction Material Co., Ltd., Millcon Steel Pipe Co., Ltd. and Millcon Special Steel Co., Ltd., with a combined audit fee of Baht 2,930,000.

(B) Non-audit Service

In year 2015, the Company group's cost for other service of Auditors, as follows:

- Millcon Steel Public Limited Company
 - 1) Audit fee for English version financial statement, 60,000 Baht.
 - 2) Transportation fee relating to providing service, 120,512.88 Baht.
 - 3) Over - time fee, 69,282 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 2013- 2015, as follows:

| Auditor's Remuneration | Year 2015 | Year 2014 | Year 2013 |
|--|----------------|----------------|----------------|
| 1. Audit Fee of the Company and its Subsidiary | 5,230,000 Baht | 2,742,000 Baht | 2,505,000 Baht |
| 2. Other Services Charge | 256,384 Baht | 147,629 Baht | 1,063,170 Baht |

Manpower

| 2015 (as of December 31,2015) | |
|--|--------|
| Operating staff (persons) | 480 |
| Office staff (persons) | 205 |
| Total (persons) | 685 |
| Total employee remuneration (Baht million) | 168.77 |

Compliance with Good Corporate Governance Principles



The Committee of Millcon Steel Public Co., Ltd. and its group companies have operated the business with responsibility and equitability in compliance with the guideline of SEC which called compliance with good corporate governance principles. This principle can help the Company to have efficiency on the business operation with transparency and thinking of the benefit for all interested person and able to inspect which it can help the Company to increase the ability of competitiveness, products and added value to long term shareholders. The board of company and management division has made compliance with good corporate governance principles in writing and disseminates it to employees and group companies to be their guideline of working in the Company's website www.millconsteel.com.

In addition, group company has set the policy of business operation system with the intention of enhance the ability especially of manufacturing and distributing, including with care of environment and social which the Company has disseminated to interested persons for notice, adhere and keep reviewing regularly and take it as main part of business operation.

Purpose of Business Operation

Our Company is one of topflight as steel manufacturer and trading, and being one stop center of steel products with several type of products such as Hot Rolled Coil, Slitting Coil, Steel Sheet, Flat Plate, Lip-Channel Steel, Steel Pipe and also expand to Rolled Steel, Round Bar, Deformed Bar, High Tensile Thread Steel Bar and High Value Added Steel such as One Bar which is our latest innovation on deformed bar that help us to save cost for 20% and other products. Our products have been certified from the agency at the national and international level and we also keep developing in service by adding new service business line i.e. cut & bend and maintenance for being the real one stop center of steel products.

Furthermore, we have new products from our group companies' i.e. long shape steel or billet which support us to compete with the steel industry in intermediate level under the project of Green Mill. This project is for construct Electric Arc Furnace (EAF) with the intention to impel us to be the real one stop center of steel products. By the highest technology from Italy, the Company has an intention to product billet for both general use and special high quality for being raw material in manufacture of round bar and deformed bar and other special high quality steel. Technology of Electric Arc Technology (FASTARCTM) and Vacuum Degassing Technology (VD) are using for product genuine and delicate skin of steel which is different from products produced from using other general technology. These technology is required from the related industry that have to use high quality of raw materials for their manufacture such as automobile industry. And because of high-technology of our machines including with good delivery system, we are able to fulfill our customers' demand.

Corporate Governance Policy

Section 1 Rights of Shareholders

1. The Company doesn't has barrier policy to allow shareholders to communicate between shareholders.
2. The Company provide right shareholder to acknowledge information in advance of the meeting date. And The Company will not add items to the meeting agenda to be voted which are not defined in Invitation Letter of AGM of Shareholders.
3. The Company support and encourage all shareholders, including institution shareholders attend the AGM, regard the location of the meeting, travel and shareholders' meeting date for facilitate attend meeting
4. Give opportunity for shareholders to propose in advance of AGM, items for inclusion on the meeting's agenda. Invitations and notifications with guideline and procedure on the methodology to propose agenda items was delivered to shareholders through the Stock Exchange of Thailand' s news portal as well as the Company's own.

Section 2 Equitable Treatment of Shareholders

1. Give opportunity for shareholders to propose in advance of AGM, items for inclusion on the meeting's agenda. Invitations and notifications with guideline and procedure on the methodology to propose nominate directors was delivered to shareholders through the Stock Exchange of Thailand' s news portal as well as the Company's own.
2. The Company determine policy and practice guideline on use of internal information such use information wrongly, use of internal information for securities trading etc. to members of the Board, Management and employee from using such information for personal which inform policy and practice guidelines within the organization monitoring.
3. The Company enclosed the Proxy Form (A), Proxy Form (B), and Proxy Form (C) with the AGM invitation letter. This form may be used by shareholders who are unable to attend the meeting in person.

Section 3 Rights and Equitable Treatment of Stakeholders

1. The Company determines policy and measures to take care stakeholders for confidence and collaboration between stakeholders as shareholders, employees, customers, partners, suppliers, local communities appropriately and fairness to all parties.

2. The Company determines Code of Ethics and practice guidelines to stakeholders recognize and practice for fairness to all parties.
3. The Company determines Anti - Corruption Policy, measures to prevent and risk assessment form corruption.
4. The Company recognize social responsibility management which determines principle and practice guideline for social responsibility management achieve.

Section 4 Information Disclosure and Transparency

1. The Company has a policy regarding securities trading of the Company's stock by Directors and executives which requires that all directors and executives report their trading activities in accordance with rules and regulations of the Securities and Exchange Commission (SEC) to the Board.
2. The Board of Directors and executives must disclose conflict of interest information as well as information about related person to ensure transparency in the consideration of the Company's business transactions.
3. The Company must disclose information to the public immediately when there are events affect stock price and shareholders of the Company.
4. The Company must disclose information in annual report under the criteria of the Stock Exchange of Thailand and the Securities and Exchange Commission.
5. The Company has policy that the Audit Committee shall consider and opinion related transaction for present the Board of Director and/or propose the shareholder' meeting.

Section 5 Duties and Responsibilities of the Board of Directors

1. The Board of Director determines the company has corporate governance policy and code of ethics who determines scope of authority, duties and corporate governance, and assign directors, executives, employees and stakeholders practice.
2. The Board of Director must consider to approve and review scope of authority and duties and responsibilities of the committee every year.
3. The Board of Director consider and review the vision and mission of the company every 5 years.
4. The Board of Director determine to prepare a succession plan of Executive Vice President to CEO for the Company's operating are continuing.
5. The Board of Director has assigned the Nomination and Rumination Committee to perform the duty of recruiting and nominating Directors who considered the candidates qualified with competence, experience, and ability to sufficiently devote their time. Further, the Company grant the shareholders the opportunity to propose the qualified candidates to be nominated as the Company's directors accordance with criteria of the Company.
6. New Director and Management will be an orientation for acknowledge the Company's information, rule, policy and performance of the Company
7. The Company encourages directors to training courses or seminar every year for enhance knowledge.
8. The Company provides annual performance evaluation of the Board of Directors, Committees and individual1 time per year. The Nomination and Remuneration Committee shall consider the criteria for the evaluation of each committee to the Board of Director and Committees have review the performance of duties during the past year.

Treatment of Stakeholders 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.

Anti-corruption policy

1. Directors, executives and employees shall in no case corrupt or support the corruption and will strictly comply with the anti-corruption measures.
2. The Company sets a policy prohibiting executives and staff from receiving or calling for any bribe or incentives in whatsoever form to comply with Code of Ethics and practice guideline.
3. The company provides adequately the channels for whistleblowing or complaining when the corruption is found and has the measures of protection and confidentiality for whistleblower.
4. The Company provides directors, executive and employees training and knowledge to encourage sincerity, integrity towards their work and to enable them to embrace the principle and ethical standard under the corporate governance policy to their own
5. The Company provides evaluation performance of anti-corruption policy and corruption risk for good corporate governance.
6. If the employee conducts any behavior against Anti-corruption Policy, the company will then take disciplinary action according to Business Code of Conduct and Code of Conduct of the company.
7. The company will use an outsourcing for the internal audit and control for the prevention of fraud which would affect the financial status and operating performance of the company.

Clue reporting and whistleblowing channel

CEO of Office

Millcon Steel Public Company Limited

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

Tel. 0-2652-3333 # 103 Fax. 0-2632-9899

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:

- 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.
- 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 benefits either of oneself or others shall be regarded as an offense against the law and the work regulations of the Company.
- 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.
- 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.

In 2015, the Company held a press conference and activities for shareholders as follow:

| Meeting with Shareholders and Analysts | Frequency (per year) |
|--|----------------------|
| Analyst Meeting | 1 |
| Road Show | 2 |
| Company Visit | 6 |
| Shareholder Visit | 1 |
| Opportunity Day | 2 |

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

Internal Control

The audit committee of Millcon steel Plc. (Mill) 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.

The Securities and Exchange Commission Office has issued the letter No. Gorkhor. 2694/2556 on August 8, 2013 to have Special Audit for the Company on the suspicious point of the management relating to the commercial with compliances companies who are individuals or entities that has relationship with the Company as relatives of the management or ex-employees and the point of decreasing business part in subsidiary named Million Miles Co., Ltd. (Million miles), therefore the meeting of the audit committee No. 2/2013 on August 9, 2013 has considered the proposal and the qualification of a special auditor and has an unanimously to appoint KPMG Co., Ltd. as the special auditor. Later, KPMG has proposed the audited report to the DEC office on October 31, 2013 which SEC has considered the report and the explanation of director and management of the Company, the SEC then has issued the letter No. Gorklor Porsor 2559/2014 on October 14, 2014 for additional explanation and invited Khun Kamolwan Chunhakasikarn, an executive director of KPMG, to attend such meeting to prescribe the commercial process and the price fixing having the details as follows:-

The process of product purchase

Every purchasing shall be approved by the authority about pricing, quantity and seller. The consideration of purchasing have to be meet with the demand in the best advantageous way to the Company, in addition, the Company also thought about quality, due date of delivery and condition of payment. Furthermore, the Company also has purchasing policy to compare at least 3 sellers, except the special products that the Company could not find more than 1 distributor.

The Fixing Price

In the present, the Company has considered and approved the selling price by the board of sale division in cooperation with the chief executive director as a signer every month under the market price standard. The main reason of selling the products under the market price may be from many factors such as the transportation, the demand from the purchaser and the condition of payment.

Moreover, it can be seen from the report that there are many internal weakness points such as no clear policy on the amount of financial credit, condition and method of payment, no documents and evidence of customers' financial status and ability of payment and no method of fixing financial amount or condition of purchasing order including with no clear method of pre-order and delivery which found that the Company sometimes delivery the products incorrectly for more than 2 years from the date of ordering that led to risk of management and it can be indirect way of supporting customer that has relationship as relative or other kinds with related person or company. The board, therefore, would like the Company set the solution way to improve the method of internal control and having check and balance system to prevent any risk transaction to the Company.

Presently, the Company has already improved the internal control and the meeting of the board of audit committee No. 10/2014 on October 29, 2013 has appointed internal auditor from I.A.P Plus Co., Ltd. for internal inspection in main systems of the Company. The internal inspector shall report such inspection in each system to the board of audit committee and shall report to the management division for their further improvement which such step of improvement

shall be reported to the board of audit committee periodically. Furthermore, the meeting of the board of audit committee No. 2/2014 on May 15, 2014 has resolution to hire Pornsirin Service Group Co., Ltd. (name has been changed to SPG Internal Audit Co., Ltd. presently) to provide manual of trading system of the Company, including with purchasing and selling policy, process of internal control and controlling system on documentary relating on purchasing and selling which able to prevent any risk situation of the Company.

As from the resolution of the board of audit committee No. 1/2015 on February 12, 2015 to hire KPMG to verify trading policy prepared by Pornsirin Co., Ltd. for more efficiency of the preparation Company's manual on trading operation, policy, step of operation and process of internal control.

Corporate Social and Environmental Responsibility



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 specifying 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, 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.

The operations affecting to social responsibility

The is emphasize on enhancing the quality of life of the community along with an environmental conversation and always has responsibility to social. Regardless with any factors from inbound or outbound, the Company still carries on the business with awareness of unstable situations in order to move forward steadily by upholding good governance principles for the extremely advantages to the Company and shareholders.

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, and public health and Job creation.

Activities to social and environment

Good management is the key factor to the business. Thinking of the business eternity, paying attention to social, community, and environmental shall be kept in mind which help the Company able to run the business along with society and community in the future. Beside the global standardize (ISO 2600 : Social Responsibility), we have an intention to have activities for benefit society with the continued projects and new projects emphasizing on quality of life, spirit and coordinate from all relating parts, including being a supporter and participator on public event.

The operation of responsibility for the community and the environment.



Source: The “older brother teach younger to play computers” project years 1-5 at the Nikom Pattana Community School, Rayong.

The project of “older brother teach younger to play computers,” years 1-5

The Millcon Group had advocated students in order to acquire the knowledge and capability for self development. This activity was held to improve their education by providing them the computer knowledge in the Nikom Pattana Community School, Rayong.



The “Creative Activities for Kids” project

The Millcon Group encouraged Thai child to be a good youth by sponsoring the prizes to the youth who was well behaved on the National Children’s Day 2015 at the Nikom Pattana community, Rayong and the Bangkadee community, Bangkok.



The “Public Health Screening” project

The Millcon Group in collaboration with the local authorities at Nikom Pattana sub-district, Nikom Pattana district, Rayong performed the screening for diseases to residents surrounding the factory as the Millcon Group realized that a healthy result in a good quality of life of everyone.



Source: The project of preservation of the tradition of pouring water on the hands of revered elders on the Songkran Day at Rayong

The project of “Confederation to inherit the Thai’s tradition and ask adults for blessing on Songkran Day”. Songkran Day which is considered as the Thai New Year’s Day is the tradition that has been inherited for a long time. To preserve this classy tradition, the Company in cooperated with the community held the activity of pouring water on the hands of revered elders to inherit the Thai’s culture and also sustain a great relationship between the community and the factory.

Enhancing the quality of labors



Supporting the flood victims Because of the heavy rain in Rayong and nearby provinces, it resulted in flood in Rayong. Therefore, the Millcon Group staffs in cooperated with the BanLang community and the Companies in the operating areas of IRPC at IRPC Learning Center assisted the flooded victims by constructing barriers from sandbags to block the water entering the flooded areas.

Miss Suttirat Leeswadtrakul received the award from the great-great-grandchild of a king Pontric Samiti, the Director of Department of Skill Development from the project of increasing of labor productivity to meet the needs of establishments in the areas of the Institute of Skill Development Region and Provincial Skill Development. In detail, there were 200 establishments and more than 20,000 employees participating in the project by hiring consultants to give an advice to the establishments that participated in the project on September 14, 2015.

Outstanding award



Miss Suttirat Leeswadtrakul, the Executive Director of the Millcon Steel Public Company Limited acquired the award of the establishment of the pilot project which established the quality of life centre for working women and families with the corner of breastfeeding from Mr. Peerapat Pornsirilertkit, the Director of Department of Labor Protection and Welfare on the stage of the project summary of quality of life for working women and families , the power of love of breastfeeding fair at the Mall's department store, Bang Kapi, Bangkok on February 14, 2015



Miss Suttirat Leeswadtrakul, the representative of Millcon Burapha Limited received the certificate of evaluating and improving the efficiency of the air and water pollution treatment system, the project followed the master plan that developed into an eco-industrial city on October 2, 2015.

Miss Suttirat Leeswadtrakul acquired the award from Mr. Somsak Suwansujarit, the governor of Rayong in the project of safety establishment for the commemoration of Her Royal Highness Princess Maha Chakri Sirindhorn on September 14, 2015. In response to her royal grace, Her Royal Highness Princess had the safety concerns in the performance of the labors and moreover Her Royal Highness Princess had completed in the age of 60 years old in 2015. For these reasons, the department of Labor Protection and Welfare, Ministry of labor established this project to prevent the accidents as well as occupational diseases.



Related Transactions

Nature of Relationship

The Company has related transactions with related party which might have conflict of interest. The transactions occur, which the transactions with shareholders and/or directors of the Company and related party which might have conflict of interest who are shareholders and/or directors of the Company which are summarize nature relation as follow as:

| Related party which might have Conflict of Interest | Nature of Relationship |
|---|--|
| Mr. Somphop Leeswadtrakul | Mr. Sittichai Leeswadtrakul's father who is major shareholders and Board of Director of Millcon Steel PCL. |
| Mr. Sittichai Leeswadtrakul | Major shareholders and Board of Director of Millcon Steel PCL. and Ms. Suttirat Leeswadtrakul's brother |
| Ms. Suttirat Leeswadtrakul | Mr. Sittichai Leeswadtrakul's sister who is major shareholders and Board of Director of Millcon Steel PCL. |

Nature of related transactions

In 2015, The Company has related transactions which the Company summarize nature and amount of the related transaction as follow as

- Guarantee loan from financial institutions/Creditors

Millcon Steel PLC.

| Related party which might have Conflict of Interest | Nature of Transactions | Value of Outstanding Loans (Million) | | Opinion and Conditions |
|--|--|--------------------------------------|--------------------|---|
| | | As of Dec 31, 2014 | As of Dec 31, 2015 | |
| <ul style="list-style-type: none"> • Mr. Somphop Leeswadtrakul • Mr. Sittichai Leeswadtrakul | Guarantee Long - term loans in domestic | 54.82 | 21.22 | The transaction is beneficial to the Company. As the Company will has long-term capital for support the Company's business. |
| <ul style="list-style-type: none"> • Mr. Somphop Leeswadtrakul • Mr. Sittichai Leeswadtrakul | Guarantee loans by L/C for international and Domestic or T/R and Loans, By Issued P/N and credit limit for advance foreign currency. | 6,434.97 | 4,772.95 | The transaction is beneficial to the Company. As the Company will has working capital for support the Company's business. |

Millcon Burapa Co., Ltd.

| Related party which might have Conflict of Interest | Nature of Transactions | Value of Outstanding Loans (Million) | | Opinion and Conditions |
|--|--|--------------------------------------|--------------------|--|
| | | As of Dec 31, 2014 | As of Dec 31, 2015 | |
| <ul style="list-style-type: none"> Mr. Somphop Leeswadtrakul Mr. Sittichai Leeswadtrakul Millcon Steel PLC. | Guarantee loans by L/C for international and Domestic or T/R and Loans, By Issued P/N and credit limit for advance foreign currency. | 1,951.87 | 2,031.03 | The transaction is beneficial to the Company. As the Company will has working capital for support the Company's business |
| <ul style="list-style-type: none"> Mr. Somphop Leeswadtrakul Mr. Sittichai Leeswadtrakul Millcon Steel PCL. | Guarantee Long - term loans domestic | 1,184.41 | 904.36 | The transaction is beneficial to the Company. As the Company will has working capital for Green Mill Project. |

The opinion of audit committee.

A consideration of the list as above did by the administrator who is a major shareholder. The audit committee has checked list as above and saw that it necessary and reasonable because of the condition of Commercial Bank loan and loan creditor use it for business that will make benefits for the company and subsidiaries without any fee of loan insure.

12.3 Measure or procedure of the approval related transactions.

Nowadays, procedure of the approval related party transactions of the company must ensue compliance with the securities and exchange law, and regulations, announcement, command or regulations of the Stock Exchange of Thailand by the committee or a person who might have conflict of interate or might have conflict of interest in any benefit with the company or subsidiaries, they will not have the right to vote for the approval consideration in any related transactions

12.4 Related transactions policy

The company policy for the approval a related transaction, generally classify follow these.

- General business account and General Business support account with general merchandise condition such as purchasing or distribute products and service etc. The company has determined the related transaction policy to any conditions follow a general merchandise character in the price market that could compared with the price happening to outside person and must practice follow the agreement contract by strictly including price determined and other conditions with clearly, fairness and do not cause to transfer any benefits. So that, the internal audit will check the information and do the report to the audit committee to consider and comments for the appropriate of the price and a reasonable of every three months.
- General business account and General Business support account without general merchandise condition and other related transaction. The company has a policy for the audit committee to consider and comments about a reasonable and a necessary of a transaction before do it and must practice to ensure compliance with the securities and exchange law, and regulations, announcement, command or regulations of the Stock Exchange of Thailand including practicing follow the regulation of the information disclose involving and received or distribute a very important asset of the company or subsidiaries (if have), Related transactions such as a transaction involved the asset or other services such as assets' rented or rental and acquisition or sale of asset ect., and a transaction for received or given a financial fund such as loan, guarantee and using asset as a guarantee ect. In case of the audit committee have no expertise in a consideration related transactions; the company will hire a freelance expert to comments related transactions to consist of a decision of the committee or a shareholder depends on the case and the company will disclose related transactions in the remarkable with financial budget which pass the check by the company accounting audit including Form 56-1 and annual report. So that, a person who might have conflict of interate or gain or loss any related transactions will not have the right to vote in related transaction.

So that, related transaction may happen in the future, the committee must practice follow the regulations that determined and the committee must not approve any transaction which themselves or a person who might have a conflict of interest in other character with the company and must disclose the above transaction to the company committee for a consideration.

Transactions between the Company and its subsidiaries, subsidiaries and subsidiaries, Company and related companies and subsidiaries and related companies. Transactions with business alliances, Transactions between the Millcon Burapa Co., Ltd. and business alliances

In 2014, 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, 2014 are as followings.

