



# THINK BEYOND STEEL

MILLCON STEEL PLC.  
2017 Annual Report

# ANNUAL REPORT 2017

## Content

003	Vision Mission and Core Value
004	Message from the Chairman of the Board
007	Message from CEO
009	General Information of Mill
010	General Information of Subsidiaries
012	General Information of Associated company
014	Summary of Financial Information
016	Board of Directory name Lists
017	Executive Officers name Lists
018	Directors and Management Biography
031	Nature of Business
039	Overview of Steel Industry
042	Operational Guidelines for 2018
045	Risk Management
051	Shareholding Structure and Management
067	Compliance with Good Corporate Governance Principles
085	Internal Control
093	Corporate Social and Environmental Responsibility
097	Related Transactions
108	Discussion and Analysis of Financial Position and Operating Results
112	Audit Committee's Report
114	Board of Directors' Statement of Responsibility for Financial Reports
119	Independent Auditor's Report

# MILLCON STEEL

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

# VISION

## MILLCON STEEL

“We will create SYNERGY from people, technology, and expertise of our partners to deliver solution BEYOND STEEL to the ASEAN region.”

“Our corporation will elevate the construction and production industries by delivering unparalleled values through the VALUE CHAIN.”

“The key to our success is our LEVERAGE OF INNOVATION in products, services, processes, and business model to unlock full value potentials for customers, shareholders and business partners”

## MISSION

# MISSION

To drive evolution in the value chain and deliver the best solution to the construction and production industries.

## CORE VALUE

# CORE VALUE



MILLCON CORE VALUES

- I – INTEGRITY
- C – CHANGE & CONTINUOUS IMPROVEMENT
- C – CHALLENGE TOWARD EXCELLENCE
- C – COMMITMENT & EXECUTION
- C – COLLABORATION



## Message from Chairman of the board

# Message from Chairman

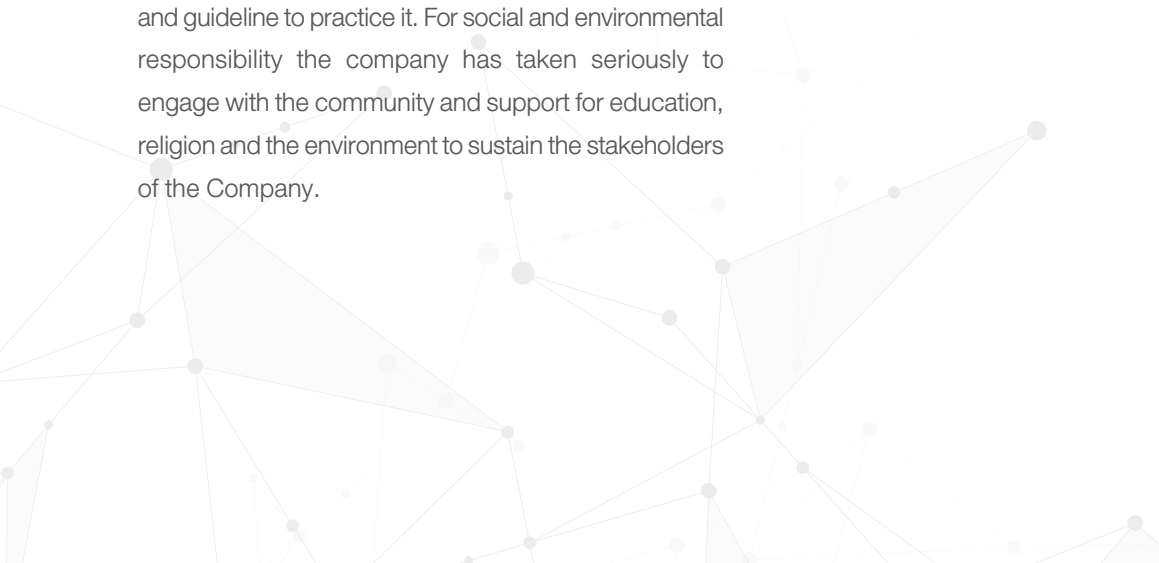
Dear Shareholders,

In 2017 is another milestone for the Millcon Group and this is the 10th anniversary of the company's listed on the Stock Exchange of Thailand. Board of Directors are reviewed Vision, Mission and Core values. To provide the Board of Directors, executives, employees, shareholders and stakeholders understand and move in the same direction to the goal. That is the word "THINK BEYOND STEEL"

For the performance in last year are very challenging because of the economic situation in domestic and foreign including fluctuations in steel prices. The company can also earn a living with continued profit. However, the Board of Directors has assigned the management to closely monitor for the best benefit to the shareholders.

In addition, the Board of Directors strive for continuous improvement in corporate governance and anti-corruption. By provided training on knowledge of corruption for the Board of Directors, executives, employees and related persons. To have knowledge and guideline to practice it. For social and environmental responsibility the company has taken seriously to engage with the community and support for education, religion and the environment to sustain the stakeholders of the Company.

Finally, as a representative of the board of directors, I would like to express my sincere gratitude to every shareholder and every supporter of The Company: assuring that the board of directors, executive director, and every employee will endeavor, with good governance, to make remarkable, sustainable results.



# of the board



On behalf of the Board of Directors

General Winai Phattiyakul  
The Chairman of the Board



On behalf of the Executive Committee

A handwritten signature in black ink, consisting of stylized, flowing letters.

(Mr. Sittichai Leeswadtrakul)  
Chief Executive Officer

# Message from CEO

In 2017 this is the 10th year that the company is listed on the Stock Exchange of Thailand. Over the 10 years, the company has overcome many obstacles. We have more strength and later on us to grow sustainably with all management of the Group think of a common way to move forward. The result of common goal is "THINK BEYOND STEEL" We must be more than steel. This is in line with the Company's business strategy.

1. Creating value by expanding the supply chain from business relating to raw materials acquisition to final-product distribution. Creating value added in construction-material products, the company continuously refines its production operation, increasing the product quality.

2. The Company want to increase value of premium-grade steel group widening the market to cover automotive industry after that only one customer in the construction industry.

3. Investing in companies with promising return that can also be beneficial to the business of the company. For logistics service company, Alternative energy and construction e-commerce company (BUILK.COM)

The business mentioned above is to reduce the company's cost and effectively business by introducing new technologies and innovations to enhance the competitiveness, it is a good factor to drive the Group's performance to grow and sustain in the midst of intense competition.

The adaptation of the organization as follows. All of Millcon brothers are involved from executive level, employees, partners, and all parties. We will fuse the knowledge and experience to deliver the best value to customers. At the heart of the work "I4C", also known as "Core Values

The last factor of corporate sustainability is good governance, for this will build a sense of trust among shareholders, investors, administrators, personnel, and, hereafter, the community that the company is located. As chair of executive board, I am confident that all approaches mentioned earlier will lead our organization to remarkable growth and prominent position in regional and national levels.

#### **Head Office Location**

(Rolling Mill - Bangkok, 9,11,13  
Banggradee Soi 32, Banggradee Road,  
Samaredum, Bangkhuntien, Bangkok 10150  
Factory Flat Product)  
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](http://www.millconsteel.com)





# General Information of MILL

**Registered Capital**

Baht 2,114.24 million

**Ordinary shares**

Baht 2,037.40 million

**Preferred shares**

Baht 76.85 million

**Paid Capital**

Baht 1,621.79 million

**Ordinary shares**

Baht 1,544.94 million

**Preferred shares**

Baht 76.85 million

**Share Type and Value****Ordinary shares /**

Preferred shares each  
of Baht 0.40 par value

**Name and Location of Reference Parties**

Share Registrar (Ordinary share) Location	Thailand Securities Depository Co., Ltd.  93 The Stock Exchange of Thailand Building Rachadapisek Road, Dindaeng, Dindaeng Bangkok 10400, Thailand 0 2009 9999 www.tsd.co.th
SET Contact Center Website	
Share Registrar (Preferred share) Location	Millcon Steel Public Company Limited  52 Thaniya Plaza Building, Floor 29, Silom Road, Suriyawongse, Bangrak, Bangkok 10500 0 2652 3333 0 2632 7800
Tel. Fax.	
Share Registrar (convertible debentures) Location	Millcon Steel Public Company Limited  52 Thaniya Plaza Building, Floor 29, Silom Road, Suriyawongse, Bangrak, Bangkok 10500 0 2652 3333 0 2632 7800
Tel. Fax.	
Auditor	Ms. Wanya Puttasatiarn C.P.A. (Thailand) Registration No. 4387 Mr. Cherdasakul Onmomgkol C.P.A. (Thailand) Registration No. 7195 CWWP Company Limited. 128/151-153 Phayatai Plaza Building, 14th Floor, Phayatai Road., Thungphayatai, Ratchatavee, Bangkok 10400 0 2214 6466 – 70 0 22146067
Location	
Tel. Fax.	

## General Information of Subsidiaries

# General Information

### 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 (TSSI)
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 %

# of Subsidiaries

## **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 %

# General Information of Subsidiaries

## General Information of Subsidiaries

### 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 90,000,000
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%

### BULK ONE GROUP COMPANY LIMITED

Head Office Location	299/307 Pongpech 2 Village Soi 4 Changwattana Road, Thungsoyong Laksi Bangkok 10210
Type of Business	<ul style="list-style-type: none"> <li>- To develop ERP system for construction management.</li> <li>- To offer services to set up management system for organization.</li> <li>- To research and development of product to serve the demand of customers.</li> </ul>
Registration no.	0105548064982
Registered Capital	Baht 3,853,590
Shareholding	34.60%

*\*Remark Longkong Studio Co., Ltd. changed names is Bulk One Group Co., Ltd. as August 2, 2017*

### BEGISTICS PUBLIC COMPANY LIMITED

Head Office Location	3656/64 Green Tower Building, 19th Floor, Unit K, Rama 4 Road, Klongton, Klongtoey Bangkok, 10250
Type of Business	Transportation & Logistics
Registration no.	0107545000357
Registered Capital	Baht 957,033,230.80
Shareholding	22.94%





# Summary of Financial Information

## Summary of Financial Information

Summary of Financial Information of MILLCON STEEL Public Company Limited and its Subsidiaries for Fiscal Years Ending December 31, 2015 to December 31, 2017

(million baht)

	Consolidated		
	2017	2016	2015
<b>Consolidated Financial Statement</b>			
Sales of goods and services	19,982.68	19,213.59	12,330.52
Total revenues	20,134.08	19,700.46	13,605.41
Net Profit	143.09	393.92	684.85
Profit for the year Net cash inflows (out flows) from operating activities	1,144.15	316.12	(2,064.94)
Total assets	17,640.60	17,850.53	19,235.95
Total liabilities	11,714.13	12,027.45	13,418.04
Total shareholders 'equity	5,926.48	5,823.08	5,817.91
<b>Investor ratio</b>			
BVS	1.46	1.53	1.43
EPS	0.03	0.10	0.21
<b>Financial Ratio</b>			
Gross profit margin	7.35	7.66	6.31
Operating profit margin	3.84	5.10	10.36
Net profit margin	0.71	2.00	5.55
Return on equity	2.44	6.77	11.77

## Financial Information Graph

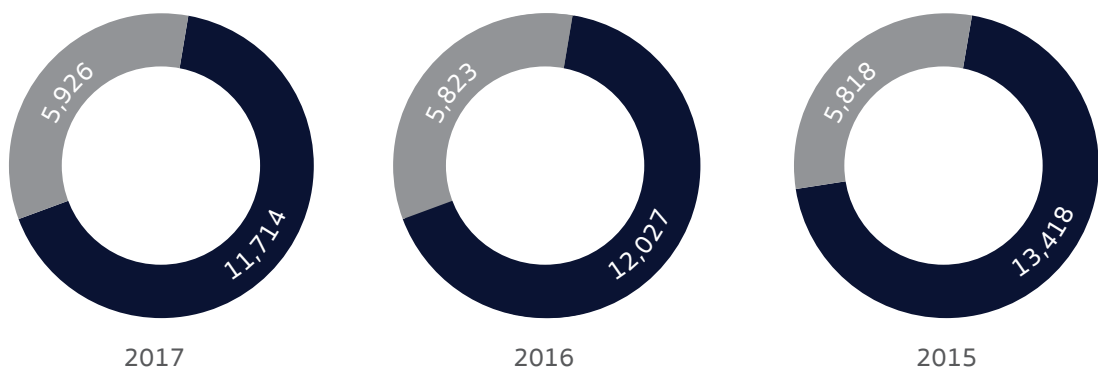
Revenue From sale of goods and services



Gross Profit Margin



Total Assets



■ Total Liabilities    ■ Total Shareholders' equities

## Board of Directory name lists

# Board of Directory name lists



**General Winai Phattiyakul**  
Chairman of the Board /  
Chairman of Audit Committee /  
Independent Director



**Pol.Gen. Soontorn Saikwan**  
Vice Chairman of the Board /  
Independent Director



**Mr. Pratana Bongkojmas**  
Director / Audit Committee Member/  
Nomination and Remuneration  
Committee/ Chairman of the Risk  
Management Committee /  
Independent Director



**Mr. Apichart Chirabandhu**  
Director / Audit Committee Member/  
Chairman of Nomination and Remuneration  
Committee/ Corporate Governance Committee  
Member / Independent Director



**Mr. Sakchai Tanaboonchai**  
Director / Independent Director



**Mr. Sittichai Leeswadtrakul**  
Director who are authorized signatories  
of the company/ Chief Executive Officer/  
President



**Ms. Suttirat Leeswadtrakul**  
Director who are authorized  
signatories of the company /  
Corporate Governance  
Committee member



**Ms. Jureerat Lapanavanich**  
Director who are authorized signatories  
of the company / Executive Vice President  
of Accounting and Financial /  
Executive Committee member



**Mr. Pravith Horungruang**  
Director who are authorized  
signatories of the company /  
Executive Committee member



**Mr. Theerayuth Lertsirarungsun**  
Director who are authorized  
signatories of the company /  
Executive Committee member



**Mr. Sophon Pholprasith**  
Director



**Mr. Vipoota Trakulhoon**  
Director /  
Chairman of Investment Committee

# Executive Officers name lists

## Executive Officers name lists



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



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



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



**Mr. Thanee Loketkravee**  
Executive Director /  
Senior Executive Vice President of Sales and Marketing



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



**Mr. Thirapong Khumruangrit**  
Executive Director /  
Executive Vice President of CEO Office



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



# Directory and Management Biography

## Directory and Management Biography



### General Winai Phattiyakul Age 70 Years

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

#### Position in Other Organization :

- Chairman of Admiral Sa-ngud Chalo-u Foundation
- Chairman of Pituk Prachachart Foundation
- Committee and Secretary of Than Puying Prapasri Foundation
- Director of Rakmuangthai Foundation
- President of Thailand Practical Shooting Association
- Director of Thai Life Insurance Plc.

#### Education :

- Armed Forces Academies Preparatory School Class #6
- Chulachomklao Royal Military Academy Class #17
- Command and General Staff College Class #57
- Thailand National Defense College Class #41-11
- Infantry Officer Advanced Course, US Army
- Ranger & Airborne Training, US Army
- Command and General Staff College, US Army

#### Working Experiences last 5 year :

- Present Chairman of Admiral Sa-ngud Chalo-u Foundation
- Present Chairman of Pituk Prachachart Foundation
- Present Committee and Secretary of Than Puying Prapasri Foundation
- Present Director of Rakmuangthai Foundation
- Present Chairman of the Board Director of Millcon Steel Plc.
- Present Director of Millcon Burapa Co., Ltd.
- Present Director of Thai Life Insurance Plc.
- Present President of Thailand Practical Shooting Association

#### Special

2006 – 2008 Secretary of Council of National Security  
2001 The Commander of Peacekeeping Forces of United Nations in East Timor

#### 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 7 Out of 7 meetings
  - Audit Committee's Meeting : attending 7 Out of 7 meetings
- (%) Shareholding (as at December 31, 2017) : -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