1) Transactions between the Company and its subsidiaries

| Transactions | Millcon Burapa Co., Ltd. Amount (Baht) | IGEN Engineering Co., Ltd. Amount (Baht) | Millcon (HK) Limited Amount (Baht) | Millcon Special Steel Co., Ltd. Amount (Baht) | Millcon Thiha Limited Amount (Baht) |
|--|--|--|--|---|---|
| 1. Revenues | | | | | |
| 1.1 Sales of goods and services | 24,722,515 | 258,510 | - | 2,506,345 | 24,763,240 |
| 1.2 Gain from sale of assets-held-for-sale | - | - | (199,353,343) | 590,383,986 | - |
| 1.3 Gain from sale of non-current assets | - | - | - | 444,148 | - |
| 1.4 Interest receivable | - | - | 21,421 | - | - |
| 2. Expenses | | | | | |
| 2.1 Purchase of goods | 1,280,598,629 | 12,446,619 | - | 1,007,875,925 | - |
| 2.2 Rental | 23,012,880 | - | - | - | - |
| 2.3 Purchase of assets | 6,135,212,774 | 2,000,000 | - | - | - |
| 3. Outstanding balances arising from purchases and sale of goods and services | | | | | |
| 3.1 Account receivable | 6,509 | - | - | - | - |
| 3.2 Short-term loans | - | - | - | - | 907,467 |
| 3.3 Advance payment | 1,049,163,853 | 8,709,549 | 6,230,420 | 282,560,459 | 545,823 |
| 3.4 Other current assets | 76,055,237 | - | - | - | - |
| 3.5 Account payable | 1,049,170,361 | 1,293,538 | - | 748,964,463 | - |

| Transactions | Saharum Construction Material Co., Ltd Amount (Baht) | Millcon Steel Pipe Co., Ltd. Amount (Baht) | Suntech Metals Co., Ltd. Amount (Baht) | World Wire Processing Co., Ltd. Amount (Baht) |
|---|---|--|--|--|
| 1. Revenues | | | | |
| 1.1 Sales of goods and services | 1,268,994,543 | 566,128,556 | - | - |
| 1.2 Gain from sale of assets-held-for-sale | - | - | - | - |
| 1.3 Gain from sale of non- current assets | - | 1,204,608 | - | - |
| 1.4 Interest receivable | - | - | - | 3,547,440 |
| 2. Expenses | | | | |
| 2.1 Purchase of goods | 247,402 | - | 157,311,224 | - |
| 2.2 Rental | - | 5,210,809 | - | - |
| 3. Outstanding balances arising from purchases and sale of goods and services | | | | |
| 3.1 Account receivable | 6,270,858 | 60,343,118 | 243,188,575 | - |
| 3.2 Short-term loans | - | - | - | 233,090,111 |
| 3.3 Advance payment | - | - | - | - |
| 3.4 Accrued interest | - | - | - | 3,547,440 |
| 3.5 Other current assets | - | 5,508,792 | 4,596,119 | - |
| 3.6 Account payable | - | 52,106 | 606,742 | - |

2) Transactions between the company and related companies.

| Transactions | Million Miles co., Ltd. Amount (Baht) | RSP Steel Co., Ltd. Amount (Baht) | General Engineering Plc. Amount (Baht) | Suntech metal co., Ltd. Amount (Baht) | Millcon Engineering Ltd., Amount (Baht) | AEC Power Engineering Sole Limited Amount (Baht) |
|---|---|--|---|---|--|---|
| 1.Revenues | | | | | | |
| 1.1 Sales of goods and services | 307,447 | 90,728,963 | 111,113,072 | 254,510,175 | - | - |
| 1.2 Gain from sale of assets-held-for-sale | - | - | 938,365,561 | - | - | - |
| 2 Expenses | | | | | | |
| 2.1 Purchase of goods. | 71,235,782 | - | - | 126,394,267 | - | - |
| 2.1 Office Rent | - | 528,792 | | - | - | - |
| 3. Outstanding balances arising from purchases and sale of goods and services | | | | | | |
| 3.1 Account receivable | 53,123 | - | (247,745) | - | - | - |
| 3.2 Account payable | - | - | - | - | - | - |
| 3.3 Other current liabilities | 2,641,482 | | - | - | 325,586 | - |
| 3.4 Short-term loans | - | - | - | - | - | - |
| 3.5 Advance payment | - | - | - | - | - | - |
| 3.6 Accrued interest | - | - | - | - | - | 21,421 |

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

| Transaction | Suntech metal co., Ltd. Amount (Baht) | Million Miles co., Ltd. Amount (Baht) | RSP Steel Co., Ltd. Amount (Baht) | General Engineering Plc. Amount (Baht) | Millcon Special Steel Co., Ltd. Amount (Baht) | IGEN Engineering Co., Ltd. Amount (Baht) |
|---|---|--|---|---|---|---|
| 1.Revenues | | | | | | |
| 1.1 Sales of goods and services | 56,692,024 | - | - | - | 261,409,809 | - |
| 1.2 Revenues from rental | - | 1,920,000 | - | - | - | 140,400 |
| 2 Expenses | | | | | | |
| 2.1 Purchase of goods. | - | - | - | - | - | - |
| 3. Outstanding balances arising from purchases and sale of goods and services | | | | | | |
| 3.1 Account receivable | 60,660,466 | - | - | - | 18,500,323 | - |
| 3.2 Dividend Income - Receivables | - | - | - | - | - | - |
| 3.3 Guarantees | - | 1,830,000 | - | - | - | 2,110,500 |
| 3.4 Advance payment | - | - | - | - | - | - |
| 3.5 Account payable | 1,783,984 | 439,382 | - | - | - | 4,484,409 |
| 3.5 Other payable | - | - | - | - | - | - |
| 3.7 Deferred Revenue from Rental Fee | - | 9,600,000 | - | - | - | - |
| 3.8 Finance Lease Liabilities | - | 8,029,551 | - | - | - | - |

4) Transactions with business alliances

| Transactions | Insight Steel Co., Ltd (Million Baht) | Simba Inter Co., Ltd (Million Baht) | Triple O Trading Co., Ltd. (Million Baht) | Jarasrungsroj Co., Ltd. (Million Baht) | Deesinchai Steel Co., Ltd. (Million Baht) | Platinum Auto Services Co., Ltd. (Million Baht) |
|--|--|--|--|---|--|--|
| 1. Sales of goods | 950.42 | - | - | 116.17 | - | - |
| 2. Purchase of goods and services | | | | | | |
| 2.1 Purchase of goods | 90.26 | - | - | - | - | - |
| 2.2 Purchase of services | - | - | - | - | - | - |
| 3. Outstanding balances arising from purchases and sales of goods and Services | | | | | | |
| 3.1 Accounts receivable | 249.43 | - | - | 21.91 | - | - |
| 3.2 Other assets (deposit for rental cars) | - | - | - | - | - | - |
| 3.3 Other current liabilities (accrued expenses) | - | - | - | - | 1.05 | - |

5) Transactions between the Millcon Burapa Co., Ltd. and business alliances

| Transactions | Platinum Auto Services Co., Ltd. (Million Baht) |
|---|--|
| 1. Purchase of services | 2.91 |
| 2. Other assets (deposit for rental cars) | 1.23 |
| 3. Other current liabilities (accrued expenses) | - |

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 2015, Thailand's economy growth by 2.8% cause from Government's investment was increased but privates was decreased, as a result finished steel consumption in Thailand reduce by 3.5% were 16.73 million tons compare with previous year. The quantity of long product consumption reduce by 0.4% compare with year 2014 but long product breakdown, steel bars consumption were increased to 3.85 million tons, growth by 2.5% while wire rod consumption was decreased to 2 million tons, reduce by 3.5%. Flat products consumption were 10.59 million tons, reduce 5.2% compare with previous year. Hot Roll Coil consumption were 6.72 million tons, reduce by 7.49%.

In 2016, World steel expect finished steel consumption of the world will grow by 0.7% and Asean grow by 3.4% However, Thailand economic outlook in 2016 is expect to grow by 2.8%-3.8% which support from spending and investment of Government for comply with the plan.

Operating Performance - Consolidated Financial Statements

Revenues from sales and services

Revenues from sale and service since year 2013-2015 of the company were 13,811, 10,369 and 12,331 million baht. In 2015, increasing from the last year 1,962 million baht or 19%, cause from the company had sale volume in the amount of 809,569 tons, increased from previous year 58%. This is due to Government project and private project support.

The company's group has other income since year 2013-2015 were 92, 121 and 1,330 million baht respectively; a proportion were 0.66%, 1.15% and 9.73% of the gross income as respectively. As a result from selling of machines in the amount of 154 million baht, selling of land 175 rai in the amount of 938 million baht and profit from business acquisition in the amount of 41 million baht.

A core income structure of the company has separate by the type of products in 3 years as shown in the table.

| ประเภทผลิตภัณฑ์ | Year 2015 | | | Year 2014 | | | Year 2013 | | |
|------------------------|-------------------|--------|--------|-------------------|--------|--------|-------------------|--------|--------|
| | Quantity (Ton) | Value | % | Quantity (Ton) | Value | % | Quantity (Ton) | Value | % |
| Steel Bar | 541,583 | 8,345 | 67.68 | 377,408 | 7,520 | 72.52 | 436,369 | 8,755 | 63.40 |
| Structural Steel | 32,928 | 612 | 4.96 | 18,710 | 449 | 4.33 | 67,417 | 1,553 | 11.24 |
| Billet | 131,247 | 2,038 | 16.52 | 124,452 | 2,259 | 21.79 | 136,861 | 2,441 | 17.68 |
| Raw Material | 95,630 | 1,175 | 9.52 | 3,167 | 56 | 0.54 | 53,425 | 902 | 6.53 |
| Other | 8,180 | 101 | 0.82 | 3,118 | 8 | 0.08 | 4,062 | 46 | 0.33 |
| Total | 809,569 | 12,270 | 99.50 | 526,855 | 10,292 | 99.26 | 698,134 | 13,697 | 99.18 |
| Revenues from services | 0 | 61 | 0.50 | 672 | 77 | 0.74 | 18,045 | 114 | 0.82 |
| Grand Total | 809,569 | 12,331 | 100.00 | 527,527 | 10,369 | 100.00 | 716,179 | 13,811 | 100.00 |

From the above table, found that a proportion of the income structure in year 2015 has a increased of the growing up rate compared with the last year that we can see from a proceeds sale, considered only year 2015 with the quantity was 809,569 tons, the value was 12,330 million baht compared with year 2013 and year 2014 found that the quantity of sale has increased 13% and 53% respectively and the value rate decreased 11% and increased 19 percentage respectively. This year (2015) the products which the production and distribution's company have a highest circulation is round bar and deformed bars steel, sale value in year 2013-2015 were 8,755 million baht, 7,520 million baht and 8,345 million baht respectively. The second is a Billet with the quantity of circulation was 131,247 tons with the value of 2,038 million baht. Structural products has decreased a circulation effected from the increasing of a market share in year 2013-2015, a value was 1,553, 449 and 612 million baht respectively. This is due to the Company's sale volume has increased from Government project and private support.

Revenues from sales from a regional distribution as follows:

(Value: Million)

| Revenues from sales of MILL Group | Year 2015 | | Year 2014 | | Year 2013 | |
|--------------------------------------|-----------|-----|-----------|-----|-----------|-----|
| | Million | % | Million | % | Million | % |
| Domestic | 11,839 | 96 | 9,781 | 94 | 13,111 | 95 |
| International | 492 | 4 | 588 | 6 | 700 | 5 |
| Total | 12,331 | 100 | 10,369 | 100 | 13,811 | 100 |

In year 2013-2015, a circulation from a regional distribution of the company almost came from domestic distribution that a proportion of incomes from domestic distribution per gross circulation income were 95%, 94% and 96% respectively. But still extend business to the international market by continuing that has shown the company's international circulation which has a proportion of the income were 5%, 6% and 4% respectively. In additional, a proportion of the international circulation in year 2015 has decreased as the resulted from a decelerate of World economic 2014 , all products of the company exported to Australia, New Zealand, Myanmar, Hong Kong and Taiwan.

Cost of sales

In year 2013-2015, the company has a cost of sales were 12,855, 9,953 and 11,548 million baht respectively, a proportion of cost of sales per sales income continue decreasing from year 2013 was 93.07%, 95.99% and 93.66% percentages respectively. After year 2014, the increasing proportion has a result from the factory cost was higher such as fuel and utilities cost has increasing in everyday. In 2015, the Company has maintenance machines for add efficiency productivity and good management on the cost.

However, management team has determined the future policy to reduce a production cost as seriously and continuing whether the international quality standard such as the employee efficiency supporting and etc. or all things that can reduce the cost with the attention to operate it by the efficiency measure and the quality of management.

Selling expense and management

Selling expense and management of the company group in year 2013-2015 were 407, 552 and 622 million baht respectively, the proportion were 2.92, 5.27 and 4.55 percentages of gross income respectively. There found that a proportion in year 2015 was increasing compared with the last year. Due to the Company set up subsidiary company 2 company as Millcon Steel Pipe Co., Ltd, Saharuam Construction Material Co., Ltd and acquisition of Suntech Metals Co., Ltd., World Wire Processing Co., Ltd.

Profit (lose) net

The company group gained a Net profit after taxation since year 2013-2015 were (114), (1,003) and 756 million baht respectively, the net profit rate per to total income were (0.82)%, (9.57)% and 5.53% respectively. The decreasing of net profit proportion rate in year 2015 due to the net profit from selling of land in the amount Of 175 rai, selling of machine and selling from business acquisition.

Financial statement

Total assets

The company group has continued extending double of the asses since 31st December of year 2013-2015 with total assets were 13,858, 16,487 and 19,304 million baht respectively. In year 2015 has a proportion of total assets increasing 17 percentages compared with year 2014 cause from Trade Account and Note receivable increased, resulting from the customer base expansion and increased in the land, building and equipment.

Account receivable and notes receivable

In 31st December of year 2013-2015, the company group has account receivable and notes receivable balance were 2,017, 1,466 and 2,645 million baht respectively. Account receivable and notes receivable in year 2015 has increased proportion value was 1,179 million baht, almost of the debtors are the not due yet caused the company has more efficiency in debtor management, also give more credit for customers who have contact for a long time that have lots of order and they have a good payment record, this is a marketing strategy to attracted a customer and to stimulated a circulation in a high competition state and strongly. However, the company has considered, planning and control the credit for each customer by concisely to protect from any risk may caused a bad dept. Outstanding dept, the company has followed up and rush to clear the debt in every step to protect the company's benefits.

Trade accounts and notes receivable can be age since year 2013-2015 as follows:

| | Financial Statement | | | | | |
|--|---------------------|---------|---------------|---------|---------------|---------|
| | Year 2015 | | Year 2014 | | Year 2013 | |
| | Amount (Baht) | % | Amount (Baht) | % | Amount (Baht) | % |
| Not yet due | 2,148,532,814 | 76.77% | 1,353,222,035 | 89.78% | 1,796,823,122 | 88.59% |
| Overdue not exceeding 3 months | 186,049,075 | 6.65% | 68,270,668 | 4.53% | 123,868,727 | 6.11% |
| Overdue 3 to 6 months | 696,594 | 0.02% | 62,483,700 | 4.15% | 76,899,398 | 3.79% |
| Overdue 6 to 12 months | 17,679,451 | 0.63% | 938,513 | 0.06% | 8,165,131 | 0.40% |
| Overdue more than 12 months | 445,585,787 | 15.92% | 22,395,242 | 1.48% | 22,487,607 | 1.11% |
| Total trade accounts and notes receivable | 2,798,543,7120 | 100.00% | 1,507,310,158 | 100.00% | 2,028,243,985 | 100.00% |
| Less Allowance for doubtful account | 152,923,732 | 5.46% | 41,634,481 | 2.76% | 10,765,967 | 0.53% |
| Total trade accounts and notes receivable, net | 2,645,619,988 | 94.54% | 1,465,675,677 | 97.24% | 2,017,478,018 | 99.47% |

Inventories

The company's inventory in 31st December of year 2013-2015 were 2,573, 2,263 and 2,300 million baht respectively, when considered from net- inventory list table found that at the end of 2015, the company has net-inventory increased 2 percentages from the last year, However, the stock of products and material in year 2015 still in the regular level, sufficiency and appropriate with the production and distribution planning.

Inventories, net as of 31 December 2013 - as of 31 December 2015

(Value: Million)

| | Consolidated | | | | | |
|--|--------------|------|-------|------|-------|------|
| | 2015 | | 2014 | | 2013 | |
| | Value | % | Value | % | Value | % |
| Raw materials | 1,050 | 45% | 1,181 | 49% | 1,045 | 40% |
| Semi-finished goods | 11 | 0% | 3 | 0% | 12 | 0% |
| Finished goods | 723 | 31% | 679 | 28% | 1,017 | 40% |
| Spare part and supplies | 575 | 24% | 493 | 21% | 428 | 17% |
| Goods in transit | 20 | 1% | 52 | 2% | 81 | 3% |
| Working in process | - | 0% | 5 | 0% | - | 0% |
| Total | 2,359 | 100% | 2,413 | 100% | 2,583 | 100% |
| Less Allowance for net realizable value of inventories | 79 | 0% | 150 | 0% | 10 | 0% |
| Total inventories, net | 2,300 | 100% | 2,263 | 100% | 2,573 | 100% |

Land, building and material

31st December of 2013 - 2015, the company group has land, building and net-material were 7,253, 7,614 and 10,902 with 52%, 46 and 56 respectively. By the end of 2015, the company has land, building and net-material increased from the last year as the value 3,288 million baht as the resulted from the acquisition of Suntech Metals Co., Ltd., World Wire Processing Co., Ltd. and the subsidiary company's machine.

Liquidity

From a conclusion of financial proportion table compared between 2013-2015 found that the liquidity of the company group, considered from a current ratio were 0.64, 0.73 and 0.64 times respectively and the real liquidity has no change ratio compared with the last year, considered from Average Collection Period were 67, 61 and 61 days respectively. The Company can keep debt period similar with previous year.

Considered from quick ratio were 0.39, 0.54 and 0.45 times respectively. However, In 2016, cash cycle of the Company less reduce compare with previous year, as a result of long term credit for a customer but we considered the one who have long term contacted, lot of orders and good payment record which is a market strategy.

Inventory turnover compared between 2013-2015 were 4.94, 4.12, and 5.06 times respectively, found that the company can faster sell products, as a resulting from the customer base expansion.

In 2015, the Company had gross profit in the amount of 782 million baht, Gross profit margin is 6.34%, increased by 367 million baht compared with year 2014 or 88% cause from cost management and high sale volume. EBITDA of 2015 is at 1,699 million baht, increased 1,749 million baht or 3,491%

Debt to Equity Ratio compared between 2013-2015 were 2.97, 2.68 and 2.31 times respectively which decline continues. As a result of the performance of the Company and capital increased.

Liability

Liability

The ends of year 2013-2015, the company has total liability were 10,346, 11,990 and 13,444 million baht respectively. A separately of current liability in each year were 10,145, 11,836 and 12,237million baht respectively that increased current liability, compared with the last year due to the company has a higher advance receives for goods. Non-current liability were 201, 155 and 1,117 million baht respectively, the increasing come from long term loan for improvement in the subsidiary company's machine.

Shareholders' equity

The ends of year 2013-2016, the company has shareholders' equity were 3,512, 4,496 and 5,860 million baht, currently it has increased 30% as a result from performance of the Company and allocate newly — issue ordinary shares to Bangkok Bank Plc. in the amount of 420 million baht.

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. Apichart Chirabandhu 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 2015, nine meetings were held, with details of meeting attendance of each Audit Committee member as shown below:

| | Number of attendance | Number of absence |
|------------------------------|----------------------|-------------------|
| 1. General Winai Phattiyakul | 4/9* | -5- |
| 2. Mr. Pratana Bongkojmas | 9/9 | -0- |
| 3. Mr. Apichart Chirabandhu | 9/9 | -0- |

* In year 2015, according to meeting of the Board of Director 5/2015 held on June 29, 2015, had approved appointment General Winai Phattiyakul to Chairman of the Audit Committee.

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 2014, 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 addition, 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

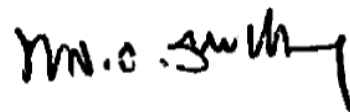
The audit committee selected auditor for an accounting year 2016. CWWP Company Limited is an appropriate and non-related/beneficial from the company/subsidiaries/management/major shareholder or individual. Ms. Wanya Puttasatien, Certified Public Accountant (Thailand) No. 4387 and/or Mr. Cherd sakul Aonmongkhol Certified Public Accountant (Thailand) No. 7195 and/or Ms. Jantra Wongsri-udomporn, Certified Public Accountant (Thailand) No. 4996 (subsidiaries) and/or Ms. Waraporn Intaraprasith Certified Public Accountant (Thailand) No. 7881 (subsidiaries) are appointed for the Financial year 2016.

The Annual General Meeting of Shareholder 1/2016 to appoint the Auditors will be held on April 29,2016 2 P.M. at Mae Nam Grand Ballroom, 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 2014 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

A handwritten signature in black ink, appearing to read 'Winai Phattiyakul'.

(General Winai Phattiyakul)
Chairman of the Audit Committee

Board of Directors' Statement of Responsibility for Financial Reports



The Board of Directors of Millcon Steel 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, 2015, 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, 2015.

A handwritten signature in black ink, appearing to read "Winai Phattiyakul".

(General Winai Phattiyakul)
Chairman of the Board

A handwritten signature in black ink, appearing to read "Sittichai Leeswadtrakul".

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

Milcon Steel Public Company Limited and its Subsidiary Companies

Statements of Comprehensive Income

As at 31 December 2015

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MILCON STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

STATEMENTS OF COMPREHENSIVE INCOME

As at 31 December 2015

| | Notes | CONSOLIDATED | | SEPARATE | |
|--|--------|----------------------|-------------------|----------------------|-------------------|
| | | FINANCIAL STATEMENTS | | FINANCIAL STATEMENTS | |
| | | 31 December 2015 | 31 December 2014 | 31 December 2015 | 31 December 2014 |
| | | Baht | Baht | Baht | Baht |
| ASSETS | | | | | |
| CURRENT ASSETS | | | | | |
| Cash and cash equivalents | 8 | 468,672,680.68 | 223,810,867.76 | 364,030,731.09 | 210,340,403.11 |
| Restricted deposits at financial institutions | 9 | 433,404,493.63 | 456,969,969.22 | 393,204,493.63 | 416,769,969.22 |
| Trade accounts and notes receivable | 10 | 2,645,619,988.18 | 1,465,675,677.36 | 1,219,558,959.18 | 916,703,108.61 |
| Short-term loans to related parties | 33.2 | 2,550,000.00 | - | 233,997,578.51 | 879,440,059.20 |
| Short-term loans to other parties | 11 | - | - | - | - |
| The right to claim over the assets of receivable | 12 | - | 880,425,000.00 | - | - |
| Inventories | 13 | 2,300,200,984.00 | 2,262,555,413.27 | 882,590,240.51 | 921,281,657.41 |
| Advances to suppliers for purchases of goods | | 697,020,259.40 | 941,928,819.28 | 89,055,939.37 | 914,474,011.37 |
| Derivative financial instruments | | 12,497,919.36 | 5,663,259.62 | 12,497,919.36 | 4,938,715.52 |
| Advances to subsidiaries | 33.2 | - | - | 1,341,115,529.89 | 2,054,159,990.42 |
| Assets-held-for-sale | 14 | 806,180,637.38 | 2,245,892,852.80 | 509,751,150.17 | 2,247,522,782.80 |
| Other current assets | | 477,886,088.28 | 162,657,742.26 | 125,845,115.99 | 145,395,077.67 |
| TOTAL CURRENT ASSETS | | 7,844,033,050.91 | 8,845,579,601.57 | 5,171,647,657.70 | 8,711,025,775.33 |
| NON-CURRENT ASSETS | | | | | |
| Investments in subsidiaries | 15 | - | - | 5,948,777,232.78 | 2,537,689,356.75 |
| Investment in joint company and associate | 16 | 178,205,089.68 | 177,305,048.82 | 181,510,553.51 | 177,553,448.10 |
| Other long-term investment | 17 | 19,249,817.05 | 19,249,817.00 | 18,149,990.00 | 18,149,990.00 |
| Property, plant and equipment | 18 | 10,902,113,821.14 | 7,614,303,628.03 | 1,878,740,406.41 | 1,243,509,665.71 |
| Intangible assets | 19 | 14,838,143.55 | 18,705,155.52 | 7,032,381.97 | 6,668,733.48 |
| Goodwill | 15.4.1 | 333,598,106.17 | - | - | - |
| Other non-current assets | | 12,307,588.56 | 11,626,754.97 | 5,020,838.32 | 2,756,900.00 |
| TOTAL NON-CURRENT ASSETS | | 11,460,312,566.15 | 7,841,190,404.34 | 8,039,231,402.99 | 3,986,328,094.04 |
| TOTAL ASSETS | | 19,304,345,617.06 | 16,486,770,005.91 | 13,210,879,060.69 | 12,697,353,869.37 |

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



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Milcon Steel Public Company Limited and its Subsidiary Companies

Statements of Comprehensive Income

As at 31 December 2015

| | Notes | CONSOLIDATED | | SEPARATE | |
|--|-------|--------------------------|--------------------------|-------------------------|-------------------------|
| | | FINANCIAL STATEMENTS | | FINANCIAL STATEMENTS | |
| | | 31 December 2015 | 31 December 2014 | 31 December 2015 | 31 December 2014 |
| | | Baht | Baht | Baht | Baht |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | | | |
| CURRENT LIABILITIES | | | | | |
| Bank overdraft and short-term loans from financial institutions | 20 | 10,746,041,385.63 | 9,884,458,481.35 | 4,373,948,655.61 | 6,672,042,514.45 |
| Trade accounts payable | | 691,633,739.28 | 514,044,642.30 | 901,545,939.82 | 152,980,708.86 |
| Advances from customers for sales of goods | | 518,903,606.28 | 1,133,396,963.51 | 518,077,901.13 | 1,133,396,963.51 |
| Current portion of long-term loans from financial institutions - net | | 21,224,674.80 | 33,600,000.00 | 21,224,674.80 | 33,600,000.00 |
| Current portion of liabilities under finance leases - net | | 4,868,016.82 | 1,981,627.70 | - | 361,751.50 |
| Short-term loans from subsidiary | 33.2 | 11,754,083.99 | - | 1,227,891,651.67 | - |
| Derivative financial instruments | | - | 1,652,032.80 | - | 1,652,032.80 |
| Accounts payable for purchase of fixed assets | | 208,706.00 | 133,214,065.36 | - | 23,374,282.12 |
| Income tax payable | | 104,557,772.37 | - | 104,375,663.71 | - |
| Other current liabilities | | 228,224,791.50 | 133,412,723.67 | 60,110,606.00 | 64,583,689.13 |
| TOTAL CURRENT LIABILITIES | | 12,327,416,776.67 | 11,835,760,536.69 | 7,207,175,092.74 | 8,081,991,942.37 |
| NON-CURRENT LIABILITIES | | | | | |
| Long-term loans | 20 | 832,290,521.96 | 21,224,674.80 | - | 21,224,674.80 |
| Liabilities under finance leases | 21 | 12,707,723.81 | 9,128,760.05 | - | - |
| Deferred tax liabilities | 22 | 229,721,934.34 | 96,043,835.97 | 49,784,238.76 | 32,471,918.50 |
| Retirement benefit obligations | 23 | 34,442,701.87 | 18,613,779.00 | 15,451,895.24 | 15,249,814.00 |
| Other non-current liabilities | | 7,680,000.00 | 9,600,000.00 | - | - |
| TOTAL NON-CURRENT LIABILITIES | | 1,116,842,881.98 | 154,611,049.82 | 65,236,134.00 | 68,946,407.30 |
| TOTAL LIABILITIES | | 13,444,259,658.65 | 11,990,371,586.51 | 7,272,411,226.74 | 8,150,938,349.67 |