## Pol.Gen. Soontorn Saikwan Age 73 Years

Vice Chairman of the Board of Director / Independent Director

### Position in Other Organization :

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

### Education :

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

### Working Experiences last 5 year:

- 2013 - Present Vice Chairman of the Board Board of Director of Millcon Steel Plc.
- 2013 - Present Chairman of the Board Board of Director of Millcon Burapa Co., Ltd.
- 2012 - Present Director of the Board of Director of PTG Energy Plc.
- 2008 - 2011 Senator
- 2007 -2013 Chairman of the Board Board of 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 7 (%)
- Shareholding (as at December 31, 2017) : 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 58 Years

Director / Independent Director

Audit Committee Member

Nomination and Remuneration Committee Member

Chairman of Risk Management Committee

### **Position in Other Organization :**

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

### **Education :**

- Bachelor of Business Administration (Accounting), Ramkhambaeng University
- Advanced Certificate Course in Public Economics Management for Executives #Class 14

### **Working Experiences last 5 year :**

- 2016 – Present Chairman of Risk Management Committee of Millcon Steel Plc.
- 2010 – Present Nomination and Remuneration Committee Member of Millcon Steel Plc.
- 2007 – Present Director / Audit Committee Member Millcon Steel Plc.
- 2001 – 2008 Managing Director of M.P.S 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 6 out of 7 meetings
- Audit Committee's Meeting : attending 7 out of 7 meetings
- Nomination and Remuneration Committee's Meeting: attending
- Risk Management Committee's Meeting attending 1 out of 1 meetings

**a(%) Shareholding (as at December 31, 2017) : 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 60 Years

Director / Independent Director

Audit Committee Member

Chairman of Nomination and Remuneration Committee

Corporate Governance Committee Member

#### **Position in Other Organization :**

- Independent Director and Audit Committee Member of Nok Air Plc.
- Chairman of Nomination and Remuneration Committee of Nok Air Plc.
- Independent Director and Audit Committee Member of Tripple I Logistics Plc.
- Working Group on Improving the Performance of Aircraft Maintenance
- Corporate Governance Committee member and Nomination and Remuneration Committee member of Tripple I Logistics Plc.
- Director of AC Worldwide Co., Ltd.
- Director of Subcommittee for Lufthansa Technik AG
- Director and Treasurer of Business Lawyers Foundation

#### **Education :**

- The National Defence College (NDC) 2011 – 2012
- Bachelor of Law – Ramkhamhaeng University
- Certificate – King Prajadhipok's Institute Class #18

#### **Working Experiences last 5 year :**

- 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 – 2014 Chairman of the board, Wattana Capitol Plc.
- 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

#### **Relationship : -none-**

#### **Training Course :**

Thailand Institute of Director Association  
Director Accreditation Program (DAP) Class 103/2013

#### **Meeting Attendance :**

- Board of Directors' Meeting : attending 6 out of 7 meetings
- Audit Committee's Meeting : attending 7 out of 7 meetings
- Nomination and Remuneration Committee's Meeting : attending 2 out of 2 meetings
- Corporate Governance Committee's Meeting : attending 6 out of 6 meetings

#### **(%) Shareholding (as at December 31, 2017):-none-**

#### **Property Prohibited :**

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

#### **Incase Independently Directors :**

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



**Mr. Sakchai Tanaboonchai** Age 61 Years

Director / Independent Director

**Position in Other Organization :**

- Director of Meechai and Lady Amphorn Ruchuphan Foundation
- Central Committee of Ramathibodi Foundation
- Director of Millcon Burapa Co., Ltd.
- Director of Sermasuk Plc.
- Vice Chairman of Sikarin Plc.
- Advisor of Thailand – Vietnam Friendship Association

**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 last 5 year :**

- 2013 – Present Director of Millcon Steel Plc.
- 2013 – Present Director of Millcon Burapa Co., Ltd.
- 2007 – Present Director of Sermasuk Plc.
- 2007 – Present Vice Chairman of Sikarin PCL
- 2007 – Present Committee of Meechai and Lady Amphorn Ruchuphan
- 2007 – Present Central Committee of Ramathibodi Foundation
- 2007 – Present Advisor of Thailand – Vietnam Friendship Association

**Relationship : -none-**

**Training Course :**

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

**Meeting Attendance :**

- Board of Directors' Meeting : attending 5 out of 7 meetings

**(%) Shareholding (as at December 31, 2017): -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 39 Years

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

**Position in Other Organization :**

- Director / Chief Executive Officer / Executive director of Millcon Burapa Co., Ltd.
- Director of Millcon Steel Pipe Co., Ltd.
- Director of Saharuam Construction Material Co., Ltd
- Director of IGEN Engineering Co., Ltd.
- Director of IGEN Power Tech Co., Ltd.
- Director of Kobelco Millcon Steel Co., Ltd.
- Director of Millcon Thiha Ltd.
- Director of Millcon Thiha GEL Ltd.
- Director of Wisdom Tree Investment Pte. Ltd.

**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 last 5 year :**

- 2016 – Present Director of IGEN Powertech Co., Ltd.
- 2015 – Present Director of Millcon Steel Pipe Co., Ltd
- 2015 – Present Director of Saharuam Construction Material Co., Ltd
- 2014 – Present Director of Millcon Thiha Ltd.
- 2014 – Present Director of Millcon Thiha GEL Ltd
- 2014 – Present Director of Millcon (HK) Ltd.
- 2014 – Present Director of Wisdom Tree Investment Pte. Ltd.
- 2014 – Present Director of Kobelco Millcon Steel Co., Ltd.
- 2011 – Present Director of IGEN Engineering Co., Ltd.
- 2010 – 2013 Director of Million Miles Co., Ltd.
- 2009 – 2012 Director of G STEEL Plc.
- 2009 – 2013 Director of GJ STEEL Plc.
- 2008 – Present Director / CEO of Millcon Burapa Co., Ltd.
- 2004 – Present Director/ Chief Executive Officer/ President  
of Millcon Steel Plc.

**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 7 out of 7 meetings

**(%) Shareholding (as at December 30, 2017) : 41.25**

\*Included Employee Joint Investment Program (EJIP)

**Property Prohibited :**

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





**Ms. Suttirat Leeswadtrakul** Age 37 Years

Director who are authorized signatories of the company / Executive Director  
Corporate Governance Committee Member  
Nomination and Remuneration Committee Member

**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 last 5 year :**

- 2015 – Present Director of Saharum Construction Material Co., Ltd.
- 2008 – Present Director / Executive Director of Millcon Burapa Co., Ltd.
- 2007 – Present Director / Executive Director of Millcon Steel Plc.

**Relationship :**

- Sister of Mr. Sittichai Leeswadtrakul

**Training Course :**

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

**Meeting Attendance :**

- Board of Directors' Meeting : attending 5 out of 7 meetings
- Nomination and Remuneration Committee's Meeting : attending 2 out of 3 meetings
- Corporate Governance Committee's Meeting : attending 3 out of 6 meetings

**(%) Shareholding (as at December 31, 2017) : 0.71**

\*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

Director

**Position in Other Organization :**

- Vice Chairman of the Board of Directors of General engineering Plc.

**Education :**

- Master of Business Administration, Ramkhamhaeng University
- Advanced Certificate of Public Management and Public Law (Class 6)  
King Prajadhipok's Institute
- 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.

**Relationship : -none-**

**Training Course : -none-**

**Meeting Attendance :**

- Board of Directors' Meeting : attending 5 out of 7 meetings

**(%) Shareholding (as at December 31, 2017): -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. Vipoota Trakulhoon** Age 52 Years  
Director / Chairman of Investment Committee

**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 last 5 year:**

- 2014 Director of Millcon Steel Plc.
- 2013 Chairman of the Board of Directors, Ktb Leasing Co., Ltd.
- 2011 Senior Executive Vice President, Managing Director Corporate Banking Group, Krung Thai Bank Public Co., Ltd.

**Relationship : -none-**

**Training Course :**

- Thailand Institute of Director Association  
Director Accreditation Program (DAP)

**Meeting Attendance:**

- Board of Directors' Meeting : attending 6 out of 7 meetings
- Investment Committee's Meeting : attending 3 out of 3 meetings

**(%) Shareholding (as at December 31, 2017): -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



**Ms. Jureerat Lapanavanich Age 42 Years**

• Director / Investment Committee Member / Executive Director / Executive Vice President of Accounting and Financial / Director who are authorized signatories of the company

**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 of Millcon Steel Plc.
- 2015 - Present Investment Committee Member of Millcon Steel Plc.
- 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 :**

- Orientation for CEO #Class 3
- Strategic CFO in Capital Market Program #Class 1
- Thailand Institute of Director Association Director Accreditation Program (DAP) Class 106/2013

**Meeting Attendance :**

- Board of Directors' Meeting : attending 7 out of 7 meetings
- Investment Committee's Meeting : attending 3 out of 3 meetings

**(%) Shareholding (as at December 31, 2017):-**

**Property Prohibited :**

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



**Mr. Theerayuth Lertsirarungsun Age 62 Years**

Director who are authorized signatories of the company/  
Executive Director

**Position in Other Organization :**

- Co-Chief Executive Office of Kobelco Millcon Steel Co., Ltd.
- Director of Millcon (HK) Limited.

**Education :**

- Master of MS (Metallurgical Engineering), Henry Krumb, School of Mines, Columbia University,
- Bachelor of Engineering (Mechanical Engineering). Chulalongkorn University.

**Working Experiences :**

- 2012-2015 Director of Zentra-wartung Engineering Co., Ltd.
- 2011-2015 Vice President of Sales and Marketing of Millcon Steel Plc.

**Relationship: -none-**

**Training Course: -None-**

**Meeting Attendance :**

- Board of Directors' Meeting : attending 4 out of 7 meetings

**(%) Shareholding (as at December 31, 2017):-**

**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. Pravit Horungruang Age 53 Years**

Director who are authorized signatories  
of the company  
Executive Director  
Corporate Governance Committee member

**Position in Other Organization :**

- President of Suntech Metals Co., Ltd.
- Director of Saharuam Construction Material Co., Ltd.

**Education :**

- Bachelor of Business Administration, Assumption University.
- Mini MBA, Thammasat University.
- Modern Manager Program, Chulalongkorn Business School.

**Working Experiences last 5 year :**

- 2017 – Present Director of Ocean Supply Co., Ltd.
- 2016 – Present Director of Saharuam Construction Material Co., Ltd.
- 2007 – Present President of Suntech Metals Co., Ltd.

**Relationship : -none-**

**Training Course : -none-**

**Meeting Attendance :**

- Board of Directors' Meeting : attending 4 out of 7 meetings
- Corporate Governance 's Meeting : attending 4 out of 6 meetings

**(%) Shareholding (as at December 31, 2017) : -**

**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 51 Years**

Executive Director  
Investment Committee Member  
Senior Executive Vice President of Production

**Position in Other Organization :**

- Director of Suntech Metals Co., Ltd.
- Director of World Wild Processing Co., Ltd.

**Education :**

- Bachelor of Engineering, Chulalongkorn University.

**Working Experiences last 5 year :**

- 2011-Present Senior Executive Vice President of Production of Millcon Steel Plc.
- 2007-2011 Manager of Green Mill Project of Millcon Burapa Co.,Ltd.

**Relationship : -none-**

**Training Course : -none-**

**(%) Shareholding (as at December 31, 2017) : 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.



**Mrs. Nantaphat Thinprateep** Age 53 years  
Executive Director  
Risk Management Committee Member  
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 last 5 year :**

- 2011 – Present Senior Executive Vice President of Supply Chain of Millcon Steel Plc.
- 2011 – 2014 Senior Executive Vice President of Procurement of Millcon Steel Plc.
- 2009 – Present Executive Director of Millcon Steel Plc.
- 2007 – Present Director of Millcon Burapa Co.,Ltd

**Relationship : -none-**

**Training Course : -none-**

**(%) Shareholding (as at December 31, 2017) : -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. Thanee Loketkravee** Age 46 Years  
Executive Director  
Investment Committee Member  
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 last 5 year :**

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

**Relationship: -none-**

**Training Course: -none-**

**(%) Shareholding (as at December 31, 2017): -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. Thirapong Khumruangrit** Age 53 Years

Executive Director  
Investment Committee Member  
Senior Executive Vice President of CEO Office

**Position in Other Organization :**

- Director of IGEN Engineering Co., Ltd

**Education :**

- Mini MBA, Assumption University
- Bachelor of Business Administration, Bangkok University.

**Working Experiences :**

- 2017 – Present Director of IGEN Engineering Co., Ltd.
- 2017 – Present Senior Executive Vice President of CEO Office of Millcon Steel Plc.
- 2011 – 2017 Managing Director of Financial and Accounting of Master Car Rental Co., Ltd.

**Relationship : -none-**

**Training Course :**

Director Certified Program (DCP) Class 245/2017  
Director Accreditation Program (DAP) Class 89/2011

**(%) Shareholding (as at December 31, 2017) : -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 45 Years

Executive Director/ Corporate Governance Committee  
Member Investment Committee Member /  
Executive Vice President of Human Resource and  
Administration

**Position in Other Organization :**

- Director of IGEN Engineering Co., Ltd
- Director of World Wild Processing Co., Ltd
- Director of IGEN Powertech Co., Ltd

**Education :**

- Master of Human Resource Development of National Institute of Development Administration
- Master of Business in Information Systems of Victoria University of Technology – Australia
- Bachelor of Arts (Hotel Management) of Rungsit University.
- High Vocational (Advance Certificate Level 4) Information Technology Royal Melbourne Institute of Technology (RMIT) – Australia

**Working Experiences :**

- 2016 – Present Director of IGEN Powertech Co., Ltd
- 2015 – Present Director of IGEN Engineering Co., Ltd.
- 2015 – Present Director of World Wild Processing Co., Ltd.
- 2015 – Present Executive Vice President of Human Resource and Administration of Millcon Steel Plc.
- 2013-2015 Vice President of Human Resource of National Healthcare System Co., Ltd.
- 2009-2013 Human Resource Manager of Zuellig Pharma Co., Ltd

**Relationship : -none-**

**Training Course :**

Director Certified Program (DCP) Class 19/2016  
Director Accreditation Program (DAP) Class 121/2015

**(%) Shareholding (as at December 31, 2017): -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

# Nature of Business of the Company and Subsidiary



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

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

## Steel Bar

1

### 1.1. Steel Bar

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

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

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



## 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.

### Billet

2

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



## Structural Steel

# 3

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.

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.

#### 3.2.2. 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

### 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. Lip - 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

Wire rod

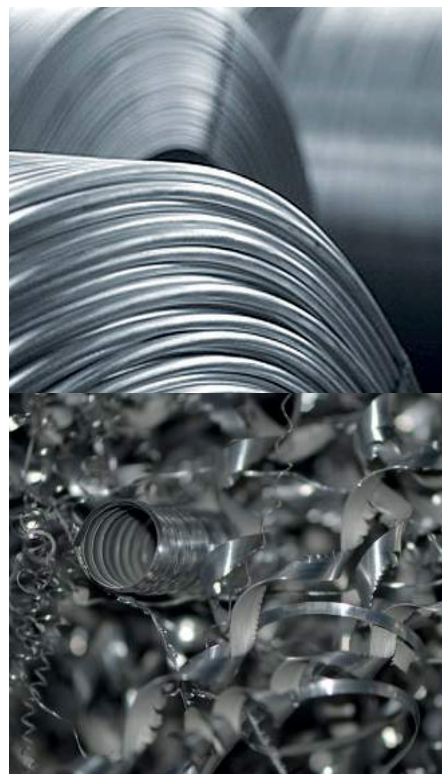
4

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.

Metal Scrap

5

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.