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

Milcon Steel Public Company Limited and its Subsidiary Companies

Statements of Comprehensive Income

As at 31 December 2015

| | Notes | CONSOLIDATED FINANCIAL STATEMENTS | | SEPARATE FINANCIAL STATEMENTS | |
|---|-------|--------------------------------------|---------------------------------|----------------------------------|---------------------------------|
| | | 31 December 2015 | 31 December 2014 | 31 December 2015 | 31 December 2014 |
| | | Baht | Baht | Baht | Baht |
| SHAREHOLDERS' EQUITY | | | | | |
| Share capital | 24 | | | | |
| Authorized share capital | | | | | |
| 639,691,757 preferred shares of par Baht 0.40 each | 25 | 255,876,702.80 | 255,876,702.80 | 255,876,702.80 | 255,876,702.80 |
| 5,001,439,077 ordinary shares of par Baht 0.40 each | | 2,000,575,630.80 | | 2,000,575,630.80 | |
| 4,478,583,796 ordinary shares of par Baht 0.40 each | | | 1,791,433,518.40 | | 1,791,433,518.40 |
| | | <u>2,256,452,333.60</u> | <u>2,047,310,221.20</u> | <u>2,256,452,333.60</u> | <u>2,047,310,221.20</u> |
| Issued and paid-up share capital | | | | | |
| 639,691,757 preferred shares of par Baht 0.40 each | 25 | 255,876,702.80 | 255,876,702.80 | 255,876,702.80 | 255,876,702.80 |
| 3,114,708,896 ordinary shares of par Baht 0.40 each | | 1,365,883,558.40 | | 1,365,883,558.40 | |
| 3,114,489,886 ordinary shares of par Baht 0.40 each | | | 1,245,795,954.40 | | 1,245,795,954.40 |
| Convertible bonds | | 175,000,000.00 | 175,000,000.00 | 175,000,000.00 | 175,000,000.00 |
| Premium on paid-up capital | | | | | |
| Premium on preferred shares | | 1,636,956,828.30 | 1,636,956,828.30 | 1,636,956,828.30 | 1,636,956,828.30 |
| Premium on ordinary shares | | 2,036,148,031.69 | 1,735,860,677.69 | 2,036,148,031.69 | 1,735,860,677.69 |
| Retained earnings | | | | | |
| Appropriated - legal reserve | | 45,232,058.69 | 32,442,514.77 | 45,232,058.69 | 32,442,514.77 |
| Unappropriated | | (22,753,442.58) | (753,307,368.56) | 234,251,334.47 | (661,453,859.86) |
| Other components of shareholders' equity | | 335,696,462.28 | 138,378,957.93 | 189,119,319.60 | 125,936,701.60 |
| Equity attributable to owners of the parent | | <u>5,828,040,199.58</u> | <u>4,467,004,267.33</u> | <u>5,938,467,833.95</u> | <u>4,546,415,519.70</u> |
| Non-controlling interests | | 32,045,758.83 | 29,394,152.07 | - | - |
| TOTAL SHAREHOLDERS' EQUITY | | <u>5,860,085,958.41</u> | <u>4,496,398,419.40</u> | <u>5,938,467,833.95</u> | <u>4,546,415,519.70</u> |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | | <u>19,304,345,617.06</u> | <u>16,486,770,005.91</u> | <u>13,210,879,060.69</u> | <u>12,697,353,869.37</u> |

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



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Milcon Steel Public Company Limited and its Subsidiary Companies

Statements of Comprehensive Income

As at 31 December 2015

| | Notes | CONSOLIDATED | | SEPARATE | |
|--|--------|------------------------|---------------------------|-------------------------|-------------------------|
| | | FINANCIAL STATEMENTS | | FINANCIAL STATEMENTS | |
| | | 31 December 2015 | 31 December 2014 | 31 December 2015 | 31 December 2014 |
| | | Baht | Baht | Baht | Baht |
| Sales of goods and services | | 12,330,524,604.21 | 10,368,651,436.24 | 9,582,545,372.71 | 8,082,610,427.50 |
| Cost of sales and services | | (11,548,903,235.39) | (9,952,902,274.51) | (9,339,827,892.29) | (7,820,720,987) |
| Gross profit | | 781,621,368.82 | 415,749,161.73 | 242,717,480.42 | 261,889,440.74 |
| Gain from sale of assets-held-for-sale | 14 | 1,093,001,150.95 | - | 1,483,531,793.82 | - |
| Gain on purchase price lower than fair value | 15.4.2 | 41,123,639.78 | - | - | - |
| Other income | | 195,470,161.30 | 120,796,691.25 | 139,749,451.51 | 80,600,031.80 |
| Selling expenses | | (139,017,333.89) | (119,156,296.38) | (125,997,140.46) | (103,173,262.18) |
| Administrative expenses | | (483,078,880.62) | (300,491,364.81) | (299,731,705.06) | (157,094,306.66) |
| Cost of shutdown | | (58,676,743.53) | (132,643,642.20) | (4,707,084.55) | (22,941,454.41) |
| Other expenses | | 57,763,316.57 | (246,007,278.76) | (9,499,567.56) | (238,569,251.13) |
| Finance costs | | (628,575,436.46) | (741,896,376.04) | (402,938,443.75) | (508,067,110.67) |
| Share of profit (loss) of joint company | | (2,631,209.09) | (248,399.28) | - | - |
| Profit (loss) before income tax | | 857,000,033.83 | (1,003,897,504.49) | 1,023,124,784.37 | (687,355,912.51) |
| Tax (expenses) income | 27 | (101,198,912.63) | 482,885.37 | (105,880,046.12) | (4,869,888.66) |
| Profit (loss) for the period | | 755,801,121.20 | (1,003,414,619.12) | 917,244,738.25 | (692,225,801.17) |
| Other comprehensive income (expense) | | | | | |
| Items that will be subsequently reclassified to Profit or Loss | | | | | |
| Gain (losses) on remeasuring available-for-sale investments - net of income tax | | - | 12,800,000.00 | - | 12,800,000.00 |
| Exchange differences on translation of foreign operation | | (28,212,534.48) | (9,739,818.93) | - | - |
| Total Items that will be subsequently reclassified to Profit or Loss - net of tax | | (28,212,534.48) | 3,060,181.07 | - | 12,800,000.00 |
| Items that will not be subsequently reclassified to Profit or Loss | | | | | |
| Gain (losses) on Actuarial-Net of Tax | | (1,056,044.54) | - | - | - |
| Revaluation surplus- net of income tax | | 225,530,038.83 | - | 63,182,618.00 | - |
| Total Items that will not be subsequently reclassified to Profit or Loss - Net of Tax | | 224,473,994.29 | - | 63,182,618.00 | - |
| Other Comprehensive Income (Expense) for the year - Net of Tax | | 196,261,459.81 | 3,060,181.07 | 63,182,618.00 | 12,800,000.00 |
| Total Comprehensive Income for the year - Net of Tax | | 952,062,581.01 | (1,000,354,438.05) | 980,427,356.25 | (679,425,801.17) |

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

Milcon Steel Public Company Limited and its Subsidiary Companies

Statements of Comprehensive Income

As at 31 December 2015

| | Notes | CONSOLIDATED | | SEPARATE | |
|--|-------|-----------------------|---------------------------|-----------------------|-------------------------|
| | | FINANCIAL STATEMENTS | | FINANCIAL STATEMENTS | |
| | | 31 December 2015 | 31 December 2014 | 31 December 2015 | 31 December 2014 |
| | | Baht | Baht | Baht | Baht |
| Profit (loss) attributable to: | | | | | |
| - Owners of the parent company | | 753,149,514.44 | (998,679,627.05) | 917,244,738.25 | (692,225,801.17) |
| - Non-controlling interests | | 2,651,606.76 | (4,734,992.07) | - | - |
| Profit (loss) for the year | | 755,801,121.20 | (1,003,414,619.12) | 917,244,738.25 | (692,225,801.17) |
| Total comprehensive income (expense) attributable to: | | | | | |
| - Owners of the parent company | | 949,410,974.25 | (995,619,445.98) | 980,427,356.25 | (679,425,801.17) |
| - Non-controlling interests | | 2,651,606.76 | (4,734,992.07) | - | - |
| Total comprehensive income (expense) for the year | | 952,062,581.01 | (1,000,354,438.05) | 980,427,356.25 | (679,425,801.17) |
| Earnings (loss) per share for Owners of the parent company | | | | | |
| Basic earnings (loss) per share (Baht) | 28 | 0.23 | (0.57) | 0.28 | (0.41) |
| Diluted earnings (loss) per share (Baht) | 28 | 0.23 | (0.48) | 0.37 | (0.35) |

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

Milcon Steel Public Company Limited and its Subsidiary Companies

Statements of Changes in Shareholders' Equity

For the year ended 31 december 2015

CONSOLIDATED FINANCIAL STATEMENTS

| Notes | Issued and paid-up share capital | Share subscription | Convertible bonds | Premium on shares | Retained earnings | | Gain (loss) on remeasuring available-for-sale investments | Other components of equity | | | Total other components of shareholders' equity | Total owners of the parent | Non - controlling interest | Total shareholders' equity |
|---|----------------------------------|--------------------|-------------------|-------------------|-------------------|------------------|---|-------------------------------|---|--|--|----------------------------|----------------------------|----------------------------|
| | | | | | Appropriated | Unappropriated | | Revaluation Surplus from land | Exchange Differences on Translation of Foreign Operation- shareholding interest in a subsidiary | Discount from changes in shareholding interest in a subsidiary | | | | |
| | Baht | Baht | Baht | Baht | Baht | Baht | Baht | Baht | Baht | Baht | Baht | Baht | Baht | Baht |
| Balance as at 1 January 2014 | 790,747,694.40 | 173,899,999.02 | 175,000,000.00 | 1,824,748,841.26 | 32,442,514.77 | 346,212,261.09 | (12,800,000.00) | 187,855,201.03 | - | (39,739,424.17) | 135,318,776.86 | 3,478,370,087.40 | 34,129,144.14 | 3,512,499,231.54 |
| Total comprehensive income (loss) for the year | | | | | | | | | | | | | | |
| Profit (loss) for the year | - | - | - | - | - | (998,679,627.05) | - | - | - | - | - | (998,679,627.05) | (4,734,992.07) | (1,003,414,619.12) |
| Other comprehensive income (loss) for the year | - | - | - | - | - | - | 12,800,000.00 | - | (9,739,818.93) | - | 3,060,181.07 | 3,060,181.07 | - | 3,060,181.07 |
| Total comprehensive income (loss) for the year | - | - | - | - | - | (998,679,627.05) | 12,800,000.00 | - | (9,739,818.93) | - | 3,060,181.07 | (995,619,445.98) | (4,734,992.07) | (1,000,354,438.05) |
| Transactions with owners | | | | | | | | | | | | | | |
| Contributions by and distributions to owners of the parent | | | | | | | | | | | | | | |
| Issue of ordinary shares to the warrant | 209,676.80 | - | - | 684,594.75 | - | - | - | - | - | - | - | 894,271.55 | - | 894,271.55 |
| Issue of preferred shares | 137,931,034.40 | (173,899,999.02) | - | 547,068,965.18 | - | - | - | - | - | - | - | 511,100,000.56 | - | 511,100,000.56 |
| Issue of ordinary shares | 500,557,552.40 | - | - | 1,000,315,104.80 | - | - | - | - | - | - | - | 1,500,872,657.20 | - | 1,500,872,657.20 |
| Stock dividends and cash dividends | 72,226,699.20 | - | - | - | - | (92,090,002.59) | - | - | - | - | - | (19,863,303.39) | - | (19,863,303.39) |
| Interest expense of convertible bonds classified as equity instrument | - | - | - | - | - | (8,750,000.01) | - | - | - | - | - | (8,750,000.01) | - | (8,750,000.01) |
| Total contributions by and distributions to owners of the parent | 710,924,962.80 | (173,899,999.02) | - | 1,548,068,664.73 | - | (100,840,002.60) | - | - | - | - | - | 1,984,253,625.91 | - | 1,984,253,625.91 |
| Total transactions with owners | 710,924,962.80 | (173,899,999.02) | - | 1,548,068,664.73 | - | (100,840,002.60) | - | - | - | - | - | 1,984,253,625.91 | - | 1,984,253,625.91 |
| Balance as at 31 December 2014 | 1,501,672,657.20 | - | 175,000,000.00 | 3,372,817,505.99 | 32,442,514.77 | (753,307,368.59) | - | 187,855,201.03 | (9,739,818.93) | (39,739,424.17) | 138,378,957.93 | 4,467,004,267.33 | 25,394,192.07 | 4,496,398,419.40 |
| Total comprehensive income (loss) for the year | | | | | | | | | | | | | | |
| Profit (loss) for the year | - | - | - | - | - | 753,149,514.44 | - | - | - | - | - | 753,149,514.44 | 2,651,606.76 | 755,801,121.20 |
| Other comprehensive income (loss) for the year | - | - | - | - | - | (1,056,044.54) | - | 225,530,038.83 | (28,212,534.48) | - | 197,317,504.35 | 196,261,459.81 | - | 196,261,459.81 |
| Total comprehensive income (loss) for the year | - | - | - | - | - | 752,093,469.90 | - | 225,530,038.83 | (28,212,534.48) | - | 197,317,504.35 | 949,410,974.25 | 2,651,606.76 | 952,062,581.01 |
| Transactions with owners | | | | | | | | | | | | | | |
| Contributions by and distributions to owners of the parent | | | | | | | | | | | | | | |
| Issue of ordinary shares to the warrant | 87,604.00 | - | - | 267,354.00 | - | - | - | - | - | - | - | 374,958.00 | - | 374,958.00 |
| Issue of ordinary shares | 120,000,000.00 | - | - | 300,000,000.00 | - | - | - | - | - | - | - | 420,000,000.00 | - | 420,000,000.00 |
| Legal reserve | - | - | - | - | 12,789,543.92 | (12,789,543.92) | - | - | - | - | - | - | - | - |
| Interest expense of convertible bonds classified as equity instrument | - | - | - | - | - | (8,750,000.00) | - | - | - | - | - | (8,750,000.00) | - | (8,750,000.00) |
| Total contributions by and distributions to owners of the parent | 120,087,604.00 | - | - | 300,267,354.00 | 12,789,543.92 | (21,539,543.92) | - | - | - | - | - | 411,824,958.00 | - | 411,824,958.00 |
| Total transactions with owners | 120,087,604.00 | - | - | 300,267,354.00 | 12,789,543.92 | (21,539,543.92) | - | - | - | - | - | 411,824,958.00 | - | 411,824,958.00 |
| Balance as at 31 December 2014 | 1,621,760,261.20 | - | 175,000,000.00 | 3,673,104,859.99 | 45,232,058.69 | (22,753,442.59) | - | 413,385,239.86 | (37,952,363.41) | (39,739,424.17) | 335,686,462.28 | 5,828,040,199.58 | 32,045,786.83 | 5,860,085,986.41 |

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

Milcon Steel Public Company Limited and its Subsidiary Companies

Statements of Changes in Shareholders' Equity

For the year ended 31 december 2015

| | SEPARATE FINANCIAL STATEMENTS | | | | | | | | | |
|---|----------------------------------|--------------------|-------------------|-------------------|----------------------------|------------------|---|-------------------------------|--|----------------------------|
| | Issued and paid-up share capital | Share subscription | Convertible bonds | Premium on shares | Retained earnings | | | Other components of equity | | |
| | | | | | Appropriated Legal reserve | Unappropriated | Gain (loss) on remeasuring available-for-sale investments | Revaluation Surplus from land | Total other components of shareholders' equity | Total shareholders' equity |
| Notes | Baht | Baht | Baht | Baht | Baht | Baht | Baht | Baht | Baht | Baht |
| Balance as at 1 January 2014 | 790,747,694.40 | 173,889,999.02 | 175,000,000.00 | 1,624,748,841.28 | 32,442,514.77 | 131,611,943.91 | (12,800,000.00) | 125,938,701.60 | 113,136,701.60 | 3,241,587,694.98 |
| Comprehensive income (loss) for the year | - | - | - | - | - | (692,225,801.17) | - | - | - | (692,225,801.17) |
| Profit (loss) for the year | - | - | - | - | - | - | - | - | - | - |
| Other comprehensive income (loss) for the year | - | - | - | - | - | - | - | - | - | - |
| Total comprehensive income (loss) for the year | - | - | - | - | - | - | - | - | - | - |
| Transactions with owners | - | - | - | - | - | (692,225,801.17) | - | - | - | (692,225,801.17) |
| Contributions by and distributions to owners of the parent | - | - | - | - | - | - | - | - | - | - |
| Issue of ordinary shares to the warrant | 209,676.80 | - | - | 684,594.75 | - | - | - | - | - | 894,271.55 |
| Issue of preferred shares | 137,931,034.40 | (173,889,999.02) | - | 547,068,965.18 | - | - | - | - | - | 511,100,000.56 |
| Issue of ordinary shares | 500,557,562.40 | - | - | 1,000,315,104.80 | - | - | - | - | - | 1,500,872,667.20 |
| Stock dividends and cash dividends | 72,226,699.20 | - | - | - | - | (92,090,002.59) | - | - | - | (19,863,303.39) |
| Interest expense of convertible bonds classified as equity instrument | - | - | - | - | - | (8,750,000.01) | - | - | - | (8,750,000.01) |
| Total contributions by and distributions to owners of the parent | 710,924,962.80 | (173,889,999.02) | - | 1,548,068,664.73 | - | (100,840,002.60) | - | - | - | 1,984,253,625.91 |
| Total transactions with owners | 710,924,962.80 | (173,889,999.02) | - | 1,548,068,664.73 | - | (100,840,002.60) | - | - | - | 1,984,253,625.91 |
| Balance as at 31 December 2014 | 1,501,672,657.20 | - | 175,000,000.00 | 3,372,817,505.99 | 32,442,514.77 | (661,453,859.86) | - | 125,938,701.60 | 125,938,701.60 | 4,546,415,518.70 |
| Total comprehensive income (loss) for the year | - | - | - | - | - | - | - | - | - | - |
| Profit (loss) for the year | - | - | - | - | - | - | - | - | - | - |
| Other comprehensive income (loss) for the year | - | - | - | - | - | - | - | - | - | - |
| Total comprehensive income (loss) for the year | - | - | - | - | - | - | - | - | - | - |
| Transactions with owners | - | - | - | - | - | 917,244,738.25 | - | 63,182,618.00 | 63,182,618.00 | 980,427,356.25 |
| Contributions by and distributions to owners of the parent | - | - | - | - | - | - | - | - | - | - |
| Issue of ordinary shares to the warrant | 87,604.00 | - | - | 287,354.00 | - | - | - | - | - | 374,958.00 |
| Issue of ordinary shares | 120,000,000.00 | - | - | 300,000,000.00 | - | - | - | - | - | 420,000,000.00 |
| Legal reserve | - | - | - | - | 12,789,543.32 | (12,789,543.32) | - | - | - | - |
| Interest expense of convertible bonds classified as equity instrument | - | - | - | - | - | (8,750,000.00) | - | - | - | (8,750,000.00) |
| Total contributions by and distributions to owners of the parent | 120,087,604.00 | - | - | 300,287,354.00 | 12,789,543.32 | (21,539,543.92) | - | - | - | 411,624,958.00 |
| Total transactions with owners | 120,087,604.00 | - | - | 300,287,354.00 | 12,789,543.32 | (21,539,543.92) | - | - | - | 411,624,958.00 |
| Balance as at 31 December 2015 | 1,621,760,261.20 | - | 175,000,000.00 | 3,673,104,859.99 | 45,232,058.09 | 234,251,334.47 | - | 189,119,319.60 | 189,119,319.60 | 5,938,467,833.95 |

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

Milcon Steel Public Company Limited and its Subsidiary Companies

Statements of Cash Flow

For the year ended 31 december 2015

| | CONSOLIDATED | | SEPARATE | | |
|--|--------------------|----------------------|--------------------|----------------------|------------------|
| | Notes | FINANCIAL STATEMENTS | | FINANCIAL STATEMENTS | |
| | | 31 December 2015 | 31 December 2014 | 31 December 2015 | 31 December 2014 |
| | Baht | Baht | Baht | Baht | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | |
| Profit (loss) before income tax | 857,000,033.83 | (1,003,897,504.49) | 1,023,124,784.37 | (687,355,912.51) | |
| Adjustment to reconcile profit (losses) before income tax | | | | | |
| with cash received (used) from operation | | | | | |
| Depreciation | 208,232,277.86 | 200,608,779.36 | 29,916,911.81 | 31,847,488.98 | |
| Fixed Assets as Expenses | 355,454.70 | 270,726.08 | - | 270,726.08 | |
| Amortisation | 4,923,361.97 | 11,299,721.84 | 881,351.51 | 491,072.03 | |
| Doubtful debt (reversal) | 110,896,183.31 | 30,868,514.14 | (113,646,541.28) | 18,706,308.45 | |
| Amortised premium of bond | - | 3,825,791.83 | - | - | |
| Loss from allowance for net realisable value of inventories (reversal) | 70,630,608.09 | 140,155,449.27 | (37,714,328.28) | 104,331,360.30 | |
| Loss from allowance for net realisable value of advances to suppliers | - | | 13,572.12 | | |
| for purchases of goods | | - | | - | |
| Impairment loss of investments in subsidiaries | - | - | 9,499,567.56 | - | |
| Loss from temporary investment | - | 220,000,000.00 | - | 230,074,577.03 | |
| Profit from sales Available-for-sale investments | - | (16,916,372.00) | - | (16,916,372.00) | |
| Share of profit (losses) in associated company | 2,631,209.09 | 248,399.28 | - | - | |
| Gain on sales of assets-held-for-sale | (1,093,001,150.95) | - | (1,485,697,810.18) | - | |
| Gain on sales of fixed assets | (450,146.89) | (214,268.73) | - | (13,514.25) | |
| Gain on purchase price lower than fair value | (41,123,639.78) | - | - | - | |
| Loss from write-off fixed assets | - | - | 16,454.70 | - | |
| Unrealised fair value (gains) loss on derivative | | - | | - | |
| financial instruments | (8,486,692.54) | 26,007,278.76 | (9,211,236.64) | 8,494,674.10 | |
| Unrealised (gains) losses on exchange rate | 769,938.17 | (6,390,614.56) | (5,484,580.65) | (6,354,106.41) | |
| Retirement benefit expenses | 8,005,319.39 | 3,025,354.00 | 3,039,418.00 | 2,034,134.00 | |
| Interest income | (10,446,394.14) | (7,081,838.67) | (9,461,766.19) | (6,280,933.51) | |
| Interest expenses | 494,436,912.83 | 675,593,259.07 | 284,673,592.71 | 453,484,991.31 | |
| Profit (loss) from operating activities before changes in operating assets and liabilities | 604,373,274.94 | 277,402,675.18 | (310,050,610.44) | 132,814,493.60 | |
| (Increase) Decrease in operating asset | | | | | |
| Trade accounts and notes receivables | (1,925,921,183.26) | 520,948,784.16 | 133,120,169.75 | 17,028,204.46 | |
| Inventories | 45,886,693.36 | 170,358,814.83 | 76,405,745.18 | 209,874,890.19 | |
| Advances from customers for sales of goods | 285,582,062.78 | (333,370,407.20) | 825,404,499.88 | (343,855,335.60) | |
| Advances to subsidiary | - | - | 312,560,940.93 | (1,857,398,629.81) | |
| Other current assets | (211,173,892.13) | 158,730,392.05 | 136,820,192.46 | 87,844,500.52 | |
| Other non-current assets | 2,510,330.78 | (5,184,885.77) | (2,263,938.32) | (7,400.00) | |
| Increase (Decrease) in operating Liabilities | | | | | |
| Trade accounts payables | 53,584,642.25 | (716,294,724.68) | 748,565,230.96 | 154,389,151.49 | |
| Advances from customers for sales of goods | (614,493,357.23) | 881,690,196.16 | (615,319,062.38) | 881,690,196.16 | |
| Other current liabilities | (228,401,943.75) | (7,197,172.94) | (13,963,682.11) | (1,091,615.24) | |
| Other non-current liabilities | (10,064,473.00) | (1,920,000.00) | - | - | |
| Cash receipt (paid) from operating activities | (1,998,117,845.26) | 945,163,671.79 | 1,291,279,485.91 | (718,711,544.23) | |