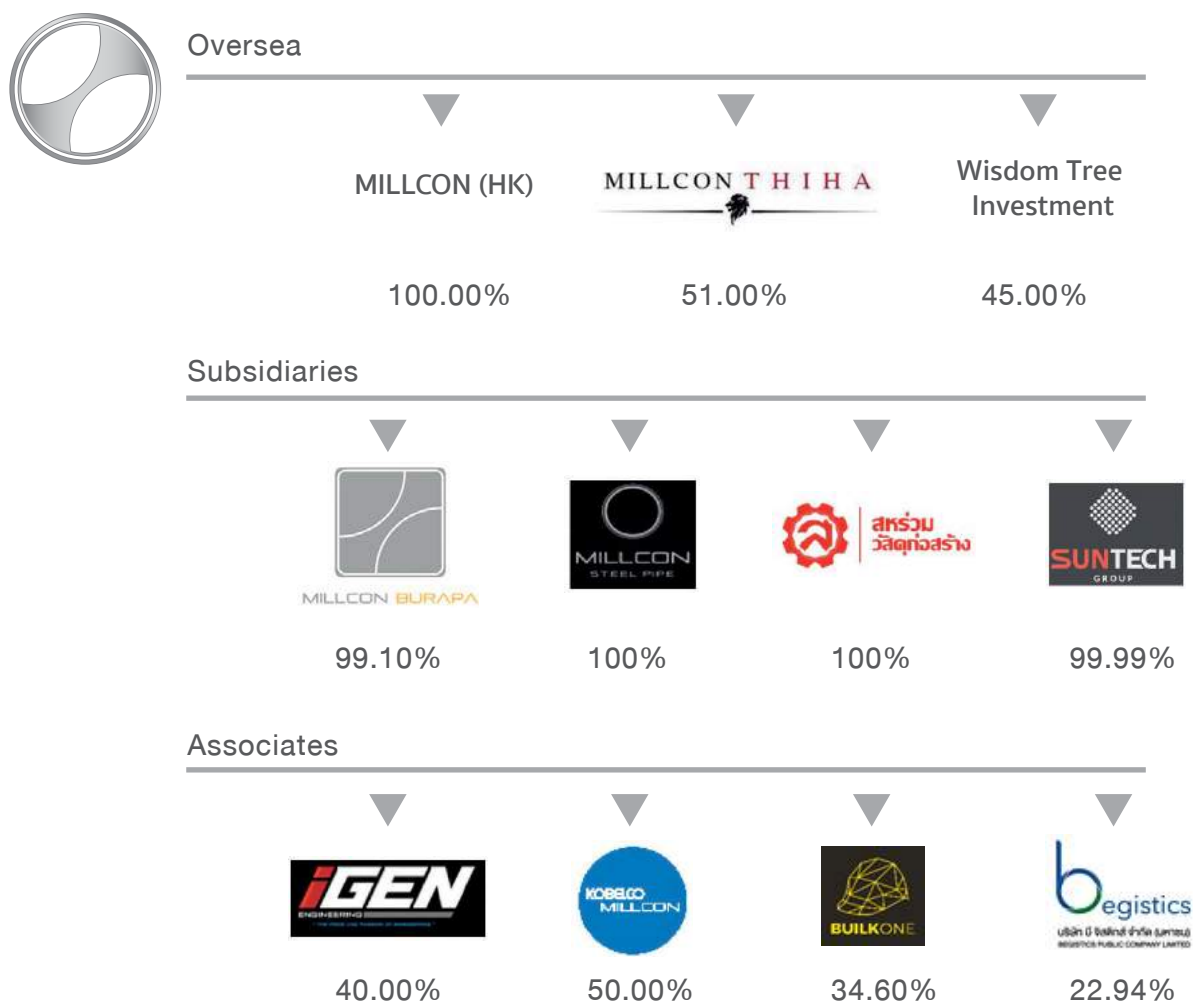


## Production Capacity

	Millcon Steel	Millcon Burapa	Millcon Steel Pipe	Kobelco Millcon Steel	Suntech Metals	Millcon Thiha GEL
Production capacity (tons/year)						
Round bars & deformed bars	630,000	-	-	-	-	-
Structural Steel	-	-	96,000	-	-	64,397
Billet	-	650,000	-	-	-	-
Wire Rod	-	-	-	500,000	-	-
Metal Scrap	-	-	-	-	460,000	-
Total Capacity	630,000	650,000	96,000	500,000	460,000	64,397

## Shareholding Structure Group

As at December 31, 2017 the group structure of the Company is as follows:



\*Remark On December 28, 2017 the Company sale Complete Transport Co., Ltd. 's shares which is associates company by 25% of registered capital. On February 23, 2018 the Company acquired Begistics Plc.'s ordinary shares by 22.94% of paid-up capital which is transport and logistics business.

## 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	2017		2016		2015	
			Value	%	Value	%	Value	%
Millcon Steel PCL.	Manufacturer and Distributor Steel Bar and Structural Steel	-	11,738	48.37	12,042	48.28	9,583	55.90
Millcon Burapa Co., Ltd.	Manufacturer and Distributor Billet	99.10	8,781	36.18	9,459	37.92	3,624	21.14
IGEN Engineering Co., Ltd.*	- Engineering & Maintenance Service - Cut & Bend Service - Electric system service	39.99	-	-	-	-	71	0.41
Kobelco Millcon Steel Ltd.**	Manufacturer and Distributor Wire rod	50.00	-	-	-	-	836	4.88
Millcon Steel Pipe Co., Ltd.	Production and distribution of structural steel	100.00	611	2.52	644	2.58	913	5.33
Saharuum Construction Material Co., Ltd.	Distributor steel and construction materials	100.00	901	3.71	815	3.27	1,548	9.03
Suntech Metals Co., Ltd	Metal scrap management for distribution	99.99	1,889	7.78	1,906	7.64	568	3.31
Millcon Thiha Limited	Distributor steel	51.00	348	1.34	78	0.31	-	-
Grand Total			24,268	100	24,944	100	17,143	100

Remark

\*Zentira – Wartung Co., Ltd. had been changed to IGEN Engineering Co., Ltd. and the Company had decreased the portion of share and the remaining 39.99% in the Company by December 30, 2015

\*\* On date 17 February 2016, Kobe Steel Limited invested in Millcon Special Steel Co., Ltd. in portion of share 50% of the paid-up capital of the Company and the name had been changed to Kobelco Millcon Steel Co., Ltd

### Revenue by Product (Financial Statement of Consolidate)

Unit: Million Baht

Product	2017			2016			2015		
	Ton	Value	%	Ton	Value	%	Ton	Value	%
Steel Bar	612,132	10,337	51.72	67.68	10,522	54.76	541,583	8,345	732,647
Structural Steel	40,713	852	4.27	4.96	773	4.02	32,928	612	39,901
Wire rod	36,159	658	3.29	-	977.20	5.09	-	-	69,344
Billet	474,726	7,057	35.32	16.52	6,389	33.25	131,247	2,038	526,398
Other	87,368	1,078	5.40	10.84	553	2.88	103,801	1,336	62,354
Grand Total	1,251,098	19,983	100	100.00	19,214	00.00	809,569	12,331	1,430,644



# Overview of Steel Industry



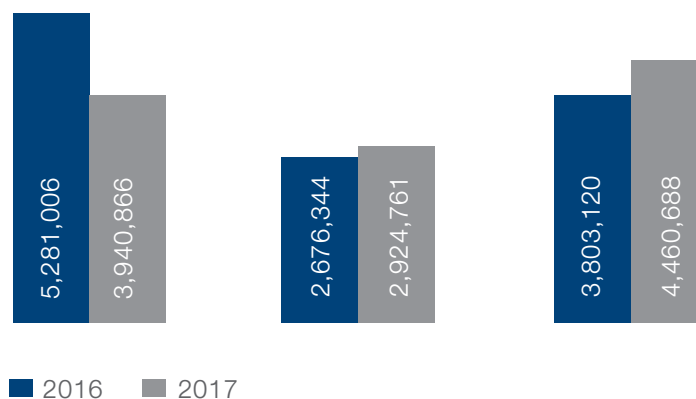
In 2017, world crude steel production increased 5.3%, were at 1,691 million tons which is in line with the world economic conditions and the overall steel market price are rising in second half year. While China's the steel market share was at 49.2% or 832 million tons.

In 2017, the finished steels consumption of Thailand was in the amount of 16.6 million tons, decreased

by 13.7%, consisting of the long product steel consumption in the amount of 5.6 million tons and the flat product steels consumption in the amount of 11.0 million tons. Most product consumption was Hot roil coil and Hot roil plate in the amount of 7.1 million tons. Second was steel bars and structural steel in the amount of 3.4 million tons, and third was Cold roil coil in the amount of 3.3 million tons. The demand per capita of Thailand is 251 kilogram.