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

Milcon Steel Public Company Limited and its Subsidiary Companies

Statements of Cash Flow

For the year ended 31 december 2015

| | CONSOLIDATED | | SEPARATE | | |
|---|---------------------|----------------------|---------------------|----------------------|------------------|
| | Notes | FINANCIAL STATEMENTS | | FINANCIAL STATEMENTS | |
| | | 31 December 2015 | 31 December 2014 | 31 December 2015 | 31 December 2014 |
| | Baht | Baht | Baht | Baht | |
| CASH FLOWS FROM OPERATING ACTIVITIES (Continue) | | | | | |
| Cash received from interests | 6,894,264.73 | 7,384,947.59 | 5,909,636.78 | 6,522,108.56 | |
| Cash paid for interests | (6,320,074.41) | - | (6,596,236.63) | - | |
| Cash payment in employee benefit obligation | (1,752,308.00) | (143,640.00) | 1,654,349.52 | (143,640.00) | |
| Cash received for income tax | - | 7,100,164.31 | (158,084.18) | - | |
| Cash paid for income tax | (2,663,521.85) | (13,565,222.99) | - | (12,381,216.61) | |
| Net cash provided (used) from operating activities | (2,001,959,484.79) | 945,939,920.70 | 1,292,089,151.40 | (724,714,292.28) | |
| CASH FLOW FROM INVESTING ACTIVITIES | | | | | |
| Cash paid for purchases of the right to claim the assets receivable | 61,364,410.05 | (1,042,795,591.40) | - | - | |
| Restricted deposits at financial institutions | 24,565,475.59 | 189,492,110.94 | 23,565,475.59 | 189,592,110.94 | |
| Cash paid for short-term loans to related company | (2,550,000.00) | - | (885,407.78) | (1,043,780,532.20) | |
| Cash paid for short-term loans to other company | (35,615,710.00) | - | (35,615,710.00) | - | |
| Cash paid for purchases of assets-held-for-sale | (3,972,794.28) | (2,014,943,842.75) | (200,220.00) | (2,014,943,842.75) | |
| Proceeds from selling of assets-held-for-sale for settle with acquisition | - | - | - | - | |
| Proceeds from disposal of assets-held-for-sale | 190,854,344.46 | - | 2,229,313,389.99 | - | |
| Cash paid for purchases of Investments in joint company | (4,368,790.86) | (177,553,448.10) | (7,000,000.00) | (177,553,448.10) | |
| Purchases of investment in subsidiaries | - | - | (2,613,999,300.00) | (3,648,770.80) | |
| Proceeds from sale investments | - | 46,916,372.00 | - | 46,916,372.00 | |
| Cash paid for other long-term investment | - | (220,000,000.00) | - | (220,000,000.00) | |
| Cash paid for purchases of property, plant and equipment | (878,423,288.70) | (490,262,699.15) | (722,070,869.71) | (57,932,538.84) | |
| Advances for Property, plant and equipment | (3,443,064.25) | - | - | - | |
| Cash paid for purchases of intangible assets | (2,016,350.00) | (1,169,700.00) | (1,245,000.00) | (718,700.00) | |
| Proceeds from disposal of machinery and equipment | - | 228,254.48 | 137,575,178.87 | 27,500.00 | |
| Cash dividend received from subsidiary | - | - | - | 248,802,708.00 | |
| Net cash provided (used) form investing activities | (653,605,767.99) | (3,710,088,543.98) | (990,562,463.04) | (3,033,239,141.75) | |
| CASH FLOW FROM FINANCING ACTIVITIES | | | | | |
| Cash paid for payable for fix assets | (133,214,065.36) | (7,072,794.95) | (23,374,282.12) | (808,514.95) | |
| Proceeds from short-term loans from financial institutions | 38,305,206,187.10 | 31,556,541,414.12 | 18,740,432,237.55 | 21,848,389,792.87 | |
| Cash paid for short-term loans from financial institutions | (35,691,767,291.25) | (29,889,758,320.88) | (20,202,180,897.96) | (19,682,783,716.43) | |
| Proceeds from long-term loans from subsidiary | - | - | 1,230,000,000.00 | - | |
| Cash paid for short-term loans from subsidiary | - | - | (2,108,348.33) | - | |
| Cash paid for long-term loans from financial institutions | (315,497,550.36) | (309,657,586.62) | (33,600,000.00) | (33,600,000.00) | |
| Proceeds from long-term loans from financial institutions | 832,290,521.06 | - | - | - | |
| Payments for liabilities under finance leases | (1,019,856.23) | (6,276,041.31) | (372,335.22) | (447,095.28) | |
| Cash received from increase of share capital | 420,374,958.00 | 2,012,866,929.31 | 420,374,958.00 | 2,012,866,929.31 | |
| Dividend paid | - | (19,863,303.39) | - | (19,863,303.39) | |
| Cash paid for interests | (487,733,302.78) | (659,493,494.42) | (277,007,692.30) | (450,890,630.05) | |
| Net cash provided (used) from financing activities | 2,928,639,600.18 | 2,677,286,801.86 | (147,836,360.38) | 3,672,863,462.08 | |
| Increase (Decrease) in Exchange differences on translation of foreign operation | (28,212,534.48) | (9,739,818.93) | - | - | |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 244,861,812.92 | (96,601,640.35) | 153,690,327.98 | (85,089,971.95) | |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR | 223,810,867.76 | 320,412,508.11 | 210,340,403.11 | 295,430,375.06 | |
| CASH AND CASH EQUIVALENTS AT THE ENDING OF THE YEAR | 468,672,680.68 | 223,810,867.76 | 364,030,731.09 | 210,340,403.11 | |

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

Milcon Steel Public Company Limited and its Subsidiary Companies

NOTES TO FINANCIAL STATEMENTS

For the year ended 31 December 2015

1. General Information

MILLCON STEEL PUBLIC COMPANY LIMITED was registered initially as a limited company since 31 July 1998 with the Company registration number 0105541047713 and was later registered as a public company limited on 1 June 2007 with the Company registration number 0107550000076. The Company is a public limited company incorporated and resident in Thailand. The address of its registered office's are as follows.

Head office : 9, 11, 13, Soi Banggradee 32, Banggradee Road, Samaedum, Bangkhuntien, Bangkok 10150

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

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

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

The major shareholder is General Engineering Public Company Limited holds 19.44% which is incorporated in Thailand.

2. Operation Going Concern

As at 31 December 2015 and 2014, the Group has the consolidated current liabilities in excess of the consolidated current assets amounting to Baht 4,483 million and Baht 3,190 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 9,802 million and Baht 8,741 million, respectively, and 2) reclassified long-term loans from a financial institution to short-term loans amounting to Baht 904 million and Baht 1,174 million, respectively, which is resulting from a subsidiary company has failed to comply with a significant financial ratio., however, because the Group has remaining of credit facilities that did not drawn out of Baht 3,966 million. 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.

3. Basis of Preparation of Financial Statements

- 3.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards including related interpretations and guidelines promulgated by the Federation of Accounting Professions, applicable rules and regulations of the Securities and Exchange Commission and the Stock Exchange of Thailand.
- 3.2 The financial statements were presented in compliance with the notification of Department of Business Development regarding "Brief particulars must be contained in financial statements B.E. 2554" dated on September 28, 2011, notified according to Accounting Act B.E. 2543.
- 3.3 In order to prepare the financial statements to comply with Thai Financial Reporting Standards, the Company's management had to make some estimates and assumptions which may have an effect on the

3.4 The financial report in Thai language is the official statutory financial report of the Company. The financial report in English language has been translated from the Thai language financial report.

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 MILLCON STEEL INDUSTRIES PUBLIC COMPANY LIMITED into account, after having eliminated the remaining balances and transactions among themselves. As at December 31, 2015 and 2014, 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 31 December 2015 | As at 31 December 2014 | | |
| MILLCON Burapa Co., Ltd. | 99.10 | 98.73 | Thailand | Manufacture and distribution of round bars, deformed bars |
| I-Gen Engineering Co., Ltd. (Zentra Watung Engineering Co., Ltd.) | 100.00 | 99.99 | Thailand | Production of electronic equipment and providing of electronic system services. |
| MILLCON (HK) LIMITED | 100.00 | 100.00 | Hong Kong | Purchase of the right on claim for asset |
| MILLCON THIHA LIMITED | 51.00 | 51.00 | Myanmar | Trading of steel products and construction material |
| MILLCON SPECIAL STEEL LIMITED | 99.99 | 99.97 | Thailand | Manufacture and distribution of steel and wire rod |
| Millcon Mauritius Company Limited | 100.00 | 100.00 | Republic of Mauritius | Holding Company for Investment in Wisdom Tree Investment (s) Pte Limited |
| Millcon Steel Pipe Company Limited | 100.00 | - | Thailand | Production and distribution of all types of steel products |
| Saharum Construction Materials Company Limited | 100.00 | - | Thailand | Trading all kinds of steels product and building materials |
| Suntech Metals Company Limited | 99.99 | - | Thailand | Production of scrap and trading steel products |
| World Wide Processing Co., Ltd. | 99.99 | - | Thailand | Non-operating |

- 4.2 In the preparation of the consolidated financial statements, the accounting period of subsidiary companies are ended at the same period of MILLCON STEEL INDUSTRIES PUBLIC COMPANY LIMITED.
- 4.3 Balances between the MILLCON 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 MILLCON STEEL INDUSTRIES PUBLIC COMPANY LIMITED.

5. The Adoption of New Accounting Policies

The Group has adopted the new conceptual framework for financial reporting, the new accounting standards, financial reporting standards, accounting standard interpretations, financial reporting standard interpretations and accounting guidance, which are effective for accounting periods beginning on or after 1 January 2015, with no impact to the current financial report.

6. New Financial Reporting Standards Not Yet Effective

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

Effective for the accounting period beginning on or after 1 January 2016

| | |
|-----------------------|--|
| TAS 1 (revised 2015) | Presentation of Financial Statements |
| TAS 2 (revised 2015) | Inventories |
| TAS 7 (revised 2015) | Statement of Cash Flows |
| TAS 8 (revised 2015) | Accounting Policies, Changes in Accounting Estimate and Errors |
| TAS 10 (revised 2015) | Events After the Reporting Period |
| TAS 11 (revised 2015) | Construction Contracts |
| TAS 12 (revised 2015) | Income Taxes |
| TAS 16 (revised 2015) | Property, Plant and Equipment |
| TAS 17 (revised 2015) | Leases |
| TAS 18 (revised 2015) | Revenue |
| TAS 19 (revised 2015) | Employee Benefits |
| TAS 20 (revised 2015) | Accounting for Government Grants and Disclosure of Government Assistance |
| TAS 21 (revised 2015) | The Effects of Changes in Foreign Exchange Rates |
| TAS 23 (revised 2015) | Borrowing Costs |
| TAS 24 (revised 2015) | Related Party Disclosures |
| TAS 26 (revised 2015) | Accounting and Reporting by Retirement Benefit Plans |
| TAS 27 (revised 2015) | Separate Financial Statements |
| TAS 28 (revised 2015) | Investments in Associates and Joint Ventures |
| TAS 29 (revised 2015) | Financial Reporting in Hyperinflationary Economies |

| | |
|--|--|
| TAS 33 (revised 2015) | Earnings per Share |
| TAS 34 (revised 2015) | Interim Financial Reporting |
| TAS 36 (revised 2015) | Impairment of Assets |
| TAS 37 (revised 2015) | Provisions, Contingent Liabilities and Contingent Assets |
| TAS 38 (revised 2015) | Intangible Assets |
| TAS 40 (revised 2015) | Investment Property |
| TAS 41 | Agriculture |
| TFRS 2 (revised 2015) | Share-based Payments |
| TFRS 3 (revised 2015) | Business Combinations |
| TFRS 4 (revised 2015) | Insurance Contracts |
| TFRS 5 (revised 2015) | Non-current Assets Held for Sale and Discounted Operations |
| TFRS 6 (revised 2015) | Exploration for and Evaluation of Mineral Resources |
| TFRS 8 (revised 2015) | Operating Segments |
| TFRS 10 (revised 2015) | Consolidated Financial Statements |
| TFRS 11 (revised 2015) | Joint Arrangements |
| TFRS 12 (revised 2015) | Disclosure of Interests in Other Entities |
| TFRS 13 (revised 2015) | Fair Value Measurement |
| SIC 10 (revised 2015) | Government Assistance-No Specific Relation to Operating Activities |
| SIC 15 (revised 2015) | Operating Leases-Incentives |
| SIC 25 (revised 2015) | Income Taxes-Changes in the Tax Status of an Enterprise or its Shareholders |
| SIC 27 (revised 2015) | Evaluating the Substance of Transactions in the Legal Form of a Lease |
| SIC 29 (revised 2015) | Service Concession Arrangements: Disclosures |
| SIC 31 (revised 2015) | Revenue-Barter Transactions involving Advertising Services |
| SIC 32 (revised 2015) | Intangible Assets-Web Site Costs |
| TFRIC 1 (revised 2015) | Changes in Existing Decommissioning, Restoration and Similar Liabilities |
| TFRIC 4 (revised 2015) | Determining Whether an Arrangement Contains a Lease |
| TFRIC 5 (revised 2015) | Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds |
| TFRIC 7 (revised 2015) | Applying the Restatement Approach under IAS 29 (revised 2015) Financial Reporting in Hyperinflationary Economies |
| TFRIC 10 (revised 2015) | Interim Financial Reporting and Impairment |
| TFRIC 12 (revised 2015) | Service Concession Arrangements |
| TFRIC 13 (revised 2015) | Customer Loyalty Programmes |
| TFRIC 14 (revised 2015) | IAS 19 (revised 2015) — The Limit on a Defined Benefit Asset, Minimum Funding Requirement and their Interaction |
| TFRIC 15 (revised 2015) | Agreements for the Construction of Real Estate |
| TFRIC 17 (revised 2015) | Distributions of Non-cash Assets to Owners |
| TFRIC 18 (revised 2015) | Transfers of Assets from Customers |
| TFRIC 20 (revised 2015) | Stripping Costs in the Production Phase of a Surface Mine |
| TFRIC 21 | Levies |
| Accounting Guidance for Measurement and Recognition of Bearer Plants | |

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

7. 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 which are shown in the statement of financial position composed of cash and cash equivalents, investments, trade and other receivables and loans. Financial liabilities which are shown in the statement of financial position composed of trade and other payables. 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 and Other Receivables

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

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 Current assets held for sale

Non-current assets that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale. The assets are measured at the lower of

their carrying value and fair value less cost to sell. Impairment losses on initial classification as held for sale and subsequent gains and losses on remeasurement are recognized in profit or loss. Gains or loss from disposal of non-current assets held for sale are recognized in profit or loss when disposal.

7.8 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.

7.9 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 is 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.

7.10 Intangible assets

7.10.1 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.

7.10.2 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.

7.10.3 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.

7.10.4 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 Fair Value Measurement

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

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

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

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

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

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

7.22 Significant Accounting Judgments and Estimates

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 Joint investment company

Joint investment company is an entity over which the Group has shareholding of 45% of the voting rights. Investment in joint company 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 joint company's 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 joint company equals or exceeds its interest in the joint company, 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 joint company are eliminated to the extent of the Group's interest in the joint company. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

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

In the Company's financial statements, the investment in a joint company is accounted for using the cost method.

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.

Fair Value of Financial Instruments

In determining the fair value of financial instruments which are recognised in the statement of financial position that are not actively traded and for which quoted prices are not readily available in active market, the management has to exercise judgment, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of credit risk, liquidity, correlation and long-term volatility of financial instruments. Changes in assumptions about these factors may affect the fair value recognised in the statement of financial position and disclosures of fair value hierarchy.

8. Cash and Cash Equivalents

Consist of:

| | Consolidated Financial Statements | | Separate Financial Statements | |
|--------------------------------|-----------------------------------|-----------------------|-------------------------------|-----------------------|
| | As at | As at | As at | As at |
| | 31 December | 31 December | 31 December | 31 December |
| | 2015 | 2014 | 2015 | 2014 |
| | Baht | Baht | Baht | Baht |
| Cash on hand | 504,124.40 | 415,752.87 | 150,000.00 | 150,000.00 |
| Cash Deposit - Current Account | 18,786,666.55 | 9,121,761.77 | 4,577,089.50 | 8,962,288.88 |
| Cash Deposit - Savings Account | 445,000,122.88 | 210,610,439.24 | 358,360,933.02 | 200,548,471.37 |
| Cash Deposit - Fixed Account | 4,381,766.85 | 3,662,913.88 | 942,708.57 | 679,642.86 |
| Total | <u>468,672,680.68</u> | <u>223,810,867.76</u> | <u>364,030,731.09</u> | <u>210,340,403.11</u> |

9. Restricted deposits at financial institutions

As at 31 December 2015 and 2014, the whole amount is fixed deposits carried interest rate 0.750 - 0.875 % per annum which the Company used as collateral for credit facilities with the financial institutions as in Note 20.

10. Trade accounts and notes receivable – net

Consist of:

| | Consolidated Financial Statements | | Separate Financial Statements | |
|---|-----------------------------------|-------------------------|-------------------------------|------------------------|
| | As at | As at | As at | As at |
| | 31 December | 31 December | 31 December | 31 December |
| | 2015 | 2014 | 2015 | 2014 |
| | Baht | Baht | Baht | Baht |
| Trade accounts receivable | 1,544,150,035.63 | 498,061,590.24 | 842,044,797.70 | 295,788,691.68 |
| Notes receivable | <u>1,254,393,684.25</u> | <u>1,009,248,568.50</u> | <u>476,016,518.45</u> | <u>641,385,942.62</u> |
| Total | 2,798,543,719.88 | 1,507,310,158.74 | 1,318,061,316.15 | 937,174,634.30 |
| <u>Less</u> Allowance for doubtful debt | <u>(152,923,731.70)</u> | <u>(41,634,481.38)</u> | <u>(98,502,356.97)</u> | <u>(20,471,525.69)</u> |
| Net | <u>2,645,619,988.18</u> | <u>1,465,675,677.36</u> | <u>1,219,558,959.18</u> | <u>916,703,108.61</u> |

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

| | Consolidated Financial Statements | | Separate Financial Statements | |
|----------------------------------|-----------------------------------|------------------|-------------------------------|-----------------|
| | As at | As at | As at | As at |
| | 31 December | 31 December | 31 December | 31 December |
| | 2015 | 2014 | 2015 | 2014 |
| | Baht | Baht | Baht | Baht |
| Not yet due | 2,148,532,813.95 | 1,353,222,035.41 | 803,666,526.79 | 780,265,184.33 |
| - Less than 3 months | 186,049,074.52 | 68,270,667.82 | 31,723,232.88 | 73,355,450.21 |
| - Over 3 months to 6 months | 696,593.51 | 62,483,699.82 | 23,782,395.16 | 60,877,496.11 |
| - Over 6 months to 12 months | 17,679,450.60 | 938,513.79 | 60,357,277.71 | 2,535,657.35 |
| -Over 12 months | 445,585,787.30 | 22,395,241.90 | 398,531,883.61 | 20,140,846.30 |
| Total | 2,798,543,719.88 | 1,507,310,158.74 | 1,318,061,316.15 | 937,174,634.30 |
| Less Allowance for doubtful debt | (152,923,731.70) | (41,634,481.38) | (98,502,356.97) | (20,471,525.69) |
| Net | 2,645,619,988.18 | 1,465,675,677.36 | 1,219,558,959.18 | 916,703,108.61 |

For the years ended 31 December 2015 and 2014, the movement of allowance for doubtful accounts are as follows:

| | Consolidated Financial Statements | | Separate Financial Statements | |
|------------------------------------|-----------------------------------|---------------------|-------------------------------|---------------------|
| | For the years ended | For the years ended | For the years ended | For the years ended |
| | 31 December | 31 December | 31 December | 31 December |
| | 2015 | 2014 | 2015 | 2014 |
| | Baht | Baht | Baht | Baht |
| Beginning Balance | (41,634,481.38) | (10,765,967.24) | (20,471,525.69) | (10,765,967.24) |
| Receives from business acquisition | (36,008,777.01) | - | - | - |
| Increased during the year | (75,596,951.31) | (35,306,810.76) | (78,330,831.28) | (14,613,111.98) |
| Decreased during the year | 316,478.00 | 4,438,296.62 | 300,000.00 | 4,907,553.53 |
| Ending Balance | (152,923,731.70) | (41,634,481.38) | (98,502,356.97) | (20,471,525.69) |

As at 31 December 2015, according to the consolidated and separate financial statements shown that an account receivable of Baht 367.14 million has its outstanding balance over 1 year. The Company and such account receivable has agreed to make a sale and buy of share agreement dated 12 November 2015 for repayment of the mentioned trade debt. Transferring shares of 1,984,555 units at the value of Baht 147.50 per share in total value of Baht 292.72 million shall be settled with a part of debt. However, the remained trade debt of Baht 73.43 million has fully reserved for allowance of doubtful account receivable in the year 2015.

11. Short term loan to other company

| | Consolidated Financial Statements | | Separate Financial Statements | |
|----------------------------------|-----------------------------------|-------------|-------------------------------|-------------|
| | As at | As at | As at | As at |
| | 31 December | 31 December | 31 December | 31 December |
| | 2015 | 2014 | 2015 | 2014 |
| | Baht | Baht | Baht | Baht |
| Short term loan to other company | 35,615,710.00 | - | 35,615,710.00 | - |
| Less Allowance for doubtful debt | (35,615,710.00) | - | (35,615,710.00) | - |
| Net | - | - | - | - |

As at 31 December 2015, short-term loan to other company in the whole amount is the borrowing money to a company. The management ensures that it has an uncertainty of repayment on such loan. Thus, the management has fully set aside an allowance of doubtful account against the loan in the year 2015.

12. The right to claim over the assets of receivable

As at 31 December 2014, the right to claim over the assets of receivable of Baht 1,037.67 million (USD 32,000,000) is the payment for purchases all the right to claim over the assets of a company in Thailand (TSSI) since the first quarterly 2014, held by an overseas investment company (Quest), by Millcon (HK) limited a subsidiary. The Company has the objective to establish the subsidiary in order to hold the right to claim over the assets of such Thai's company which is held by an overseas investment company (Hong Kong). Such subsidiary has entered into loan agreement with the parent company in the whole amount to pay the right to claim over the assets in full amount . The purchase of the right to claim has agreed to make in several agreements including: Loan agreement between the Company and the subsidiary, Share purchase agreement between the subsidiary and an overseas seller company, and Sale and purchase of claims agreement between the subsidiary and an overseas seller company. As at 31 December 2015, The Company have to comply with the term and conditions set forth in these three agreements.

Since the third quarterly of 2014, the said investment company has been sued on the objection of entering into the compromise agreement between themselves and such Thai company which is a minor shareholder of the court's ordered company for selling their assets by the auction. However, in year 2014 the court has dismissed this issue and remaining the issue about claiming a compensation. However, the management has given the opinion on this claim that it will not result to have claim compensation. In the fact that the company is able to won such caution by acquiring of assets at Rayong legal execution office. As well as the Company is delivered the assets and transferred the right on the assets in October

2014 and December 2014, respectively. As at 31 December 2014, the subsidiary has recognized losses on impaired value of the right to claim over the assets of receivable of Baht 171.23 million and capitalized on the cost of assets-held-for-sale obtained by auction. Subsequently, the Court of First Instance dismissed and the parties appeal the order of the two court cases, therefore, the cases are under consideration by the Court of Appeal.

From the first quarter of 2014 until as at 31 December 2015, the Company has set the assignment the proceeds under the loan agreement to the financial institution for the drawn principle at Baht 300 million of MILLCON (HK) LIMITED as a guarantee for the Company's loan agreement. The said loan is used as investment in MILLCON (HK) LIMITED to purchase the said assets from TSSI.

During the second and the third quarter of 2015, the subsidiary received in amount fully from the Legal Execution Department from the auction of TSSI's asset. The subsidiary has set the assignment of proceeds for the said money to the financial institution as per the assignment of proceeds under the loan agreement.

13. Inventories

Consist of:

| | Consolidated Financial Statements | | Separate Financial Statements | |
|---|-----------------------------------|-------------------------|-------------------------------|-------------------------|
| | As at | As at | As at | As at |
| | 31 December | 31 December | 31 December | 31 December |
| | 2015 | 2014 | 2015 | 2014 |
| | Baht | Baht | Baht | Baht |
| Raw materials | 1,049,857,307.90 | 1,180,693,045.76 | 249,726,924.85 | 289,595,091.10 |
| Semi-finished goods | 11,361,993.85 | 2,554,053.96 | - | 2,554,053.96 |
| Finished goods | 723,373,724.73 | 679,218,229.18 | 579,181,105.77 | 633,731,654.90 |
| Spare parts and supplies | 574,824,366.72 | 492,822,037.61 | 126,037,121.35 | 96,184,002.28 |
| Works in process | - | 5,328,317.13 | - | 5,328,317.13 |
| | <u>2,359,417,393.20</u> | <u>2,360,615,683.64</u> | <u>954,945,151.97</u> | <u>1,027,393,119.37</u> |
| <u>Less</u> Allowance for net realizable value of inventories | | | | |
| - Raw material | (1,674,566.69) | (81,404,100.39) | (64,955.85) | (48,908,193.34) |
| - Semi-finished goods | (3,514,038.24) | (54,010.48) | (2,815,290.66) | (54,010.48) |
| - Finished goods | <u>(73,886,030.02)</u> | <u>(68,247,132.17)</u> | <u>(69,474,664.95)</u> | <u>(62,435,954.10)</u> |
| Total | <u>(79,074,634.95)</u> | <u>(149,705,243.04)</u> | <u>(72,354,911.46)</u> | <u>(111,398,157.92)</u> |
| Goods in transit | <u>19,858,225.75</u> | <u>51,644,972.67</u> | <u>-</u> | <u>5,286,695.96</u> |
| Total - Net | <u>2,300,200,984.00</u> | <u>2,262,555,413.27</u> | <u>882,590,240.51</u> | <u>921,281,657.41</u> |

As at 31 December 2015 and 2014, the Company had pledged finished goods to guarantee with financial institutions as collateral for borrowings; overdrafts, long-term borrowings and credit facilities from financial institutions in Note 20.

For the years ended 31 December 2015 and 2014, the movements of allowance for doubtful debt are as follows:

| | Consolidated Financial Statements | | Separate Financial Statements | |
|------------------------|-----------------------------------|-------------------------|-------------------------------|-------------------------|
| | For the years ended | For the years ended | For the years ended | For the years ended |
| | 31 December | 31 December | 31 December | 31 December |
| | 2015 | 2014 | 2015 | 2014 |
| | Baht | Baht | Baht | Baht |
| Beginning Balance | (149,705,243.04) | (9,549,793.77) | (111,398,157.92) | (7,066,797.62) |
| Increase within Period | - | (140,564,684.34) | - | (104,331,360.30) |
| Reverse within Period | 70,630,608.09 | 409,235.07 | 39,043,246.46 | - |
| Ending Balance | <u>(79,074,634.95)</u> | <u>(149,705,243.04)</u> | <u>72,354,911.46</u> | <u>(111,398,157.92)</u> |

14. Assets-held-for-sale

Assets held for sale as at 31 December 2015 comprise the following:

| | Consolidated | Separate |
|--|---------------------------|-----------------------|
| | Financial Statements | Financial Statements |
| | Baht | Baht |
| Assets held for sale obtained by auction | 2,245,892,852.80 | 2,247,522,782.80 |
| Increase within period | 85,371,905.72 | 48,614,073.55 |
| Sales during the period | (342,416,349.04) | (1,786,385,706.18) |
| Transfer to property, plant and equipment. | <u>(1,182,667,772.10)</u> | <u>-</u> |
| Ending Carrying Amount | <u>806,180,637.38</u> | <u>509,751,150.17</u> |

Consolidated and Separate Financial Statements as at 31 December 2015 assets-held-for-sale from auction are the group of assets which consist of land, building and machineries. Such assets are acquired at the auction of a company in Thailand from Rayong legal execution office. The Company has an objective to sell such group of assets to a subsidiary in the near future.

a) In first quarterly 2015, the Company recorded sales of assets-held-for-sale for machinery and equipment which was entered on sell and buy agreement with a unrelated company dated 29 September 2014. Currently, the Company has fully received payment for the machinery and equipment in respect with the value of agreement in the total amount of Baht 216 million. The Company has realized gains from a sales of assets in the 1st quarter of 2015 amounted to Baht 154 million.

b) During the second quarter of 2015, the Company recorded the sale of a portion of the assets-held-for-sale, which acquired from auction, to two subsidiaries. There are land together with plant and other construction under the sales and purchase agreement dated 22 June 2015 and machines and equipment under the machine sales and purchase agreement dated 22 June 2015 with the total cost of Baht 1,443.97 million. On 3 July 2015, the ownership of the land together with plant and other construction has been

transferred. The ownership of the machines and equipment will be transferred when it has been delivered. The said cost has been transferred to a subsidiary's property, plant and equipment at Baht 823.51 million and Baht 619.35 million is shown under another subsidiary's asset-held-for-sale. The Company has recognized gains from assets-held-for-sale of Baht 391.03 million.

c) On 18 September 2015, the Company has entered into a sale of land agreement with General Engineering Public Company Limited "GEL" to sale a portion of the Company's land. According to the resolution of the Extraordinary of Shareholders' Meeting No. 1/2015 held on 18 September 2015, the Company was approved to release the land from mortgage with a financial institution in amount 175 Rai (Baht 7.3 million per Rai), with the total value of Baht 1,277.50 million and The Company and GEL agreed to settle the payment for this transaction with the acquisition of shares transaction of Suntech Metals Co., Ltd., with the total value of Baht 807 million and shares transaction of World Wire Processing Co., Ltd., with the total value of Baht 13,999 and the company liable for World Wire's obligations to GEL with the total value of Baht 233.09 Million. GEL settled the remaining Baht 237.40 million by cash payment to the Company on 21 September 2015. The transfer land's right fee will be equally shared by the Company and GEL, while the Company is solely responsible for special business tax. Furthermore, the Company registered some part of the servitudes status on the Company's land with total area of approximately 1 Rai to GEL to be used land's entrance and exit. The Company has received payment of the sold Land and had transferred the 3 land's titles to GEL on 21 September 2015 in respect to the agreement. The Company has recognized gain on sale of land in the amount of Baht 938.37 million in the consolidated and separate comprehensive income statement for the nine months period ended 31 December 2015.

15. Investment in subsidiary company

Consist of:

| Company's name | Paid-up Capital | | Paid-up Capital | | Paid-up Capital | | Separate Financial Statements | | Dividends | |
|--|-----------------------|-----------------------|-----------------|------------------|------------------|------------------|-------------------------------|-------|---------------------|------------------|
| | As at | 31 December 2015 | As at | 31 December 2014 | As at | 31 December 2015 | Cost method | As at | For the years ended | |
| | Baht | Baht | Baht | Baht | Baht | Baht | Baht | Baht | 31 December 2015 | 31 December 2014 |
| MILLCON Burapa Co., Ltd. | Baht 3,399,999,990.00 | Baht 2,399,999,990.00 | 99.10 | 98.73 | 3,524,115,162.98 | 2,524,115,162.98 | | - | - | - |
| I-Gen Engineering Co., Ltd. | | | | | | | | | | |
| (Zentra Watung Engineering Co., Ltd.) | | | | | | | | | | |
| Millcon (HK) Limited | USD 32,000.00 | USD 32,000.00 | 100.00 | 100.00 | 984,940.80 | 29,999,800.00 | | - | - | - |
| Millcon Thiha Limited | USD 100,000.00 | USD 100,000.00 | 51.00 | 51.00 | 1,664,130.00 | 984,940.80 | | - | - | - |
| Millcon Special Steel Limited | 1,415,000,000.00 | Baht 1,000,000.00 | 99.99 | 99.97 | 1,414,999,700.00 | 1,664,130.00 | | - | - | - |
| Millcon Mauritius Company Limited | No registered capital | No registered capital | 100.00 | 100.00 | - | 999,700.00 | | - | - | - |
| Millcon Steel Pipe Company Limited | 150,000,000.00 | - | 100.00 | - | 149,999,600.00 | - | | - | - | - |
| Saharum Construction Materials Company Limited | Baht 50,000,000.00 | - | 100.00 | - | 49,999,700.00 | - | | - | - | - |
| Suntech Metals Company Limited | Baht 716,000,000.00 | - | 99.99 | - | 807,000,000.00 | - | | - | - | - |
| World Wide Processing Co., Ltd. | Baht 140,000.00 | - | 99.99 | - | 13,999.00 | - | | - | - | - |
| Total | | | | | 5,948,777,232.78 | 2,557,763,733.78 | | - | - | - |
| Less Allowance for impairment in investment | | | | | - | (20,074,377.03) | | - | - | - |
| Net | | | | | 5,948,777,232.78 | 2,537,689,356.75 | | - | - | - |

15.1 Increase share capital

According to the board of group director meeting No. 9/2014 held on 23 December 2014, has passed the resolution to approve increase a MILLCON BURAPA COMPANY LIMITED capital by Baht 1,000 million. The objective is to resolve a working capital issue. The subsidiary has registered such increase authorized share capital from Baht 2,399.99 million to Baht 3,999.99 million, par value of Baht 5 per each to the Department of Business Development Ministry of Commercial on 30 March 2015.

At the General Shareholders' meeting of the Company 1/2015 held on 24 March 2015, has passed the resolution to approve increase a Millcon Special Steel Company Limited share capital from Baht 1 million to Baht 1,415 million, par value of Baht 100 per each to the Department of Business Development Ministry of Commercial on 24 April 2015.

15.2 Foundation of new company

According to the board of group director meeting No. 1/2015 held on 16 February 2015, having resolution to found Mill Con Steel Pipe Co., Ltd. ("Subsidiary") on 19 May 2015 with a registered capital of 10,000 shares, par value of Baht 100 per each. The purpose is to engage in the produce and distribution of steel pipe, all types of steel and all building materials. The Company shall holds 9,996 shares equivalent to 99.96% of such total share. The Company has registered the new company with Business Development Department on 19 May 2015. Later, according to the resolution of the Extraordinary of Shareholders' Meeting of the subsidiary No. 2/2015 held on 16 July 2015, the Company was approved to increase its registered share capital from Baht 1 million to Baht 150 million, divided into 1,500,000 shares, par value of Baht 100 per each. The Company has registered the increase capital with Business Development Department of Ministry of Commercial on 29 July 2015.

According to the board of group director meeting No. 1/2015 held on 16 February 2015, having resolution to found Saharuam Building Material Co., Ltd. ("Subsidiary") on 19 May 2015 with a registered capital of 10,000 shares, par value of Baht 100 per each. The purpose is to engage in the distribution and trade of all types of steel and building materials. The Company shall holds 9,997 shares equivalent to 99.97% of such total share. The Company has registered the new company with Business Development Department of Ministry of Commercial on 19 May 2015. Later, according to the resolution of the Extraordinary of Shareholders' Meeting of the subsidiary No. 6/2015 held on 29 July 2015, the Company was approved to increase its registered share capital of Baht 49 million, from Baht 1 million to Baht 50 million divided into 500,000 shares, par value of Baht 100 per each. The Company has registered the increase capital with Business Development Department of Ministry of Commercial on 4 September 2015.

15.3 Changing in registered share capital

At the Extraordinary General meeting of shareholder of a subsidiary No. 2/2015, held on 19 June 2015, shareholder approved to decrease registered capital of I-Gen Engineering Co., Ltd., with decrease the number of shares from Baht 300 million to Baht 7.50 million. The subsidiary company registered the decrease capital with the Ministry of Commercial on 10 September 2015.

At the Extraordinary General meeting of shareholder of a subsidiary No. 3/2015, held on 25 September 2015, shareholder approved to decrease registered capital of I-Gen Engineering Co., Ltd., with decrease the number of shares from Baht 7.50 million to Baht 1.88 million. The management has registered a special resolution for decreasing its registered capital and sent notice to inform all creditor. Then, if there is no objection from them, the Company's officer will register decreasing capital to be Baht 1.875 million.

15.4 Acquisition of Business

According to the resolution of the Extraordinary of Shareholders' Meeting No. 1/2015 held on 18 September 2015 of the Company, having approved to acquire all shares from General Engineering Public Company Limited "GEL", the details are as follow. A) To purchase all ordinary shares of Suntech Metals Co., Ltd. in the value of Baht 807 million. B) To purchase all ordinary shares of World Wire in the total value of Baht 13,999 and the Company be liable for World Wire's obligations to GEL with the total value of Baht 233.09 million. The Company can use the value received from the sale of land (see note 14) to settle with acquisition of business transactions and liability which World Wire has with GEL. After the acquisition of Suntech, the Company will become an owner of scrap metal processing business and capable of distributing the processed scrap metal to the Company. This in turn will help the Company to be more self-efficient and allow the Company to efficiently determine the buying and selling price of scrap metal. With the ability to control the price from Scrap Metal to finish steel product, the Company will be able to better manage the steel products pricing and reduce cost. Acquisition of World Wire will help Suntech business to secure 120 rai of land, which will be enough for the business expansion in the future.

15.4.1) Investment in Suntech Metals Co., Ltd., the net assets' fair value for the subsidiary as of acquisition date on 21 September 2015 as following :

| | Fair value As at 21 September 2015 million |
|---|--|
| Current assets | 293,290 |
| Land, plant, and equipment | 462,876 |
| Non-current assets | 6,508 |
| Total assets | <u>762,674</u> |
| Current liabilities | 209,559 |
| Deferred tax (resulting from appraisal value of land) | 69,569 |
| Non-current liabilities | 10,144 |
| Total liabilities | <u>289,272</u> |
| Net asset | <u>473,402</u> |
| Investment portion 99.99% | 473,402 |
| Purchases of investment in Suntech Metals Co., Ltd. (Settle the payment with selling of land) | <u>807,000</u> |
| Goodwill | <u>333,598</u> |

15.4.2) Investment in World Wire Processing Co., Ltd., the net assets' fair value for the subsidiary as of acquisition date on 21 September 2015 as following :

| | Fair value As at 21 September 2015 million |
|---|--|
| Current asset | 1,874 |
| Land | 285,713 |
| Non-current asset | 126 |
| Total asset | 287,713 |
| Current liabilities | 235,250 |
| Deferred tax (resulting from appraisal value of land) | 11,326 |
| Total liabilities | 246,576 |
| Net asset | 41,137 |
| Investment portion 99.99% | 41,137 |
| Purchases of investment in World Wire Processing Co., Ltd. (Settle the payment with selling of land) | (14) |
| Gain on purchase price lower than fair value | 41,123 |
| Reconciliation of cash flow (receive) from sale of land and settlement with purchase of investments | |
| Purchase value on total investments | 807,014 |
| <u>Less</u> Value of sale of land | (1,219,417) |
| <u>Add</u> Obligation in liability | 233,090 |
| Cash receive for sale of land | (179,313) |
| <u>Add</u> Subsidiary's cash and cash equivalents | (11,541) |
| Cash flow (receive) paid from sale of land and settlement with purchase of investments | (190,854) |

The acquisition of business is in accordance with the Financial Reporting Standard No.3 "Business Combination" that defined to record the acquired assets and liabilities in fair value including goodwill (if any) on the date 21 September 2015.

The Company has expenditures relating to this acquisition in the total amount of Baht 15.60 million. The expenditures are legal fee and other expanses which are recognized together with administrative expenditure in the consolidated comprehensive income statement for the three month period and nine month period ended 31 December 2015.

However, according to this standard, defined that before recognition of gain on purchase price lower than fair value, the acquirer shall make an accurate assessment of the identified acquired assets and liabilities assumed all again. After evaluating the acquirer shall recognize the identifiable assets or liabilities from this second assessment. Then, the acquirer will need to review the measurement process that is conform to the Financial Reporting Standards. This will ensure the recognition of the transactions on the acquisition date and the measurement value considered based on all available information as of the date of acquisition appropriately.

Presently, the Company is in the process of hiring a new appraiser to evaluate the acquired business of World Wire Processing Co., Ltd. again to conform to the Financial Reporting Standard.

16. Investments in joint investment company

Consist of:

| | | | | | Consolidated Financial Statements | |
|--|--|-------------------------|--|-------|-----------------------------------|------------------------|
| | | | | | Equity method | |
| Company's name | Nature of business | Country of Registration | Paid-up Capital Investment | Ratio | As at 31 December 2015 | As at 31 December 2014 |
| | | | | % | Baht | Baht |
| WISDOM TREE INVESTMENT (S) PTE. LIMITED | Oversea trade and investment | Singapore | 100 USD (advance share payment 10,800,000 USD) | 45 | 174,673,839.68 | 177,553,448.10 |
| I-Gen Engineering Co.,Ltd. (Zentra Watung Engineering Co., Ltd.) | Maintenance and drilling rigs services | Thailand | Baht 11,406,250.00 | 40 | 4,980,194.59 | - |
| Total | | | | | 179,654,034.27 | 177,305,048.82 |
| <u>Less</u> Allowance for impairment in investment | | | | | (1,448,944.59) | - |
| <u>Net</u> | | | | | <u>178,205,089.68</u> | <u>177,305,048.82</u> |

| | | | | | Separate Financial Statements | |
|--|--|-------------------------|--|-------|-------------------------------|------------------------|
| | | | | | Cost method | |
| Company's name | Nature of business | Country of Registration | Paid-up Capital Investment | Ratio | As at 31 December 2015 | As at 31 December 2014 |
| | | | | % | Baht | Baht |
| WISDOM TREE INVESTMENT (S) PTE. LIMITED | Oversea trade and investment | Singapore | 100 USD (advance share payment 10,800,000 USD) | 45 | 174,673,839.68 | 177,553,448.10 |
| I-Gen Engineering Co.,Ltd. (Zentra Watung Engineering Co., Ltd.) | Maintenance and drilling rigs services | Thailand | Baht 11,406,250.00 | 40 | 5,406,050.00 | - |
| Total | | | | | 179,654,034.27 | 177,553,448.10 |
| <u>Less</u> Allowance for impairment in investment | | | | | (1,448,944.59) | - |
| <u>Net</u> | | | | | <u>181,510,553.51</u> | <u>177,553,448.10</u> |

The financial information of joint ventures and associates company are follows :

| | As at 31 December 2015 | As at 31 December 2014 |
|----------------------|--------------------------------------|--------------------------------------|
| | <u>Baht</u> | <u>Baht</u> |
| Current Assets | 223,880,937.49 | 460,222,359.80 |
| Non — Current Assets | 261,525,546.13 | 13,557,259.05 |
| Current -Liabilities | <u>(28,857,174.90)</u> | <u>(72,817,522.79)</u> |
| Net - Assets | <u>456,549,308.72</u> | <u>400,962,096.06</u> |
| | For the year end 31 December 2015 | For the year end 31 December 2014 |
| | <u>Baht</u> | <u>Baht</u> |
| Revenue | 78,302,534.57 | 117,814,614.67 |
| Expense | 80,133,803.16 | 128,905,005.61 |
| Profit (losses) | (1,831,268.59) | (11,090,390.94) |

17. Other long-term investment

Consist of:

| | Consolidated Financial Statements | | Separate Financial Statements | |
|---------------------------------------|-----------------------------------|-------------------------|-------------------------------|-------------------------|
| | As at | As at | As at | As at |
| | 31 December | 31 December | 31 December | 31 December |
| | 2015 | 2014 | 2015 | 2014 |
| | Baht | Baht | Baht | Baht |
| Investment in Million Miles Co., Ltd. | 19,249,817.05 | 19,249,817.00 | 18,149,990.00 | 18,149,990.00 |
| Investment in Thai Special Steel | | | | |
| Public Company Limited (TSSI) | 220,000,000.00 | 220,000,000.00 | - | 220,000,000.00 |
| Less Impairment in investment | <u>(220,000,000.00)</u> | <u>(220,000,000.00)</u> | <u>-</u> | <u>(220,000,000.00)</u> |
| Net | <u>19,249,817.05</u> | <u>19,249,817.00</u> | <u>18,149,990.00</u> | <u>18,149,990.00</u> |

Investment in TSSI of Baht 220 million shown holding portion of 13.50 percent which was raised in a part on conditions of a financial institution in order to request credit facilities for acquisition of TSSI's assets. The Company had fully reserved for loss on impairment of such investment in the fourth quarter of 2014.

During the fourth quarterly of 2015, the Company sales its' all investment in TSSI to a foreign subsidiary, 55,000,000 shares, at 0.01 Baht per share, in the total amount of Baht 550,000. The Company had fully received shares' payment. Therefore, the Company had reversed the reversed of impairment loss in investment of Baht 220 milliom.