The production quantity of iron and steel in 2017 compare 2016



Source: The Iron and Steel Institute of Thailand.

In 2017, Thailand produced finished steel in the amount of 6.87 million baht, decreased by 13.7% compared with the previous year, consist of long product steel production in the amount of 3.9 million tons, decreased 34.0% compared with the previous year. Due to Thailand Steel Consumption decreased from the slowdown of construction sector. Rebar

& HR Section production in the amount of 3.19 million tons, decreased by 32.9% compared with the previous year. Wire rod production in the amount of 749,500 million tons, growth by 42% compared with the previous year. Flat steel production in the amount of 2.92 million tons, growth by 9.3% from Hot roil coil and Hot roil plate in the amount 2.9 million ton, increased by 9.3%

## Exportation

The quantity of steel product exportation of Thailand in 2017 was in the amount of 2.28 million tons, growth by 18.9% compare with the previous year, consisting of raw material exportation was in the amount of 449,531 tons and finished steel product exportation was in the amount of 1.55 million tons,

growth by 20.0% compare with the previous year. Most steel product exportation was Hot rail coil in the amount of 571,096 tons, decreased by 1.1%, second was steel pipe in the amount of 316,883 tons, increased by 41.7% compare with the previous year.

## Importation

In 2017, the quantity of steel products importation of Thailand was in the amount of 16.59 million tons, decreased 13.4% compare with the previous year. Consisting of raw material importation was in the amount of 2.92 million tons and finished steel products were in the amount of 11.33 million tons. Most

finished steel products importation were Hot rail coil and Hot rail plate in the amount of 4.16 million tons. Second was coated steel sheet in the amount of 2.55 million tons and Cold rail coil and Cold rail plate was in the amount of 1.57 million tons.

Product	Import (Million baht)			Export (Million baht)		
	2017	2016	differences	2017	2016	differences
Long Product	15,993	14,795	8.10%	8,158	7,071	15.37%
Bar	6,957	6,820	2.01%	2,527	2,088	21.02%
HR section	613	785	-21.91%	5,278	4,854	8.74%
Wire rod	8,423	7,190	17.15%	353	129	173.64%
Flat Product	61,504	148,355	8.86%	13,331	9,809	35.91%
Hot rolled flat products	52,331	51,565	1.49%	242	368	-34.24%
Cold rolled flat products	36,752	28,398	29.42%	6,845	5,876	16.49%
Coated Steel	72,421	68,392	5.89%	6,244	3,565	75.15%
Semi-Finished Product	43,784	51,906	-15.65%	3,876	1,916	102.30%
Billet	13,082	20,852	-37.26%	83	-	N/A
Slab	20,429	13,652	49.64%	-	260	-100.00%
All other Semi-Product	10,273	17,402	-40.97%	3,793	1,656	129.05%
Pipe	28,678	28,029	2.32%	15,202	10,056	51.17%
Pipe-Seamless	12,007	12,957	-7.33%	6,072	3,589	69.18%
Pipe-Welded	16,671	15,072	10.61%	9,130	6,467	41.18%

## Tendency for 2018

World Steel forecasts that in 2018, global steel demand will grow by 1.6%. Mainly due to slower growth in China, while in the rest of the world, steel demand will continue to maintain its current momentum.

For situation steel industry in China expected slow growth. Due to the policy of reduce capacity from end year 2017 to the first quarter 2018.

In 2018, Iron and Steel Institute of Thailand forecasts that steel demand in Thailand will has quantity in the amount of 18.6-19.0 million tons. The positive factor are driven expansion of steel demand from construction industry will grow 9%-12%, investment in Government's construction sector will grow 13%-17%, private investment will grow 2%-5%. While automotive industry will grow 4%-6%.



## Operational Guidelines for 2018

### “THINK BEYOND STEEL”

“THINK BEYOND STEEL” is a guideline for the company business. In 2017, the Company has reviewed mission, vision, and core values. For sustainable business goal from technology introduction experience in the steel industry to raise the level of production at all stages until delivery to the customer. It also focuses on new innovations to develop services for the group, customers and partners. In 2018, the Company is divided into 3 groups as following:

1) Products in the construction group the Company focus on increase value of their products by use technology to help production until delivery to customer. The company focuses on delivering quality products for customers needs. This is a competitive price to help customers manage their costs and minimize risks to their customers and increase sales channels through online. To reach retail customers and customers located in different regions of the country.

2) Specialty steel grade group the Company need to increase value of their products by manufacturing special grade steel feed into automotive industry. There are only a few customers in the construction industry.

3) Investment opportunities in other businesses To support core business of the company and finding opportunities to get returns on other businesses related to the company.

Therefore, the business mentioned above for reduce production costs and also effectively business on developing innovative and new technology to increase competitiveness. This is a good factor for driving the Group's performance to a higher and sustainable growth rate amid fierce competition. Bring benefits to the Group and shareholders themselves.







# Risk Management

## Risk Management



Regarding to the arising risks over the last several years, Millcon Steel PLC' 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.

### Business Risk

# 1

#### 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.

In addition, the Company has expanded business to wire rod products. It plans to develop the product into special grade wire rod for used as raw material in automotive industry. Currently, Thailand is still importing special grade wire rod from abroad. If the Company can produce special grade wire rod feed into the automotive industry to replace imported ones. This is another way to reduce the risk of fluctuations in steel prices. It can also be profitable for the Company.

## Risk in Raw Material Procurement

# 2

### 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.

## Financial Risk

# 3

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 program 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 Exchange Rate risk

In 2017 and 2016, the group's has an estimated purchase order from overseas 18% and 38% of the total orders respectively. While, estimated value of exports to foreign countries 5% and 5% of total sales. It caused to the group's exposed to fluctuations in exchange rates. In the past, the group's reduced the impact of exchange rate risk by entering into forward contracts or convert the debt into Baht debt based on the suitability of the cash flow and the situation at that time. In the future, the group's expected to still need order from overseas and still look at exports to foreign countries. As a result, the Group's continue to maintain its policy to mitigate the effects of exchange rate fluctuations on a case by case basis.





### 3.2 Interest Rate Risk

As of 31 December 2017, The Group has liabilities arising from borrowings financial institutions in both short term and long term debt amount Baht 9,177 million or 78% of total liabilities. Most of the Group's loans are short-term loans in the form of promissory notes, Trust receipt and letter of credit to use as working capital to order products from manufacturers will be repayment period longer than the payment for trade receivables of the Group.

Changes in interest rates in the market may be affect the Group's interest expenses and operating results. However, the interest expenses in 2017 about 3% of revenues from sales and services while 2016 represents 3% of revenues from sales and service. While, the ability to pay interest in 2017 is 1.21 times, based on operating profit before interest and taxes.

### 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 and investments in supported market, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. As of 31 December 2017, the Group's also had unutilized credit facilities amount Baht 4,626 million and has worked with financial institutions to find adequate liquidity in the Group. As a result, management team believe that the Group's will continue to operate continuously.

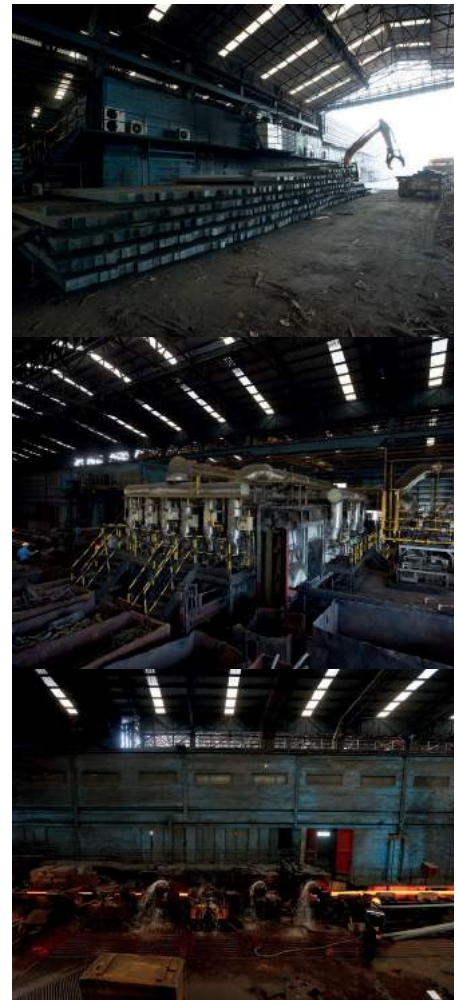
## Other Risk

# 4

### 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 of 31 December 2017, the Company's registered capital was at Baht 2,114,244,321.20 which Baht 1,621,786,862.40 has been paid up. The paid-up capital comprises 3,862,348,830 ordinary shares and 192,118,226 preferred shares total of share 4,054,467,156 shares with a par value of Baht 0.40 per share.