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| 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 31 December 2014 | | | | | | | | | |
| Cost (Revaluation for land) | 511,323,582.83 | 52,883,048.00 | 1,578,937,151.72 | 4,759,537,285.70 | 40,347,602.51 | 32,854,781.40 | 849,920,316.75 | 1,085,548,935.99 | 8,911,352,704.90 |
| Less Accumulated Depreciation | - | (16,285,662.38) | (228,449,870.05) | (899,084,984.07) | (33,453,266.06) | (9,889,589.76) | (109,885,704.55) | - | (1,297,049,076.87) |
| Carrying Amount | 511,323,582.83 | 36,597,385.62 | 1,350,487,281.67 | 3,860,452,301.63 | 6,894,336.45 | 22,965,191.64 | 740,034,612.20 | 1,085,548,935.99 | 7,614,303,628.03 |
| Transactions during the year ended | | | | | | | | | |
| 31 December 2015 | | | | | | | | | |
| Purchase | - | - | 439,667,804.81 | 273,570,231.82 | 4,381,103.47 | 11,057,117.58 | 38,457,155.23 | 2,678,270,332.30 | 3,445,403,745.21 |
| Surplus on land revaluation | 682,616,224.73 | - | - | - | - | - | - | - | 682,616,224.73 |
| Transfer in (Transfer out) | - | - | - | - | 944,000.00 | 344,207.38 | - | (1,288,207.38) | - |
| Sale Assets - Cost | (2,436,290.00) | - | - | (1,025,212,076.87) | (857,626.72) | (276,743.72) | (81,173,018.15) | (921,557.98) | (1,110,877,313.44) |
| - Accumulated Depreciation | - | - | - | 424,498,562.96 | 708,980.74 | 269,312.63 | 53,778,412.84 | - | 479,255,269.17 |
| Written-off Assets - Cost | - | - | - | (5,278,393.19) | (448,759.35) | - | - | (339,000.00) | (6,066,152.54) |
| - Accumulated Depreciation | - | - | - | 5,278,357.19 | 432,340.65 | - | - | - | 5,710,697.84 |
| Depreciation for the year | - | (2,558,302.44) | (40,218,881.85) | (137,751,579.22) | (3,535,167.79) | (3,940,544.94) | (20,227,801.62) | - | (208,232,277.86) |
| Ending Carrying Amount | 1,191,503,517.56 | 34,039,083.18 | 1,749,936,204.63 | 3,395,557,404.32 | 44,366,319.91 | 30,418,540.57 | 730,869,360.50 | 3,761,270,502.93 | 10,902,113,821.14 |
| As at 31 December 2015 | | | | | | | | | |
| Cost (Revaluation for land) | 1,191,503,517.56 | 52,883,048.00 | 2,018,604,956.53 | 4,002,617,047.46 | 44,376,319.91 | 43,979,362.64 | 807,204,453.83 | 3,761,270,502.93 | 11,922,429,208.86 |
| Less Accumulated Depreciation | - | (18,843,964.82) | (268,668,751.90) | (607,059,643.14) | (35,847,112.46) | (13,560,822.07) | (76,335,093.33) | - | (1,020,315,387.72) |
| Carrying Amount | 1,191,503,517.56 | 34,039,083.18 | 1,749,936,204.63 | 3,395,557,404.32 | 8,159,207.45 | 30,418,540.57 | 730,869,360.50 | 3,761,270,502.93 | 10,902,113,821.14 |

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 |
| As at 31 December 2013 | | | | | | | | | |
| Cost (Revaluation for land) | 342,357,600.00 | 52,883,048.00 | 203,561,624.72 | 565,750,150.41 | 22,766,291.19 | 3,402,070.00 | 22,009,724.85 | 287,277,485.32 | 1,500,007,994.49 |
| Less Accumulated Depreciation | - | (13,379,178.69) | (55,686,430.14) | (150,760,421.58) | (17,037,156.17) | (2,091,856.23) | (5,353,496.07) | - | (244,308,538.88) |
| Carrying Amount | 342,357,600.00 | 39,503,869.31 | 147,875,194.58 | 414,989,728.83 | 5,729,135.02 | 1,310,213.77 | 16,656,228.78 | 287,277,485.32 | 1,255,699,455.61 |
| Transactions during the year ended | | | | | | | | | |
| 31 December 2014 | | | | | | | | | |
| Purchase | - | - | - | 3,041,610.60 | 652,577.29 | - | - | 77,612,633.07 | 81,306,820.96 |
| Transfer in (Transfer out) | - | - | 6,299,940.50 | 190,976,888.62 | - | - | 1,931,795.90 | (259,549,942.25) | (60,341,317.23) |
| Sale Assets - Cost | - | - | - | - | (117,448.39) | - | - | - | (117,448.39) |
| - Accumulated Depreciation | - | - | - | - | 103,482.64 | - | - | - | 103,482.64 |
| Written-off Assets - Cost | - | - | (1,279,932.50) | - | - | - | - | - | (1,279,932.50) |
| - Accumulated Depreciation | - | - | 3,471.60 | - | - | - | - | - | 3,471.60 |
| Depreciation for the year | - | (2,906,483.69) | (3,771,975.99) | (20,855,196.72) | (2,823,591.74) | (398,507.23) | (1,109,091.61) | - | (31,864,846.98) |
| Ending Carrying Amount | 342,357,600.00 | 36,597,385.62 | 149,126,698.19 | 588,153,031.33 | 3,544,134.82 | 911,706.54 | 17,478,933.07 | 105,340,176.14 | 1,243,509,665.71 |
| As at 31 December 2014 | | | | | | | | | |
| Cost (Revaluation for land) | 342,357,600.00 | 52,883,048.00 | 208,581,632.72 | 759,768,649.63 | 23,301,420.09 | 3,402,070.00 | 23,941,520.75 | 105,340,176.14 | 1,519,576,117.33 |
| Less Accumulated Depreciation | - | (16,285,662.38) | (59,454,934.53) | (171,615,618.30) | (19,757,285.27) | (2,490,363.46) | (6,462,587.68) | - | (276,066,451.62) |
| Carrying Amount | 342,357,600.00 | 36,597,385.62 | 149,126,698.19 | 588,153,031.33 | 3,544,134.82 | 911,706.54 | 17,478,933.07 | 105,340,176.14 | 1,243,509,665.71 |

| | Separate Financial Statements | | | | | | | | Total |
|------------------------------------|-------------------------------|------------------|---|-------------------------|-------------------------|----------------|------------------|---------------------------------|------------------|
| | Land | Land improvement | Buildings and buildings improvement | Machinery and equipment | Furniture and equipment | Vehicles | Utilities system | Construction in progress | Baht |
| | Baht | Baht | Baht | Baht | Baht | Baht | Baht | Baht | Baht |
| As at 31 December 2014 | | | | | | | | | |
| Cost (Revaluation for land) | 342,357,600.00 | 52,883,048.00 | 208,581,632.72 | 759,768,649.63 | 23,301,420.09 | 3,402,070.00 | 23,941,520.75 | 105,340,176.14 | 1,519,576,117.33 |
| Less Accumulated Depreciation | - | (16,285,662.38) | (59,454,934.53) | (171,615,618.30) | (19,757,285.27) | (2,490,363.46) | (6,462,587.68) | - | (276,066,451.62) |
| Carrying Amount | 342,357,600.00 | 36,597,385.62 | 149,126,698.19 | 588,153,031.33 | 3,544,134.82 | 911,706.54 | 17,478,933.07 | 105,340,176.14 | 1,243,509,665.71 |
| Transactions during the year ended | | | | | | | | | |
| 31 December 2015 | | | | | | | | | |
| Purchase | - | - | - | 591,977,201.58 | 1,042,995.03 | - | 34,968,861.07 | 94,081,812.03 | 722,070,869.71 |
| Surplus on land revaluation | 79,002,400.00 | - | - | - | - | - | - | - | 79,002,400.00 |
| Transfer in (Transfer out) | - | - | - | - | - | - | - | - | - |
| Sale Assets | | | | | | | | | |
| - Cost | - | - | - | (181,329,476.80) | (857,626.72) | (276,743.72) | (5,625,944.97) | (921,557.98) | (189,011,350.19) |
| - Accumulated Depreciation | - | - | - | 49,970,261.95 | 708,980.74 | 269,312.63 | 2,153,632.37 | - | 53,102,187.69 |
| Written-off Assets - Cost | - | - | - | (5,278,393.19) | (448,759.35) | - | - | - | (5,727,152.54) |
| - Accumulated Depreciation | - | - | - | 5,278,357.19 | 432,340.65 | - | - | - | 5,710,697.84 |
| Depreciation for the year | - | (2,558,302.44) | (3,386,834.99) | (20,615,550.58) | (1,934,778.99) | (395,875.26) | (1,025,569.55) | - | (29,916,911.81) |
| Ending Carrying Amount | 421,360,000.00 | 34,039,083.18 | 145,739,863.20 | 1,028,155,431.48 | 2,487,286.18 | 508,400.19 | 47,949,911.99 | 198,500,430.19 | 1,878,740,406.41 |
| As at 31 December 2015 | | | | | | | | | |
| Cost (Revaluation for land) | 421,360,000.00 | 52,883,048.00 | 208,581,632.72 | 1,165,137,981.22 | 23,038,029.05 | 3,125,326.28 | 53,284,436.85 | 198,500,430.19 | 2,125,910,884.31 |
| Less Accumulated Depreciation | - | (18,843,964.82) | (62,841,769.52) | (136,982,549.74) | (20,550,742.87) | (2,616,926.09) | (5,334,524.86) | - | (247,170,477.90) |
| Carrying Amount | 421,360,000.00 | 34,039,083.18 | 145,739,863.20 | 1,028,155,431.48 | 2,487,286.18 | 508,400.19 | 47,949,911.99 | 198,500,430.19 | 1,878,740,406.41 |

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

| | Consolidated Financial Statements | | Separate Financial Statements | |
|--------------------------------------|-----------------------------------|----------------------|-------------------------------|-------------------|
| | As at | As at | As at | As at |
| | 31 December | 31 December | 31 December | 31 December |
| | 2015 | 2014 | 2015 | 2014 |
| | Baht | Baht | Baht | Baht |
| Cost - capitalised finance lease | 30,515,580.32 | 14,958,944.81 | 2,095,327.10 | 2,095,327.10 |
| <u>Less</u> Accumulated depreciation | (12,655,223.38) | (4,420,435.80) | (1,496,235.80) | (1,214,141.60) |
| Book value | <u>17,860,356.94</u> | <u>10,538,509.01</u> | <u>599,091.30</u> | <u>881,185.50</u> |

As at 31 December 2015 and 2014, the Group has mortgaged their lands, buildings and machineries to the total amount of Baht 6,550.81 million and 1,551.62 million, respectively, to financial institutions as collateral for overdrafts, long-term loans and working capital facilities.

In December 2015, the Company has revaluated the lands of the Group and Company for new fair value which are appraised by independent appraisers. The appraisers has completed the appraisal value by the comparable market approach. The information is level 3 inputs.

19. Intangible asset

Consist 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 31 December 2013 | | | | | |
| Cost | 1,076,620.00 | 39,922,000.00 | 47,657,414.00 | 11,040,000.00 | 99,696,034.00 |
| Less Impairment of asset | - | - | (16,384,555.99) | - | (16,384,555.99) |
| Accumulated amortisation | (875,514.49) | (33,933,686.00) | (19,667,100.16) | - | (54,476,300.65) |
| Ending Carrying Amount | 201,105.51 | 5,988,314.00 | 11,605,757.85 | 11,040,000.00 | 28,835,177.36 |
| Transactions during the year ended | | | | | |
| 31 December 2014 | | | | | |
| Purchase | 569,700.00 | - | - | 600,000.00 | 1,169,700.00 |
| Transfer in | 6,840,000.00 | - | - | - | 6,840,000.00 |
| Transfer out | - | - | - | (6,840,000.00) | (6,840,000.00) |
| Amortization Expenses | (545,666.55) | (5,988,314.00) | (4,765,741.29) | - | (11,299,721.84) |
| Ending Carrying Amount | 7,065,138.96 | - | 6,840,016.56 | 4,800,000.00 | 18,705,155.52 |
| As at 31 December 2014 | | | | | |
| Cost | 8,486,320.00 | 39,922,000.00 | 47,657,414.00 | 4,800,000.00 | 100,865,734.00 |
| Less Impairment of asset | - | - | (16,384,556.00) | - | (16,384,556.00) |
| Accumulated amortisation | (1,421,181.04) | (39,922,000.00) | (24,432,841.44) | - | (65,776,022.48) |
| Carrying Amount | 7,065,138.96 | - | 6,840,016.56 | 4,800,000.00 | 18,705,155.52 |
| Transactions during the year ended | | | | | |
| 31 December 2014 | | | | | |
| Purchase | 2,016,350.00 | - | - | - | 2,016,350.00 |
| Transfer in | - | - | - | (960,000.00) | (960,000.00) |
| Transfer out | - | - | - | - | - |
| Amortization Expenses | (1,158,879.64) | - | (3,764,482.33) | - | (4,923,361.97) |
| Ending Carrying Amount | 7,922,609.32 | - | (3,075,534.23) | (3,840,000.00) | 14,838,143.55 |
| As at 31 December 2015 | | | | | |
| Cost | 10,502,670.00 | 39,922,000.00 | 47,657,414.00 | 3,840,000.00 | 101,922,084.00 |
| Less Impairment of asset | - | - | (16,384,556.00) | - | (16,384,556.00) |
| Accumulated amortisation | (2,580,060.68) | (39,922,000.00) | (28,197,323.77) | - | (70,699,384.55) |
| Carrying Amount | 7,922,609.32 | - | 3,075,534.23 | 3,840,000.00 | 14,838,143.55 |

| | Separate Financial Statements | | |
|--|-------------------------------|---|---------------------|
| | Computer software Baht | Computer software under installation Baht | Total Baht |
| As at 31 December 2013 | | | |
| Cost | 1,076,620.00 | 6,240,000.00 | 7,316,620.00 |
| <u>Less</u> Accumulated amortisation | (875,514.49) | - | (875,514.49) |
| Carrying Amount | 201,105.51 | 6,240,000.00 | 6,441,105.51 |
| Transactions during the year ended 31 December 2014 | | | |
| Purchase | 118,700.00 | 600,000.00 | 718,700.00 |
| Transfer in | 6,840,000.00 | - | 6,840,000.00 |
| Transfer out | - | (6,840,000.00) | (6,840,000.00) |
| Amortization Expenses | (491,072.03) | - | (491,072.03) |
| Ending Carrying Amount | 6,668,733.48 | - | 6,668,733.48 |
| As at 31 December 2014 | | | |
| Cost | 8,035,320.00 | - | 8,035,320.00 |
| <u>Less</u> Accumulated amortisation | (1,366,586.52) | - | (1,366,586.52) |
| Carrying Amount | 6,668,733.48 | - | 6,668,733.48 |
| Transactions during the year ended 31 December 2015 | | | |
| Purchase | 1,245,000.00 | - | 1,245,000.00 |
| Transfer in | - | - | - |
| Transfer out | - | - | - |
| Amortization Expenses | (881,351.51) | - | (881,351.51) |
| Ending Carrying Amount | 7,032,381.97 | - | 7,032,381.97 |
| As at 31 December 2015 | | | |
| Cost | 9,280,320.00 | - | 9,280,320.00 |
| <u>Less</u> Accumulated amortisation | (2,247,938.03) | - | (2,247,938.03) |
| Carrying Amount | 7,032,381.97 | - | 7,032,381.97 |

20. Bank overdrafts and loans from financial institutions

20.1 Short-term loans from financial institutions - net

Consist of:

| | Consolidated Financial Statements | | Separate Financial Statements | |
|---|-----------------------------------|-------------------------|-------------------------------|-------------------------|
| | As at | As at | As at | As at |
| | 31 December | 31 December | 31 December | 31 December |
| | 2015 | 2014 | 2015 | 2014 |
| | Baht | Baht | Baht | Baht |
| Bank overdrafts | 205,432.51 | 23,686.41 | - | - |
| Short-term loans - promissory note | 7,540,103,844.62 | 5,513,815,213.60 | 3,976,109,827.52 | 3,690,954,000.00 |
| Short-term loans - trust receipt/letter of credit | 1,609,820,452.60 | 628,947,745.16 | 381,583,303.69 | 403,637,729.55 |
| Short-term loans - discounted bills | 721,135,628.79 | - | 36,334,142.86 | - |
| Short-term loans - other | - | 2,597,941,940.00 | - | 2,597,941,940.00 |
| Total short-term loans from financial institutions | 9,871,265,358.52 | 8,740,728,585.17 | 4,394,027,274.07 | 6,692,533,669.55 |
| Reclassified from long-term loans net of transaction cost | 904,371,145.23 | 1,173,893,370.39 | - | - |
| <u>Less</u> Prepaid interest on promissory notes | (28,859,861.65) | (30,163,474.21) | (19,837,390.54) | (20,491,155.10) |
| <u>Less</u> Interest discounted bills | (735,256.47) | - | (241,227.92) | - |
| Net | <u>10,746,041,385.63</u> | <u>9,884,458,481.35</u> | <u>4,373,948,655.61</u> | <u>6,672,042,514.45</u> |

Short-term loans from financial institutions of the Company

As at 31 December 2015, short-term loans from promissory note of Baht 3,976.11 million and from trust receipt of Baht 381.58 million bear interests at the rate of 2.08-6.50% per annum. The loans are secured by land, buildings, machinery and the company's director. For the Company's other short-term loan of Baht 3,690.95 million is take part in the Company's investment to lend an oversea subsidiary the money (see note 12) bear interest at the rate 2.08-7.50 per annum. The loans are secured by the company's director and in a foreign subsidiary. (31 December 2014: short-term loans from promissory note of Baht 2,597.94 million bear interests at the rate of 2.08 - 7.50 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 31 December 2015, short-term loans from promissory note of Baht 2,026.29 million and from trust receipt of Baht 980.87 million bear interests at the rate MLR-1 per annum. The loans are secured by land, buildings, machinery, fixed deposits at financial institutions and the Company's director. (31 December 2014: short-term loans from promissory note of Baht 1,822.86 million and from trust receipt of Baht 225.31 million bear interests at the rate 3.11- 5.75 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 31 December 2015 and 2014, comprise the following:

| | Consolidated Financial Statements | | Separate Financial Statements | |
|--|-----------------------------------|-------------------------|-------------------------------|-------------------------|
| | 2015 | 2014 | 2015 | 2014 |
| | Baht | Baht | Baht | Baht |
| Balance as at beginning | 8,740,728,585.17 | 7,068,933,983.01 | 6,692,533,669.55 | 4,526,382,063.93 |
| Increased for the year | 34,719,292,172.16 | 31,556,541,414.12 | 21,640,253,337.55 | 21,848,389,792.87 |
| Repayment for the year | (33,623,429,115.43) | (29,887,130,409.70) | (23,940,614,438.43) | (19,682,783,716.43) |
| Unrealized losses on exchange rate | 34,673,716.62 | 2,383,597.74 | 1,854,705.40 | 545,529.18 |
| Balance as at Ending | 9,871,265,358.52 | 8,740,728,585.17 | 4,394,027,274.07 | 6,692,533,669.55 |
| Reclassified from long-term loans | | | | |
| net of transaction cost | 904,371,145.23 | 1,173,893,370.39 | - | - |
| <u>Less</u> Prepaid interest on promissory notes | (28,859,861.65) | (30,163,474.21) | (19,837,390.54) | (20,491,155.10) |
| <u>Less</u> Interest discounted bills | (735,256.47) | - | (241,227.92) | - |
| Net | <u>10,746,041,385.63</u> | <u>9,884,458,481.35</u> | <u>4,373,948,655.61</u> | <u>6,672,042,514.45</u> |

20.2 Long-term loans from financial institutions - net

Long-term loans from financial institutions comprise the following:

| | Consolidated Financial Statements | | Separate Financial Statements | |
|---|-----------------------------------|----------------------|-------------------------------|----------------------|
| | As at | As at | As at | As at |
| | 31 December | 31 December | 31 December | 31 December |
| | 2015 | 2014 | 2015 | 2014 |
| | Baht | Baht | Baht | Baht |
| Current portion of long-term loans | 299,910,172.59 | 33,600,000.00 | 21,224,674.80 | 33,600,000.00 |
| Loans due later than 1 year | 1,457,976,169.40 | 21,224,674.80 | - | 21,224,674.80 |
| Loans not complied with the financial covenants | - | 1,173,893,370.39 | - | - |
| Total | 1,757,886,341.99 | 1,228,718,045.19 | 21,224,674.80 | 54,824,674.80 |
| Reclassification to Short-term Borrowings | (904,371,145.23) | (1,173,893,370.39) | - | - |
| Net | <u>853,515,196.76</u> | <u>54,824,674.80</u> | <u>21,224,674.80</u> | <u>54,824,674.80</u> |

As at 31 December 2015, the long-term borrowings amounting to Baht 21.22 million was obtained from a local financial institution, bearing interest rate 6.50% - 6.75% per annum. These borrowings have due for repayment commencing from September 2012 to 31 March 2019 and guaranteed by land, buildings, machinery, finish goods, and share certificate which the parent company invested in the Company, the Company's director and the parent company. According to these loan agreements, the Company has to comply with the requirement specified in the agreement such as compliance with debt covenants, etc.

The interest rate exposures on the borrowings of the Group and the Company as at 31 December 2015 and 2014, are the following:

| | Consolidated Financial Statements | | Separate Financial Statements | |
|---|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
| | As at 31 December 2015 Baht | As at 31 December 2014 Baht | As at 31 December 2015 Baht | As at 31 December 2014 Baht |
| Total Borrowings at Floating Interest Rates (Baht) | | | | |
| (Including Reclassification to Short-Term Borrowings) | 1,757,886,341.99 | 1,228,718,045.53 | 21,224,674.80 | 54,824,674.80 |
| Weighted average effective interest rates: | | | | |
| Bank borrowings (% per annum) | 0.35 - 6.75 | 6.25 - 6.75 | 6.50 - 6.75 | 6.25 - 6.75 |

The movements in book value of long-term loans from financial institutions for the year ended 31 December 2015 and 2014, comprise the following:

| | Consolidated Financial Statements | | Separate Financial Statements | |
|--|-----------------------------------|--------------------|-------------------------------|-----------------|
| | 2015 Baht | 2014 Baht | 2015 Baht | 2014 Baht |
| Balance as at Beginning | 1,228,718,045.19 | 1,528,024,653.53 | 54,824,674.80 | 88,424,674.80 |
| Increased for the year | 2,247,290,521.96 | - | - | - |
| Repayment of long-term loans for the year | (303,122,225.16) | (312,285,497.80) | (33,600,000.00) | (33,600,000.00) |
| Amortized Finance Costs | - | 12,978,889.46 | - | - |
| Total | 3,172,886,341.99 | 1,228,718,045.19 | 21,224,674.80 | 54,824,674.80 |
| Reclassification to Short-term Borrowings (Note 20.1) | (2,319,371,145.23) | (1,173,893,370.39) | - | - |
| Balance as at Ending | 853,515,196.76 | 54,824,674.80 | 21,224,674.80 | 54,824,674.80 |

20.3 Unutilized credit facilities comprise the following:

| | Consolidated Financial Statements | | | |
|---|--|---|--|---|
| | As at 31 December 2015 | | As at 31 December 2014 | |
| | Long-term loan facilities Million Baht | Working capital facilities Million Baht | Long-term loan facilities Million Baht | Working capital facilities Million Baht |
| Floating rate | | | | |
| - draw down with no timeframe limitation | 1,852.71 | 2,071.06 | 2,685.00 | 3,612.25 |
| Ending Book Value - Net | 1,852.71 | 2,071.06 | 2,685.00 | 3,612.25 |

| | Consolidated Financial Statements | | Separate Financial Statements As at 31 December 2014 | |
|--|-----------------------------------|----------------------------|---|----------------------------|
| | Long-term loan facilities | Working capital facilities | Long-term loan facilities | Working capital facilities |
| | <u>Million Baht</u> | <u>Million Baht</u> | <u>Million Baht</u> | <u>Million Baht</u> |
| Floating rate | | | | |
| - draw down with no timeframe limitation | - | 822.06 | - | 1,801.16 |
| Ending Book Value - Net | - | 822.06 | - | 1,801.16 |

21. Liabilities under finance lease

The movements in the retirement benefit obligations for the year ended 31 December 2015 and 2014 are the following:

| | Consolidated Financial Statements | | Separate Financial Statements | |
|------------------------------------|-----------------------------------|----------------------|-------------------------------|-------------------|
| | 2015 | 2014 | 2015 | 2014 |
| | Baht | Baht | Baht | Baht |
| Balance as at beginning | 13,243,179.39 | 19,522,851.98 | 372,5779.40 | 819,674.68 |
| Receives from business acquisition | 2,000,000.00 | - | - | - |
| Increased for the year | 8,752,000.00 | - | - | - |
| Repayment for the year | (3,788,979.39) | (6,279,672.59) | (372,579.40) | (447,095.28) |
| Balance as at ending | <u>20,206,200.00</u> | <u>13,243,179.39</u> | <u>-</u> | <u>372,579.40</u> |

Balance of liabilities under finance leases comprises the following:

| | Consolidated Financial Statements | | Separate Financial Statements | |
|---|-----------------------------------|-----------------------|-------------------------------|--------------------|
| | As at | As at | As at | As at |
| | 31 December | 31 December | 31 December | 31 December |
| | 2015 | 2014 | 2015 | 2014 |
| | Baht | Baht | Baht | Baht |
| Not later than 1 year | 5,756,400.00 | 2,540,979.40 | - | 372,579.40 |
| Later than 1 year but not later than 5 years | 14,449,800.00 | 10,702,200.00 | - | - |
| Total | 20,206,200.00 | 13,243,179.40 | - | 372,579.40 |
| <u>Less</u> Future finance charges on finance lease | <u>(2,630,459.37)</u> | <u>(2,132,791.65)</u> | <u>-</u> | <u>(10,827.90)</u> |
| Present value of liabilities under finance leases | <u>17,575,740.63</u> | <u>11,110,387.75</u> | <u>-</u> | <u>361,751.50</u> |
| Liabilities under finance leases | | | | |
| - current | 4,868,016.82 | 1,981,627.70 | - | 361,751.50 |
| - non-current | 12,707,723.81 | 9,128,760.05 | - | - |
| Total liabilities under finance leases | <u>17,575,740.63</u> | <u>11,110,387.75</u> | <u>-</u> | <u>361,751.50</u> |

22. Deferred income taxes

Deferred income taxes are calculated in full on temporary differences, using the liability for the statements of financial position method and applying a principal tax rate of 20%, the deferred taxation related to the temporary differences between the carrying amounts and the tax bases of assets and liabilities of the Company are summarized below:

| | As at 31 December 2014 Baht | Consolidated Financial Statements | | As at 31 December 2015 Baht |
|---|--|---|--|--|
| | | Recognized in the Profit (Loss) for the period Baht | Recognized in the other Comprehensive Profit (Loss) Baht | |
| Deferred tax liabilities | | | | |
| Gain on derivative financial instruments | 1,132,651.92 | 1,366,931.94 | - | 2,499,583.86 |
| Revaluation surplus from land | 47,163,679.97 | 40,382,900.00 | 15,800,480.00 | 103,347,059.97 |
| Fair value at at date of purchase | 47,747,504.08 | 80,894,392.71 | (4,766,606.29) | 123,875,290.51 |
| Total | 96,043,835.97 | 122,644,224.66 | 11,033,873.71 | 229,721,934.34 |

| | As at 31 December 2014 Baht | Consolidated Financial Statements | | As at 31 December 2015 Baht |
|---|--|---|--|--|
| | | Recognized in the Profit (Loss) for the period Baht | Recognized in the other Comprehensive Profit (Loss) Baht | |
| Deferred tax liabilities | | | | |
| Gain on derivative financial instruments | | | | |
| Revaluation surplus from land | 987,743.10 | 1,511,840.26 | - | 2,499,583.36 |
| Fair value at at date of purchase | 31,484,175.40 | - | 15,800,480.00 | 47,284,655.40 |
| Total | 32,471,918.50 | 1,511,840.26 | 15,800,480.00 | 49,784,238.76 |

23. Retirement benefit obligations

For the year ended 31 December 2015 and 2014 the movements in the retirement benefit obligations is the following:

| | Consolidated Financial Statements | | Separate Financial Statements | |
|--|-----------------------------------|----------------------|-------------------------------|----------------------|
| | 2015 | 2014 | 2015 | 2014 |
| | Baht | Baht | Baht | Baht |
| For the year ended 31 December | | | | |
| Balance as at Beginning | 18,613,779.00 | 15,732,065.00 | 15,249,814.00 | 13,359,320.00 |
| Receives from business acquisition | 8,182,287.00 | - | - | - |
| Retirement benefit expenses | 8,322,913.87 | 3,025,354.00 | 3,039,418.00 | 2,034,134.00 |
| Benefit payment to employee during the year | (1,752,308.00) | (143,640.00) | (900,000.00) | (143,640.00) |
| Transfer out from employee intercompany rotation | - | - | (1,956,638.76) | - |
| Actuarial (Gain) Loss | 1,076,030.00 | - | 19,302.00 | - |
| Balance as at Ending | <u>34,442,701.87</u> | <u>18,613,779.00</u> | <u>15,451,895.24</u> | <u>15,249,814.00</u> |

For the year ended 31 December 2015 and 2014, the amounts recognized in the profit and loss are as follows:

| | Consolidated Financial Statements | | Separate Financial Statements | |
|--------------------------------|-----------------------------------|---------------------|-------------------------------|---------------------|
| | 2015 | 2014 | 2015 | 2014 |
| | Baht | Baht | Baht | Baht |
| For the year ended 31 December | | | | |
| Current service cost | 7,378,875.28 | 2,463,211.00 | 2,520,269.00 | 1,562,155.00 |
| Interest cost | 944,038.59 | 562,143.00 | 519,149.00 | 471,979.00 |
| Total | <u>8,322,913.87</u> | <u>3,025,354.00</u> | <u>3,039,418.00</u> | <u>2,034,134.00</u> |

The amounts recognized in the profit and loss are as follows:

| | Consolidated Financial Statements | | Separate Financial Statements | |
|--------------------------------|-----------------------------------|---------------------|-------------------------------|---------------------|
| | 2015 | 2014 | 2015 | 2014 |
| | Baht | Baht | Baht | Baht |
| For the year ended 31 December | | | | |
| Cost of sales | 1,551,530.03 | 1,369,539.80 | 765,243.00 | 639,922.00 |
| Administrative expenses | 6,453,789.36 | 1,655,814.20 | 2,274,175.00 | 1,394,212.00 |
| Transfer to cost of assets | 317,594.48 | - | - | - |
| Total | <u>8,322,913.87</u> | <u>3,025,354.00</u> | <u>3,039,418.00</u> | <u>2,034,134.00</u> |

The principal actuarial assumptions used were as follows:

| | Consolidated Financial Statements | | Separate Financial Statements | |
|--|-----------------------------------|-------------|-------------------------------|-------------|
| | 2015 | 2014 | 2015 | 2014 |
| Discount rate | 3.25 - 3.91 % | 3.7 - 3.8 % | 3.4 % | 3.7 % |
| Future expectation of salary increases | 4.16 - 10.00 % | 3.5 - 7.0 % | 3.5 - 10.00 % | 3.5 - 7.0 % |

24. Share capital

The movements of share capital and premium on share capital for the year ended 31 December 2015 and 2014, comprise the following:

| | Authorized share capital | | Issued and paid-up | | Issued and paid-up shares capital | | | |
|--|--------------------------|-----------------|--------------------|-----------------|-----------------------------------|------------------|------------------|------------------|
| | Preferred shares | Ordinary shares | Preferred shares | Ordinary shares | Preferred shares | Ordinary shares | Preferred shares | Ordinary shares |
| As at 31 December 2013 | 1,044,864,171 | 3,554,346,497 | 294,864,171 | 1,682,005,065 | 117,945,668.40 | 672,802,026.00 | 1,089,887,863.12 | 734,860,978.14 |
| Increase registered shares | 405,172,414 | 3,271,820,374 | - | - | - | - | - | - |
| Issue of shares during the year | - | - | 344,827,586 | 1,251,393,881 | 137,931,034.40 | 500,557,552.40 | 547,068,965.18 | 1,000,315,104.80 |
| Issue of increase shares for preferred stock | - | - | - | 524,192 | - | 209,676.80 | - | 684,594.75 |
| Dividend paid | - | - | - | 180,566,748 | - | 72,226,699.20 | - | - |
| Decrease of number of registered shares | (810,344,828) | (2,347,583,075) | - | - | - | - | - | - |
| As at 31 December 2014 | 639,691,757 | 4,478,583,796 | 639,691,757 | 3,114,489,886 | 255,876,702.80 | 1,245,795,954.40 | 1,636,956,828.30 | 1,735,860,677.69 |
| Increase registered shares | - | 522,855,281 | - | - | - | - | - | - |
| Issue of shares during the year | - | - | - | 300,000,000 | - | 120,000,000.00 | - | 300,000,000.00 |
| Issue of increase shares for preferred stock | - | - | - | 219,010 | - | 87,604.00 | - | 287,354.00 |
| As at 31 December 2015 | 639,691,757 | 5,001,439,077 | 639,691,757 | 3,414,708,896 | 255,876,702.80 | 1,365,883,558.40 | 1,636,956,828.30 | 2,036,148,031.69 |

At the Annual General Shareholders' meeting of the Company 1/2015 held on 27 April 2015, shareholders passed a resolution to approved to increase the Company's registered capital by Baht 209,142,112.04, by issue new ordinary 522,855,281 shares with a par value of Baht 0.40 from the current registered capital of Baht 2,047,310,221.20 to Baht 2,256,452,333.60. Details of allocations of capital increasing are as follows:

a) Allotment of ordinary of shares not exceeding 500,000,000 shares to be offered on a private placement basis to specific persons as defined in the notification of the Capital Market Supervisory Board No. Tor Chor. 28/2551 regarding the request and the permission to propose to sell newly issued share in the share price of not less than 90 percentage of the Company's weight average share value as defined in the trading the Securities and Exchange Commission ("SEC") which is trading in the previous 7 to 15 consecutive working day but before the board of Director resolved to allocate ordinary shares to a private placement basis to specific person. The purpose of the capital increase to ensure the expansion of renewable energy, and/or future business that may be related, and/or unrelated business today, and/or working capital/ and/or the repayment.

b) Allotment of ordinary shares not exceeding 22,855,281 shares for support the conversion right of warranty to second purchase the ordinary shares (MILL-W2) more. Due to the previously issued shares that support the conversion right of warranty is insufficient.

During the second quarterly 2015, have expressed intention to exercise the right to exercise the warrant at 1 (MILL-W2) 150,000 units converted to common stock 219,000 ordinary shares, of Baht 1.712 per share and exercise the right to exercise the warrant at 1 (MILL-W3) 10 units converted to common stock 10 ordinary shares, of Baht 1.0 per share totaling paid-up capital of Baht 374,958.00. The Company registered the increase of registered shares with the Ministry of Commerce on 21 July 2015.

25. Preferred shares

The amount of dividend paid by the Company are not entitled to preferred shareholders will only receive in the year that has not been paid. As at 31 December 2015 and 2014 the Company accrued dividends for the year in amount of Baht 36.39 million and 95.97 million, respectively.

26. 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 31 December 2015 and 2014 debt to equity ratio in the consolidated financial statements are 2.29 : 1 and 2.66 : 1, respectively.

As at 31 December 2015 and 2014 debt to equity ratio in the financial separate statements are 1.22 : 1 and 1.79 : 1, respectively.

27. Tax (Expense) Income

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

| | Consolidated Financial Statements For the year ended 31 December | | Separate Financial Statements For the year ended 31 December | |
|---|---|-------------------|---|-----------------------|
| | 2014 | 2013 | 2014 | 2013 |
| | Baht | Baht | Baht | Baht |
| Current tax (expense) income | (104,598,587.47) | - | (104,368,205.86) | - |
| Prior year tax expense | | | | |
| (Expenses) revenues deferred | | | | |
| income tax | <u>3,399,674.84</u> | <u>482,885.38</u> | <u>(1,511,840.26)</u> | <u>(4,869,888.66)</u> |
| (Expense) revenues Income tax is recognized in the profit (loss) for the year | <u>(101,198,912.63)</u> | <u>482,885.38</u> | <u>(105,880,046.12)</u> | <u>(4,869,888.66)</u> |

The difference between (expenses) revenue tax calculated from accounting profit at the tax rate for the year ended 31 December 2015 and 2014 at the rate of 20% , are as follows;

| | Consolidated Financial Statements | | Separate Financial Statements | |
|--|--------------------------------------|---------------------------|----------------------------------|-------------------------|
| | 2015 | 2014 | 2015 | 2014 |
| | Baht | Baht | Baht | Baht |
| Profit before income tax | <u>857,000,033.83</u> | <u>(1,003,897,504.49)</u> | <u>1,023,124,784.37</u> | <u>(687,355,912.51)</u> |
| (Expenses) revenues tax calculated | | | | |
| at the tax rate of 20% | (171,400,006.77) | 200,779,500.90 | (204,624,956.87) | 137,471,182.50 |
| Impact of profit in foreign entities | 78,920,368.73 | - | - | - |
| Impact of change in tax rate | | - | - | - |
| The impact of income between related company | (167,573,527.18) | (1,854,642.33) | - | - |
| Profit sharing from equity accounted investment | (526,241.82) | 49,679.86 | - | - |

| | Consolidated Financial Statements | | Separate Financial Statements | |
|---|-----------------------------------|-------------------|-------------------------------|-----------------------|
| | 2015 | 2014 | 2015 | 2014 |
| | Baht | Baht | Baht | Baht |
| Prior year tax expense | - | - | - | - |
| Effect of income that is exempt from taxation | 120,147,375.30 | (40,239,339.08) | 67,301,757.33 | - |
| (Expenses) revenues not deductible for income tax | (36,222,580.05) | (90,866,638.25) | (41,346,048.06) | (70,465,118.56) |
| Tax losses the year that are not recognized as deferred tax assets | (9,887,208.97) | (67,385,675.73) | - | (64,292,689.24) |
| Tax losses last year that are not recognized as deferred tax assets | 85,342,907.13 | - | 72,793,201.48 | - |
| Written off deferred tax assets, recorded in prior year | - | - | - | (7,583,263.36) |
| (Expenses) revenues income tax is Recognized in the Profit for the year | <u>(101,198,913.63)</u> | <u>482,885.37</u> | <u>(105,880,046.12)</u> | <u>(4,869,888.66)</u> |

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

| | Consolidated Financial Statements | | |
|---|-----------------------------------|---------------------------------|----------------|
| | Amount Before Taxes | Revenues(Expenses) Income Taxes | Net of Taxes |
| | Baht | Baht | Baht |
| For the year ended 31 December 2015 | | | |
| Gain (loss) on land revaluation | 281,912,548.54 | 56,382,509.71 | 225,530,038.83 |
| For the year ended 31 December 2014 | | | |
| Gain (loss) on remeasuring available-for-sale-investments | 16,000,000.00 | (3,200,000.00) | 12,800,000.00 |

| | Separate Financial Statements | | |
|---|-------------------------------|---------------------------------|---------------|
| | Amount Before Taxes | Revenues(Expenses) Income Taxes | Net of Taxes |
| | Baht | Baht | Baht |
| For the year ended 31 December 2015 | | | |
| Gain (loss) on land revaluation | 78,978,272.50 | (15,795,654.50) | 63,182,618.00 |
| For the year ended 31 December 2014 | | | |
| Gain (loss) on remeasuring available-for-sale-investments | 16,000,000.00 | (3,200,000.00) | 12,800,000.00 |

Deferred tax assets are not recognized in the financial statement below.

| | Consolidated Financial Statements For the year ended 31 December 2015 Baht | Separate Financial Statements For the year ended 31 December 2015 Baht |
|---|--|--|
| Allowance for doubtful debts | 23,918,057.82 | 19,703,185.81 |
| Allowance for net realizable value of inventories | 15,189,645.15 | 14,470,982.29 |
| Retirement benefit obligations | 4,970,434.33 | 3,090,379.05 |
| Tax losses | 312,340,373.44 | 72,793,201.48 |
| Loss on impairment of intangible assets | 3,276,911.20 | - |
| Total | <u>359,695,421.94</u> | <u>110,057,748.63</u> |

For the years ended 31 December 2015, the whole amount of deferred tax assets for tax losses was derived from accumulated tax losses which were classified by expiring year of tax benefits as follows:

| | Consolidated Financial Statements Baht | Separate Financial Statements Baht |
|-------------------------------|--|--|
| Expiring year of tax benefits | | |
| Year 2561 | 165,568,539.60 | 40,075,568.17 |
| Year 2562 | <u>146,771,833.84</u> | <u>32,717,633.32</u> |
| Total | <u>312,340,373.44</u> | <u>72,793,201.49</u> |

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

28. Basic earnings (loss) per share

Basic earnings (loss) per share and diluted earnings (loss) per share for the year ended 31 December 2015 and 2014 are as follows;

Basic earnings (loss) per share is calculated by dividing the profit (loss) for the year attributable to shareholders after deduction of cash dividend of preference shares by the weighted average number of ordinary shares in issue during the period are as follows:

| For the year ended December 31, | Consolidated Financial Statements | | Separate Financial Statements | |
|---|-----------------------------------|---------------------------|-------------------------------|------------------------|
| | 2015 | 2014 | 2015 | 2014 |
| Basic (loss) earnings per share | | | | |
| Profit (loss) attributable to owners of the parent (Baht) | 753,149,514.44 | (998,679,627.04) | 917,244,738.25 | (692,225,801.17) |
| Less Dividend of preference shares (Baht) | <u>(34,999,999.98)</u> | <u>(95,622,599.21)</u> | <u>(34,999,999.98)</u> | <u>(95,622,599.21)</u> |
| Profit (loss) attributable to ordinary shareholders (Baht) | <u>718,149,514.46</u> | <u>(1,094,302,226.25)</u> | <u>882,244,738.27</u> | <u>787,848,400.38</u> |
| Weighted average number of ordinary shares in issue (Share) | 3,126,111,340 | 1,904,167,358 | 3,126,111,340 | 1,904,167,358 |
| Basic earnings (loss) per share (Baht) | 0.23 | (0.57) | 0.28 | (0.41) |

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.

| For the year ended December 31, | Consolidated Financial Statements | | Separate Financial Statements | |
|--|-----------------------------------|---------------------------|-------------------------------|-------------------------|
| | 2015 | 2014 | 2015 | 2014 |
| Diluted earnings (loss) per share | | | | |
| Profit (loss) attributable to owners of the parent (Baht) | <u>718,149,514.46</u> | <u>(1,094,302,226.25)</u> | <u>882,244,738.27</u> | <u>(787,848,400.29)</u> |
| Weighted average number of ordinary shares in issue (Share) | 3,126,111,340 | 1,904,167,358 | 3,126,111,340 | 1,904,167,358 |
| Adjustments for | | | | |
| - convertible bonds (Share) | 58,333,333 | 58,333,333 | 58,333,333 | 58,333,333 |
| - warrants (Share) | <u>967,775</u> | <u>304,109,686</u> | <u>967,775</u> | <u>304,109,686</u> |
| Weighted average number of ordinary shares for diluted earnings (loss) per share (Share) | <u>3,185,412,448</u> | <u>2,266,610,377</u> | <u>3,185,412,448</u> | <u>2,266,610,377</u> |
| Diluted earnings (loss) per share (Baht) | 0.23 | (0.48) | 0.28 | (0.35) |

29. 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 | |
|--|-----------------------------------|------------------|-------------------------------|------------------|
| | 2015 | 2014 | 2015 | 2014 |
| | Baht | Baht | Baht | Baht |
| Raw materials and consumable used | 6,897,342,921.26 | 8,333,072,284.90 | 7,275,388,940.93 | 6,915,865,491.14 |
| Purchases of finished goods and raw material | 4,525,348,019.21 | 136,042,086.07 | 1,474,009,511.36 | 123,855,588.37 |
| Change in finished goods and semi-finished goods | 48,560,696.80 | (346,692,534.04) | (57,104,603.09) | (222,201,435.42) |
| Profit(Losses) on declining value of inventory | (70,630,608.09) | 140,155,449.27 | (39,043,246.46) | 104,331,360.30 |
| Staff costs | 289,001,746.84 | 243,206,021.33 | 187,137,772.83 | 161,272,631.24 |
| Depreciation on property, plant and equipment | 208,232,277.86 | 200,625,758.94 | 29,916,911.81 | 31,864,846.98 |
| Utilities expenses | 466,365,405.51 | 486,150,362.48 | 144,122,528.03 | 124,785,865.88 |
| Oil/gas | 216,849,745.05 | 263,178,233.70 | 181,780,232.57 | 212,702,085.13 |

30. 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 31 December 2015 and 2014 was Baht 491.84 million and Baht 588.35 million, respectively to 3.98 percent and 5.67 percent of total sales of goods and services, respectively.

31. Financial instruments

31.1 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.

31.1.1 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.

31.1.2 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 31.1.1

31.1.3 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.

31.1.4 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.

31.2 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 |
| | 31 December 2015 | 31 December 2014 | 31 December 2015 | 31 December 2014 |
| US Dollar | | | | |
| - Average exchange rate (Baht/USD) | 33.88 - 36.39 | 31.87 - 33.38 | 33.88 - 36.39 | 32.09 - 33.38 |
| - Amount in foreign (USD) | 28,288,080.09 | 22,250,465.57 | 28,288,080.09 | 17,747,718.45 |
| - Amount in local currency (Baht) | 1,011,895,036.30 | 735,132,463.75 | 1,011,895,036.30 | 585,859,900.28 |

Net fair values

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

| | Consolidated Financial Statements | | | |
|--|-----------------------------------|--|------------------------|--|
| | As at 31 December 2015 | | As at 31 December 2014 | |
| | Foreign currency Baht | Fair values Favourable (unfavourable) Baht | Foreign currency Baht | Fair values Favourable (unfavourable) Baht |
| Derivative financial instruments (assets) | | | | |
| - Foreign exchange forward contracts | | | | |
| US Dollar | | | | |
| - Current | 28,288,080.09 | 12,497,919.36 | 13,450,465.57 | 5,663,259.62 |
| Derivative financial instruments (liabilities) | | | | |
| - Foreign exchange forward contracts | | | | |
| US Dollar | | | | |
| - Current | - | - | 8,800,000.00 | (1,652,032.80) |
| Derivative financial instruments (assets) | | | | |
| - Foreign exchange forward contracts | | | | |
| US Dollar | | | | |
| - Current | 28,288,080.09 | 12,497,919.36 | 8,947,718.45 | 22,597,983.27 |
| Derivative financial instruments (liabilities) | | | | |
| - Foreign exchange forward contracts | | | | |
| US Dollar | | | | |
| - Current | - | - | 8,800,000.00 | 9,687,500.03 |

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. The information is level 3 inputs

32. 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. |
| - 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:

| | Consolidated Financial Statements | | Separate Financial Statements | |
|---------------------------------------|-----------------------------------|-----------------------------|-------------------------------|-----------------------------|
| | For the year end | | For the year end | |
| | 31 December 2015 Baht | 31 December 2014 Baht | 31 December 2015 Baht | 31 December 2014 Baht |
| Revenue | | | | |
| Revenue sales | 1,108,021,132.67 | 1,859,418,464.12 | 1,065,718,855.57 | 1,859,418,464.12 |
| Purchase of goods and services | | | | |
| Purchase of goods | 102,808,644.42 | 41,817,266.00 | 90,258,779.00 | 41,817,266.00 |
| services | 4,660,430.40 | 7,410,428.79 | 2,913,820.40 | 4,148,638.79 |

32.1 Revenue and Expenses of Intercompany

32.2 Assets and Liabilities of Intercompany

| | Consolidated Financial Statements | | Separate Financial Statements | |
|----------------------------------|-----------------------------------|----------------|-------------------------------|----------------|
| | As at | As at | As at | As at |
| | 31 December | 31 December | 31 December | 31 December |
| | 2015 | 2014 | 2015 | 2014 |
| | Baht | Baht | Baht | Baht |
| Trade accounts receivable | 179,609,374.00 | 395,745,244.19 | 119,967,277.52 | 395,745,244.19 |
| Other assets | 667,600.00 | 3,868,315.00 | 667,600.00 | 1,232,600.00 |
| Trade accounts payable | 2,797,721.52 | - | 1,052,292.26 | - |
| Other liabilities | | | | |
| (Accrued expenses) | - | 3,220,147.53 | - | 1,387,737.26 |
| Liabilities under finance leases | - | 1,832,410.27 | - | - |

33. Inter-transaction between related parties

A group of individual shareholders who are members of the Company's management hold 18.92 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:

33.1 Revenue and Expenses of Intercompany

| | Consolidated Financial Statements | | Separate Financial Statements | |
|--|-----------------------------------|-------------|-------------------------------|----------------------|
| | For the year end | | For the year end | |
| | 31 December | 31 December | 31 December | 31 December |
| | 2015 | 2014 | 2015 | 2014 |
| | Baht | Baht | Baht | Baht |
| Revenue sales of goods and services | | | | |
| Subsidiaries | | | | |
| Millcon Burapa Company Limited | - | - | 24,722,514.80 | 49,169,557.00 |
| I-Gen Engineering Co., Ltd. | - | - | 258,510.00 | 15,417,484.72 |
| Millcon Special Steel Co., Ltd. | - | - | 2,506,344.80 | - |
| Millcon Thiha Limited | - | - | 24,763,239.91 | - |
| Saharuam Construction Materials Co., Ltd. | - | - | 1,268,994,542.65 | - |
| Millcon Special Steel Co., Ltd. | - | - | 566,128,556.38 | - |
| Suntech Metals Co., Ltd. | - | - | - | - |
| (Transaction after acquisition) | - | - | - | - |
| Total | - | - | 1,887,373,708.54 | 64,587,041.72 |

| | Consolidated Financial | | Separate Financial | |
|--|------------------------------|------------------------------|--------------------------------|------------------------------|
| | Statements | | Statements | |
| | For the year end | | For the year end | |
| | 31 December | 31 December | 31 December | 31 December |
| | 2015 | 2014 | 2015 | 2014 |
| | Baht | Baht | Baht | Baht |
| Revenue sales of goods and services(Continue) | | | | |
| Related parties | | | | |
| Million Miles Co., Ltd. | 288,216.93 | 68,600.00 | 307,447.08 | 68,600.00 |
| General Engineering Public Co., Ltd. | 74,937,350.80 | 60,316,126.01 | 111,113,071.82 | 56,749,224.45 |
| Suntech Metals Co., Ltd. | | | | |
| (Transaction before acquisition) | | 103,755,474.84 | 254,510,174.73 | 103,755,474.84 |
| R.S.P. Steel Co., Ltd. | 184,157,294.46 | 334,025,191.20 | 90,728,963.15 | 334,025,191.20 |
| I-Gen Engineering Co., Ltd. | 1,400,000.00 | - | - | - |
| AEC Power Engineering Sole Co., Ltd. | 1,290,000.00 | - | - | - |
| Total | <u>262,072,862.19</u> | <u>498,165,392.05</u> | <u>456,659,656.78</u> | <u>494,598,490.49</u> |
| Total Rental income | <u>262,072,862.19</u> | <u>498,165,392.05</u> | <u>2,344,033,365.32</u> | <u>559,185,532.21</u> |
| Profit (Loss) from sales assets-held-for-sale | | | | |
| Subsidiaries | | | | |
| Millcon Special Steel Co., Ltd. | - | - | 590,383,985.80 | - |
| Millcon (HK) Limited | - | - | (199,353,342.93) | - |
| Total | <u>-</u> | <u>-</u> | <u>391,030,642.87</u> | <u>-</u> |
| Related parties | | | | |
| General Engineering Public Co., Ltd. | 938,365,561.00 | - | 938,365,561.00 | - |
| Total Profit (Loss) from sales assets-held-for-sale | <u>938,365,561.00</u> | <u>-</u> | <u>1,329,396,203.87</u> | <u>-</u> |
| Profit and loss form sales fixed assets | | | | |
| Subsidiaries | | | | |
| Millcon Special Steel Co., Ltd | - | - | 444,147.87 | - |
| Millcon Steel Pipe Co., Ltd. | - | - | 1,204,607.97 | - |
| Total Porfit (loss) form Sales fixed assets | <u>-</u> | <u>-</u> | <u>1,648,755.84</u> | <u>-</u> |

| | Consolidated Financial Statements For the year end | | Separate Financial Statements For the year end | |
|--|--|-----------------------------|--|-----------------------------|
| | 31 December 2015 Baht | 31 December 2014 Baht | 31 December 2015 Baht | 31 December 2014 Baht |
| Rental income | | | | |
| Related party | | | | |
| Million Miles Co., Ltd. | 1,920,000.00 | 1,968,000.00 | - | 48,000.00 |
| Total Rental income | 1,920,000.00 | 1,968,000.00 | - | 48,000.00 |
| Interest Income | | | | |
| Subsidiaries | | | | |
| Worldwide Systems Co., Ltd. | - | - | 3,547,439.91 | - |
| Millcon (HK) Limited | - | - | 21,421.16 | - |
| Total | - | - | 3,568,861.07 | - |
| Related party | | | | |
| AEC Power Engineering Sole Co., Ltd. | 33,660.51 | - | - | - |
| Total | 33,660.51 | - | 3,568,861.07 | - |
| Purchase of goods and services | | | | |
| Subsidiaries | | | | |
| Millcon Burapa Co., Ltd. | - | - | 1,280,598,629.00 | 1,480,513,592.02 |
| I-Gen Engineering Co., Ltd. | - | - | 12,446,619.03 | 11,607,620.70 |
| Millcon Special Steel Co., Ltd | - | - | 1,007,875,925.22 | - |
| Saharuam Construction Materials Co., Ltd. | - | - | 247,401.50 | - |
| Suntech Metals Co., Ltd. | | | | |
| (Transaction after acquisition) | - | - | 157,311,223.65 | - |
| Total | - | - | 2,458,479,798.40 | 1,492,121,212.72 |
| Related parties | | | | |
| R.S.P. Steel Co., Ltd. | 39,602,362.37 | 4,270,103.78 | 9,419,252.70 | 4,270,103.78 |
| Million Miles Co., Ltd. | 67,963,813.47 | 95,368,962.77 | 71,235,781.75 | 79,065,651.22 |
| Suntech Metals Co., Ltd. | | | | |
| (Transaction before acquisition) | - | 245,650,502.74 | 126,394,267.10 | 9,518,960.00 |
| Total | 107,566,175.84 | 345,289,569.29 | 207,049,301.55 | 92,854,715.00 |
| Total Purchase of goods and service | 107,566,175.84 | 345,289,569.29 | 2,665,529,095.95 | 1,584,975,927.72 |

| | Consolidated Financial Statements | | Separate Financial Statements | |
|--|--------------------------------------|-----------------------------|----------------------------------|-----------------------------|
| | For the year end | | For the year end | |
| | 31 December 2015 Baht | 31 December 2014 Baht | 31 December 2015 Baht | 31 December 2014 Baht |
| Purchase of assets | | | | |
| Related parties | | | | |
| I-Gen Engineering Co., Ltd. | - | - | 2,000,000.00 | - |
| Millcon Burapa Co., Ltd. | - | - | 6,135,212,774.16 | - |
| Total Purchase of assets | - | - | 6,137,212,774.16 | - |
| Selling and Administrative expenses | | | | |
| Related parties | | | | |
| Millcon Burapa Co., Ltd. | - | - | 23,012,880.00 | 23,012,880.00 |
| Million Miles Co., Ltd. | 2,930,000.00 | - | - | - |
| Millcon Steel Pipe Co., Ltd. | - | - | 5,210,809.55 | - |
| Millcon Special Steel Co.,Ltd | - | - | 3,994,835.00 | - |
| Total | - | - | 32,218,524.55 | 23,012,880.00 |
| Subsidiaries | | | | |
| R.S.P. Steel Co., Ltd. | 383,094.00 | 561,792.00 | 528,792.00 | 561,792.00 |
| Total Selling and Administrative expenses | 3,313,094.00 | 561,792.00 | 32,747,316.55 | 23,574,672.00 |
| Directors' and management's remunerations | | | | |
| Short-term Employee Benefit | 30,088,832.00 | 31,833,202.00 | 30,088,832.00 | 31,833,202.00 |
| Post-Employee Benefit | 1,024,903.00 | 919,445.00 | 1,024,903.00 | 919,445.00 |
| Total Directors' and management's remunerations | 31,113,735.00 | 32,752,647.00 | 31,113,735.00 | 32,752,647.00 |

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

33.2 Assets and Liabilities of Intercompany

| | Consolidated Financial Statements | | Separate Financial Statements | |
|---|---|---|---|---|
| | For the year end 31 December 2015 Baht | For the year end 31 December 2014 Baht | For the year end 31 December 2015 Baht | For the year end 31 December 2014 Baht |
| Trade accounts receivable | | | | |
| Subsidiaries | | | | |
| Millcon Burapa Co., Ltd. | - | - | 6,508.60 | 11,116,337.00 |
| Millcon Special Steel Co., Ltd. | - | - | - | 16,850,586.87 |
| Millcon Steel Pipe Co., Ltd. | - | - | 60,343,117.72 | - |
| Saharuam Construction Materials Co., Ltd. | - | - | 6,270,858.30 | - |
| Suntech Metals Co., Ltd. | - | - | 243,188,574.99 | - |
| Total | - | - | 309,809,059.61 | 27,966,923.87 |
| Related parties | | | | |
| Million Miles Co., Ltd. | 53,122.94 | - | 53,122.94 | - |
| General Engineering Public Co., Ltd. | (247,744.83) | 11,441,612.20 | (247,744.83) | 8,108,659.74 |
| R.S.P. Steel Co., Ltd. | 19,260.00 | 45,600,102.66 | - | 45,600,102.66 |
| I-Gen Engineering Co., Ltd. | 1,498,000.00 | - | - | - |
| Total | 1,322,638.11 | 57,041,714.86 | (194,621.89) | 53,708,762.40 |
| Total Trade accounts payable | 1,322,638.11 | 57,041,714.86 | 309,614,437.72 | 81,675,686.27 |
| Short-term loans to | | | | |
| Subsidiaries | | | | |
| Millcon Thiha Limited | - | - | 907,467.51 | - |
| Millcon (HK) Limited | - | - | - | 1,050,665,299.20 |
| Worldwide Systems Co., Ltd. | - | - | 233,090,111.00 | - |
| <u>Less</u> Allowance for doubtful debt | - | - | - | (171,225,240.00) |
| Net | - | - | 233,997,578.51 | 879,440,059.20 |
| Related party | | | | |
| AEC Power Engineering Sole Co., Ltd. | 2,550,000.00 | - | - | - |
| Total Short-term loans to | 2,550,000.00 | - | 233,997,578.51 | 879,440,059.20 |

| | Consolidated Financial | | Separate Financial | |
|--------------------------------------|------------------------|---------------------|-------------------------|-------------------------|
| | Statements | | Statements | |
| | For the year | For the year | For the year | For the year |
| | end | end | end | end |
| | 31 December | 31 December | 31 December | 31 December |
| | 2015 | 2014 | 2015 | 2014 |
| | Baht | Baht | Baht | Baht |
| Advances | | | | |
| Subsidiaries | | | | |
| Millcon Burapa Co., Ltd. | - | - | 1,049,163,852.54 | 2,040,453,665.17 |
| I-Gen Engineering Co., Ltd. | - | - | - | 10,092,100.00 |
| Millcon Special Steel Co., Ltd. | - | - | 282,560,459.62 | 3,328,517.25 |
| Millcon Mauritius Company Limited | - | - | 466,146.25 | 285,708.00 |
| Quest Capital Investment Limited | - | - | 11,032,684.00 | 9,000,750.00 |
| Millcon Thiha Limited | - | - | 545,823.55 | - |
| Millcon (HK) Limited | - | - | 6,230,419.93 | - |
| Less Allowance for doubtful debt | - | - | (9,209,442.00) | (9,000,750.00) |
| Net | - | - | 1,340,789,943.89 | 2,054,159,990.42 |
| Associate | | | | |
| Wisdom Tree Investment (S) | | | | |
| Pte. Limited | - | 384,831.11 | - | 384,831.11 |
| General Engineering Public Co., Ltd. | - | 8,250,000.00 | - | - |
| Millcon Engineering Co., Ltd. | - | - | 325,586.00 | - |
| I-Gen Engineering Co., Ltd. | - | - | 8,709,548.77 | - |
| Million Miles Co., Ltd. | - | 36,000.00 | - | - |
| I generation Co.,Ltd | 15,239.00 | - | - | - |
| Total | 15,239.00 | 8,286,000.00 | 9,035,134.77 | 384,831.11 |
| Total Advance | 15,239.00 | 8,670,831.11 | 1,349,825,078.66 | 2,054,544,821.13 |
| Accued interest receivable | | | | |
| Related parties | | | | |
| AEC Power Engineering Sole | | | | |
| Co., Ltd. | 33,660.00 | - | 21,421.16 | - |
| Worldwide Systems Co., Ltd. | - | - | 3,547,439.91 | - |
| Total Accued interest payable | 33,660.00 | - | 3,568,861.07 | - |
| Advance money transfer | | | | |
| excavators | | | | |
| Related party | | | | |
| Million Miles Company Limited | - | 1,280,000.00 | - | - |

| | Consolidated Financial | | Separate Financial | |
|---------------------------------------|------------------------|----------------------|-------------------------|---------------------|
| | Statements | | Statements | |
| | For the year | For the year | For the year | For the year |
| | end | end | end | end |
| | 31 December | 31 December | 31 December | 31 December |
| | 2015 | 2014 | 2015 | 2014 |
| | Baht | Baht | Baht | Baht |
| Other Current Assets (Account | | | | |
| receivable on purchase assets) | | | | |
| Subsidiaries | | | | |
| Millcon Burapa Company Limited | - | - | 76,055,237.21 | 76,055,237.21 |
| Millcon Steel Pipe Co., Ltd. | - | - | 5,508,792.04 | - |
| Suntech Metals Company Limited | - | - | 4,596,119.41 | - |
| Total | - | - | 86,160,148.66 | - |
| Related parties | | | | |
| Million Miles Company Limited | - | - | 53,122.94 | - |
| Total Other Current Assets | | | | |
| (Account receivable on | | | | |
| purchase assets) | - | - | 86,213,271.60 | 76,055,237.21 |
| Account Payable | | | | |
| Subsidiaries | | | | |
| Millcon Burapa Company Limited | | | 1,049,170,361.14 | |
| I-Gen Engineering Co., Ltd. | - | - | 1,293,538.29 | 2,357,525.66 |
| Millcon Special Steel Co., Ltd. | - | - | 748,964,463.46 | - |
| Suntech Metals Co., Ltd. | - | - | 606,742.36 | - |
| Millcon Steel Pipe Co., Ltd. | - | - | 52,105.79 | |
| Total | - | - | 1,800,087,211.04 | 2,357,525.66 |
| Related parties | | | | |
| R.S.P. Steel Co., Ltd. | - | 125,692.90 | - | 125,692.90 |
| General Engineering Public Co., Ltd. | - | 2,651,161.03 | - | - |
| Million Miles Co., Ltd. | - | 132,132.00 | - | - |
| Suntech Metals Co., Ltd. | - | 88,708,192.36 | - | 5,383,406.13 |
| I-Gen Engineering Co., Ltd. | 5,777,947.69 | - | 1,293,538.29 | - |
| I generation Co.,Ltd | 1,823,500.00 | - | - | - |
| Total | 7,601,447.69 | 91,617,178.29 | 1,293,538.29 | 5,509,099.03 |
| Total Trade accounts payable | 7,601,447.69 | 91,617,178.29 | 1,801,380,749.32 | 7,866,624.69 |
| Short-term loans from | | | | |
| Subsidiary | | | | |
| Millcon (HK) Limited | - | - | 1,227,891,651.67 | - |

| | Consolidated Financial Statements | | Separate Financial Statements | |
|---|-----------------------------------|---------------------|-------------------------------|---------------------|
| | For the year end | For the year end | For the year end | For the year end |
| | 31 December | 31 December | 31 December | 31 December |
| | 2015 | 2014 | 2015 | 2014 |
| | Baht | Baht | Baht | Baht |
| Other current liabilities | | | | |
| (Other account payable) | | | | |
| Related party | | | | |
| General Engineering Public Co., Ltd. | - | 1,003,945.56 | - | - |
| I-Gen Engineering Co., Ltd. | 4,585,410.00 | - | - | - |
| Advance received rental income | | | | |
| Related party | | | | |
| Million Miles Co., Ltd. | 36,011,482.59 | 11,520,000.00 | - | - |
| Advance received of Share | | | | |
| Related party | | | | |
| I generation Co.,Ltd | 1,000,000.00 | - | - | - |
| Other liabilities (accrued expenses) | | | | |
| Related party and person | | | | |
| Million Mile Co., Ltd. | - | 3,689,534.86 | 2,641,482.59 | 3,689,534.86 |
| Shareholder | - | 474,238.38 | 474,238.38 | 474,238.38 |
| Total Other Current Assets (Account receivable on purchase assets) | - | 4,163,773.24 | 3,115,720.97 | 4,163,773.24 |
| Finance Lease Payable | | | | |
| Related party | | | | |
| Million Mile Co., Ltd. | 8,029,550.97 | 8,916,225.98 | - | - |

As at 31 December 2015 and 31 December 2014, a short-term loan to a subsidiary in the amount shall be applied for the purpose of purchasing the right to claim in the collateral assets of a company in Thailand and to acquire an ordinary share from an overseas investment company which is the owner of the claim. The subsidiary has been established in Hong Kong (see note 12) for the purposes. The loan is entered into the loan agreement between the parent company and a subsidiary and the repayment shall be repaid when the lender sent a notice and no interest charge.

As at 31 December 2015, a short-term loan to a related company has changed interest at 0.40% per month

As at 31 December 2015 the Company lend the money from an overseas subsidiary in Baht currency. The loan has no charged interest.

33.3 Relationship with the Company

| <u>Parties' Name</u> | <u>Relationship</u> |
|--|---|
| Millcon Burapa Company Limited | Subsidiary Company by direct shareholding 99.10% |
| Millcon (HK) Limited | Subsidiary Company |
| Quest Capital Invetment Limited | Subsidiary Company by indirect shareholding 100% |
| Millcon Thiha Limited | Subsidiary Company by direct shareholding 51.00% |
| Millcon Mauritius Company Limited | Subsidiary Company |
| Millcon Special Company Limited | Subsidiary Company by direct shareholding 99.99% |
| Millcon Steel Pipe Company Limited | Subsidiary Company by direct shareholding 100% |
| Saharuam Construction Meterials Company Limited | Subsidiary Company by direct shareholding 100% |
| World Wide Processing Co., Ltd. | Subsidiary Company by direct shareholding 99.99% |
| Suntech Metals Company Limited | A subsidiary by date of 21 December 2015, in direct shareholding of 99.99% (formerly, it is a subsidiary of a related Company namely, General Engineering Company Limited.(GEL) |
| Million Miles Company Limited | Related Company by indirect shareholding 12.10% with co-director |
| General Engineering Public Company Limited | Related Company by holding share of 19.44% |
| R.S.P. Steel Company Limited | Related Company with co-director |
| Wisdom Tree Investment(S) Pte. Limited | Associate Company by holding share 45% |
| I-Gen Engineering Company Limited (Zentra-Wartung Engineering Company Limited) | On 28 December 2015 the Company directly hold 40 % (formerly; a Subsidiary Company by direct shareholding) |
| AEC Power Engineering Co., Ltd. | Related to a director of a subsidiary (I-GEN Engineering Co., Ltd.) |

34. Non-cash flow transactions

| | Consolidated Financial Statements | | Separate Financial Statements | |
|--|-----------------------------------|----------------|-------------------------------|---------------|
| | For the year end | | For the year end | |
| | 31 December | 31 December | 31 December | 31 December |
| | 2015 | 2014 | 2015 | 2014 |
| | Baht | Baht | Baht | Baht |
| Gain (loss) on remeasuring available-for-sale investments-Net | - | 16,000,000.00 | - | 16,000,000.00 |
| Purchase of fixed assets that have not yet paid | 208,706.00 | 133,214,065.36 | - | - |
| Purchase of obligation in liability to settle with sale of assets-held- for-sale | - | - | 233,090,111.00 | - |
| Interest capitalized to building and equipment | 67,640,637.54 | - | - | - |
| Purchase of business settle with sale of assets-held-for-sale | - | - | 807,013,999.00 | - |
| Short-term loan from financial institutions decrease from transferred The right to claim over the assets | 870,262,564.64 | - | 870,262,564.64 | - |

35. Guarantees

35.1 Guarantee contract

Guarantee contracts as at 31 December 2015 and 2014 comprise the following:

| | Consolidated Financial | | Separate Financial | |
|--|------------------------|----------------|--------------------|----------------|
| | Statements | | Statements | |
| | As at | As at | As at | As at |
| | 31 December | 31 December | 31 December | 31 December |
| | 2015 | 2014 | 2015 | 2014 |
| | Baht | Baht | Baht | Baht |
| Guarantee of related companies' liabilities | 91,609,211.52 | 144,314,919.96 | 91,609,211.52 | 144,314,919.96 |

The Company has guaranteed on credit lines in types of hire-purchase credit and loan credit to a related company (in former, the Company's association). The Company has a written notice to such company not to use additional credit line because the Company decrease its equity interest until such company not the associated of the Company. Thus, it was suspended for use of all credit lines which the Company has guaranteed to secure such credits. If such Company need to use credits, it has to change its collaterals and the Company is in the process for release its guarantee on such credit for financial institutions.

35.2 Bank guarantees

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

| | Consolidated Financial Statements | | Separate Financial Statements | |
|---|-----------------------------------|------------------------------|-------------------------------|------------------------------|
| | As at 31 December 2015 | As at 31 December 2014 | As at 31 December 2015 | As at 31 December 2014 |
| In respect of electricity usage (Baht) | 109,432,500.00 | 13,283,000.00 | 7,549,500.00 | 7,400,000.00 |
| In respect of machine | 232,519,541.86 | - | - | - |
| In respect of purchase of gas-petroleum (Baht) | 118,649,294.82 | 7,000,000.00 | 118,649,294.82 | 7,000,000.00 |
| In respect of purchase of goods and services | | | | |
| - Thai Baht (Baht) | 20,000,000.00 | 20,000,000.00 | - | - |
| - Euro (Euro) | - | 1,500,000.00 | - | - |
| - USD | 254,997.33 | - | - | - |
| Guarantees the use of untreated water | 480,000,000.00 | 480,000,000.00 | - | - |
| Aval note (Baht) | 58,754,583.80 | 227,000,000.00 | 33,754,583.80 | 150,000,000.00 |

36. Commitments

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

| | Consolidated Financial Statements | | Separate Financial Statements | |
|---|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
| | As at 31 December 2015 Baht | As at 31 December 2014 Baht | As at 31 December 2015 Baht | As at 31 December 2014 Baht |
| Operating lease commitments | 113,567,438.02 | 23,643,702.23 | 39,387,230.87 | 66,265,890.23 |
| Capital expenses | 362,007.86 | 748,807.86 | - | - |
| Letter of credit for purchase of goods commitments | 2,478,634.50 | 119,515,606.35 | 2,478,634.50 | 131,275,147.50 |
| Service contract commitments | 6,636,860.05 | 1,864,740.00 | 6,604,460.05 | 1,669,940.00 |

37. Lawsuits

37.1 As at 31 December 2015, According to the black case no. 2 Por. 1628/2557, Quest Capital Investment Limited (a indirect related company) is prosecuted as the second defendant by a company to charged with revocation of concession agreement and damages amounting to Baht 144.50 million, regarding to the case of acquisition of the assets of a Thai's company by auction for the Legal Execution Department. However, the Court dismissed on 14 July 2015. The plaintiff subsequently appealed. Currently, the case is being considered by the Court of Appeal.

37.2 As at 31 December 2015, According to the black case no. Kon Thon 7/2557 (the red case no. Kon Thon 8/2557), without claimed damages, a company has filed a motion to revoke a sale assets' Thai's Company by auction. Such company has appealed. The Rayong Official Court has ordered to revoke the said motion of complainer and did not revocation of sale by auction on 22 December 2014. The complainer has appealed to the Court of Appeal but the Court of Appeal ordered for resistance. And later having a supreme court ordering in respectively. Currently, the Case is being considered by the Supreme Court.

38. Event after reporting period

38.1 On 2 February 2016, the Board of Directors of the Company No. 1/2016 has approved the joint venture between the Company and Kobe Steel Limited to invest in a subsidiary; Millcon Steel Special Ltd. (renamed Kobelco Millcon Steel Company Limited). The portion of investment is Kobe's 50 % and the Company's 50 %. Moreover, the Company and Kobe Steel has also entered into the Joint Venture Agreement and other related agreements which are completed on 17 February 2016.

38.2 On 2 February 2016, the Board of Directors of the Company No. 1/2016 has acknowledged the investment in share of a company. Presently, the parties are in the consideration of investment's conditions and terms.

39. Approval of the financial statements

The financial statements have been approved for issuance by MILLCON STEEL PUBLIC COMPANY LIMITED's board of directors on 29 February 2016.



Millcon Steel Public Company Limited

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