Major shareholders	Shares			%
	Ordinary shares	Preferred shares	Total	
1. Mr.Sittichai Leeswadtrakul	1,514,622,721	157,919,941	1,672,542,662	41.25%
2.GENERAL ENGINEERING PLC.	729,899,999	-	729,899,999	18.00%
3. Bangkok Bank PCL.	300,000,000	-	300,000,000	7.40%
4. THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED, SINGAPORE BRANCH	58,110,000	-	58,110,000	1.43%
5. Mrs. Suchada Lisawattrakul	56,322,300	-	56,322,300	1.39%
6. Danieli Co.,Ltd.	50,683,209	-	50,683,209	1.25%
7. UBS AG SINGAPORE BRANCH	50,400,000	-	50,400,000	1.24%
8. Mrs. Areerat Leeswadtrakul	29,664,700	19,704,433	49,369,133	1.22%
9. Ms. Tanika Tungpoonpholivat	43,785,148	-	43,785,148	1.08%
10. Thai NVDR Co., Ltd.	31,774,698	-	31,774,698	0.78%
11. Others	997,086,155	14,493,852	1,011,580,007	24.95%
Grand Total	3,862,348,930	192,118,226	4,054,467,156	100.00%

## Dividend Payment Policy

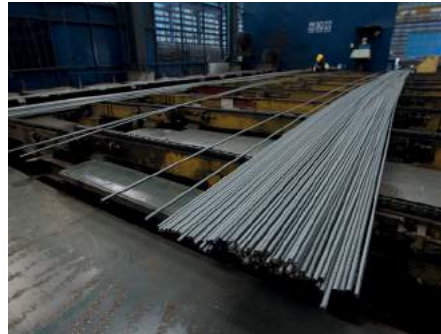
The Company has a policy to pay dividend to ordinary shareholders at the rate of at least 40 percent of net profit after corporate income tax according to company-only financial statements and after legal reserve and other accumulated amount as prescribed by the Company. Such dividend payment may change 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:

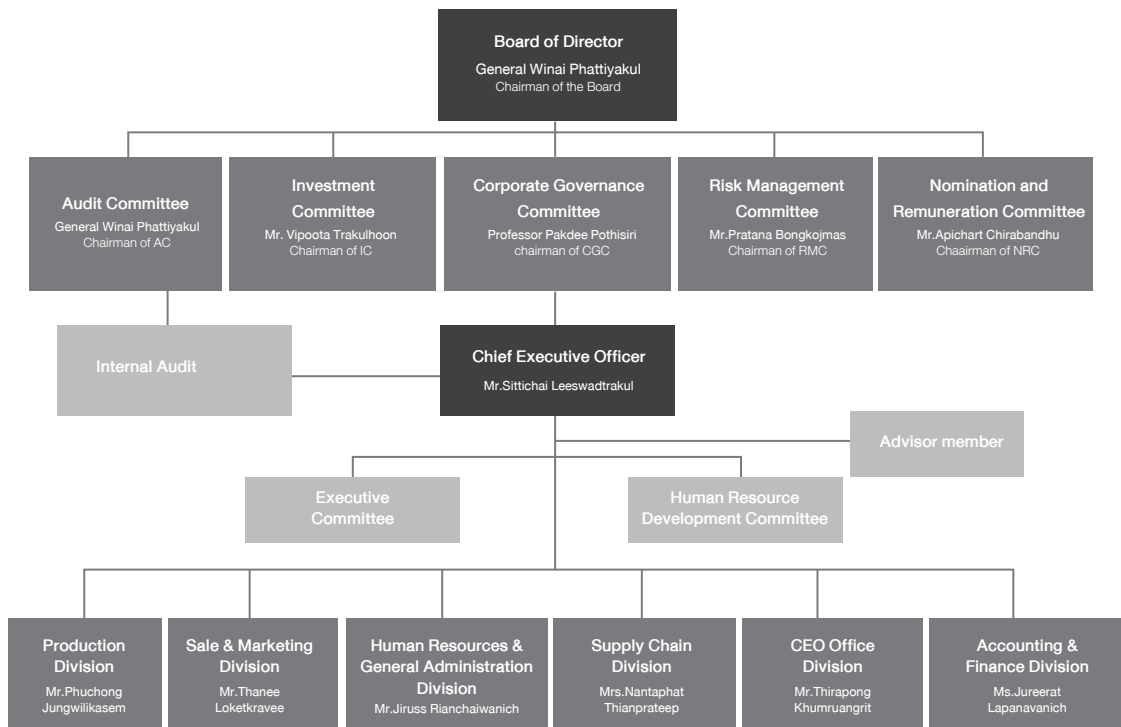
"In any year when the Company has profit after legal reserve and other reserves as deemed necessary, and in case where there is no accumulated loss, the Company shall pay dividend to preferred shareholders. Preferred shareholders have the right to receive accumulated dividend out of the Company's profit 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, 2017, the Company's management structure was composed of the Board of Directors and seven board committees, namely, Audit Committee, Executive Committee, Nomination and Remuneration Committee, Corporate Governance Committee, Investment Committee, Risk Management Committee and Human Resource Development 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 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 (G) Investment Committee and (H) Human Resource Development 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 11 directors. Of the total, 7 are non-executives and 5 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.

Board of Directors consists of 12 members of following

Member of the Board of Directors		
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. Ms. Jureerat	Lapanavanich	Director who are authorized signatories of the company
9. Mr. Pravit	Horungruang	Director who are authorized signatories of the company
10. Mr. Theerayuth	Lertsirarungsun	Director who are authorized signatories of the company
11. Mr. Sophon	Pholprasith	Director
12. Mr. Vipoota	Trakulhoon	Director

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 Ms. Jureerat Lapanavanich or Mr. Pravit Horungruang or Mr. Theerayuth Lertsirarungsun with the Company seal affixed.

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

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

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

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

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

### (B) Audit Committee

Audit committee consists of 3 members as following

Member of Audit committee		
1.	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 3 members as following

Member of Nomination and remuneration Committee		
1. Mr. Apichart Chirabandhu	Chairman of the Nomination and Remuneration Committee	
2. Mr. Pratana Bongkojmas	Nomination and Remuneration Committee	
3. Ms. Suttirat Leeswadtrakul	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.

### 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

Corporate Governance Committee consist of 5 member as following

Member of Corporate Governance Committee		
1. Professor Pakdee	Pothisiri	Chairman of the Corporate Governance Committee
2. Mr. Apichart	Chirabandhu	Corporate Governance Committee member
3. Ms. Suttirat	Leeswadtrakul	Corporate Governance Committee member
4. Mr. Jiruss	Rianchaiwanich	Corporate Governance Committee member
5. Mr. Pravit	Horungruang	Corporate Governance Committee member

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

Remark: Ms. Suttirat Leeswadtrakul and Mr. Pravit Horungruang were appointed to Corporate Governance Committee member on 22 February 2017

#### 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 12 members as following

Member of Executive Committee		
1. Mr. Sittichai	Leeswadtrakul	Chairman of Executive Committee
2. Ms. Suttirat	Leeswadtrakul	Committee Member
3. Mrs. Phatnaree	Thitiariyakul	Committee Member
4. Mrs. Nathaphat	Thianpratheap	Committee Member
5. Mr. Taveechai	Kittichanajaroen	Committee Member
6. Ms. Jureerat	Lapanavanich	Committee Member
7. Mr. Theerayuth	Lertsirarungsun	Committee Member
8. Mr. Thanee	Loketkravee	Committee Member
9. Mr. Jiruss	Rianchaiwanich	Committee Member
10. Mr. Pravit	Horungruang	Committee Member
11. Mr. Puchong	Jungwilikasem	Committee Member
12. Mr. Thirapong	Khumruangrit	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 50 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, 2017, the Company's executive manager as follows:

Executive Manager		Position
1. Mr. Sittichai	Leeswadtrakul	President
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. Mr. Thirapong	Khumruangrit	Senior Executive Vice President of CEO Office
6. Ms. Jureerat	Lapanavanich	Executive Vice President of Accounting and Finance
7. Mr. Jiruss	Rianchaiwanich	Executive Vice President of Human Resource & General Administration

## Scope of Authority and Duties 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 5 members as following

Member of Risk Management Committee		
1.	Mr. Pratana Bongkojmas	Chairman of Risk Management Committee
2.	Mrs. Nanthaphat Thianpratheap	Committee Member
3.	Mr. Phatnaree Thitiariyakul	Committee Member
4.	Mr. Samart Udomphan	Committee Member
5.	Mr. Jiruss Rianchaiwanich	Committee Member

With Ms.Yupawadee Jantarakka as Secretary to the Risk Management Committee.  
Remark: Mr. Pravit Horungruang Mr. Jiruss Rianchaiwanich and Mr. Samart Udomphan were appointed Risk Management Committee member on 14 November 2017.

### 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 6 members as following

Member of Investment Committee		
1.	Mr. Vipoota Trakulhoon	Chairman of Investment Committee
2.	Mr. Puchong Jungwilikasem	Committee Member
3.	Mr. Thirapong Khumruangrit	Committee Member
4.	Ms. Jureerat Lapanavanich	Committee Member
5.	Mr. Thanee Loketkravee	Committee Member
6.	Ms. Peeraya Potiprasart as	Committee Member

With Mr. Taratip Thongsari as Secretary to the Investment Committee.  
Remark: Mr. Thirapong Khumruangrit and Ms. Peeraya Potiprasart were appointed to Investment Committee member on 14 November 2017.

### 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

Board and committee meetings are held regularly In 2017, are as follows:

List	Director Name	Statistics of attendance of the various committees						
		The Board of Directors Meetings	Audit Committee meetings	Nomination and Remuneration Committee meetings	Corporate Governance Committee meetings	Investment Committee meetings	Risk Management Committee meetings	Annual General meetings
1	General Winai Phattiyakul	7/7	7/7					1/1
2	Pol.Gen.Soonthorn Saikwan	6/7						1/1
3	Mr. Pratana Bongkojmas	6/7	7/7	3/3			1/1	1/1
4	Mr. Apichart Chirabandhu	6/7	7/7	3/3	6/6			1/1
5	Mr. Sakchai Tanaboonchai	5/7						1/1
6	Mr. Sittichai Leeswadtrakul	7/7						1/1
7	Ms. Suttirat Leeswadtrakul	5/7		2/3	3/6*			1/1
8	Ms. Jureerat Lapanavanich	7/7				3/3		1/1
9	Mr. Theerayuth Lertsirungsun	4/7				1/3*		-/1
10	Mr. Pravit Horunguang	4/7			4/6*		1/1	-/1
11	Mr. Sophon Pholprasith	5/7						1/1
12	Mr. Vipoota Trakulhoon	6/7				3/3		1/1
13	Professor Pakdee Pothisiri				6/6			
14	Mr. Jiruss Rianchaiwanich				6/6	1/3*	1/1	
15	Mr. Samart Udomphan						1/1	
16	Ms. Peeraya Pothiprasart					1/3*		
17	Mr. Puchong Jungwilikasem					3/3		
18	Mrs. Nantaphat Thinprateep						1/1	
19	Mr. Thanee Loketkravee					3/3		
20	Mr. Thirapong Khumruangrit					1/3*		

Remark

- Mr.Theerayuth Lertsirungsun and Mr. Pravit Horunguang were appointed to Director of the Company on 28 April 2017
- Ms. Suttirat Leeswadtrakul and Mr. Pravit Horunguang were appointed to Corporate Governance Committee member on 22 February 2017
- Mr. Thirapong Khumruangrit and Ms. Peeraya Pothiprasart were appointed to Investment Committee member on 14 November 2017 .
- Mr. Pravit Horunguang Mr. Jiruss Rianchaiwanich and Mr. Samart Udomphan were appointed Risk Management Committee member on 14 November 2017.

Remuneration  
of Directors and  
Management  
consist of:

**(A) Financial Remuneration**

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



Directors' Remuneration

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	10,000	Baht/Month
Audit Committee member	5,000	Baht/Month
Chairman of the Corporate Governance Committee	30,000	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 attendance fee to be paid to director who attended the meeting shall not more than 8 times per year and the director who is an audit committee is not entitled to receive an attendance fee in each meeting. In addition, the director who is a nomination and remuneration committee / Corporate Governance Committee / risk management committee / investment committee is entitled to receive additional attendance fee in amount of 5,000 Baht per time with the maximum rate of 8 times per year. The above remuneration shall not be applied for executive director of the company.



In 2017, remuneration for the 12 board members totaled Baht 32.80 million, divided into

1) Baht 2.69 million for 7 independent directors and non-executive directors

Name	Remuneration for Board Members						Total
	Board of Directors	Audit Committee	Nomination and Remuneration Committee	CG Committee	Investment Committee	Risk Management Committee	
1. General Winai Phattiyakul	760,000	120,000					880,000
2. Pol.Gen. Soontorn Saikwan	315,000						315,000
3. Mr.Pratana Bongkojmas	260,000	60,000	10,000			10,000	340,000
4. Mr.Apichart Chirabandhu	260,000	60,000	10,000	30,000			360,000
5. Mr.Sakchai Tanaboonchai	260,000						260,000
6. Mr.Sophon Pholprasith	255,000						255,000
7. Mr.Vipoota Trakulhoon	260,000				15,000		275,000
Total	2,370,000	240,000	20,000	30,000	15,000	10,000	2,685,000

2) In 2017, remuneration for executive 5 directors totaled Baht 30.12 million Baht. These amounts include director's remuneration, additional remuneration, executive bonus, the company contributed to the EJIP project, contribution to Social Security, contribution to provident fund and other benefits.

## (B) Other Remuneration -None-

Chang in securities shareholdings of company directors and management

As of December 31, 2017, 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 Steel		
		As of Dec 31,17	As of Dec 31,16	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	1,672,542,662	726,982,220	945,560,442
7. Ms. Suttirat	Leeswadtrakul	28,598,259	53,348,259	-
8. Ms. Jureerat	Lapanavanich	-	380,671	-
9. Mr. Pravit	Horungruang	-	-	-
10. Mr. Theerayuth	Lertsirarungsun	-	-	-
11. Mr. Sophon	Pholprasith	-	-	-
12. Mr. Vipoota	Trakulhoon	-	-	-

(B) Change in securities holding of management\*

Name	Shareholding in MILL (Shares)		
	As of Dec 31, 17	As of Dec 31, 16	Change + (-)
1. Mr. Puchong Jungwilikasem	413	413	-
2. Mr. Thanee Loketkravee	-	-	-
3. Mr. Thirapong Khumruangrit	-	-	-
4. Mr. Jiruss Rianchaiwanich	-	-	-

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

Auditor's  
Remuneration

(A) Audit Fee

In 2017, the Company paid a total audit fee of Baht 3,254,499. In addition, CWWP Co., Ltd. Co., Ltd. also served as auditor for 4 subsidiaries of the Company, Mill Con Burapa Co., Ltd., Saharuum Construction Material Co., Ltd., Millcon Steel Pipe Co., Ltd. and Suntech Metals Co., Ltd., with a combined audit fee of Baht 4,305,000.

(B) Non-audit Service

In year 2017, the Company group's cost for other service of Auditors, as follows:

- Millcon Steel Public Company Limited
  - 1) Transportation fee relating to providing service 44,248 Baht.
  - 2) Over-time fee, 259,285 Baht.
  - 3) Postage fee, 336 Baht. 336 บาท
- Subsidiary company
  - 1) Transportation fee relating to providing service 55,290 Baht.
  - 2) Over – time fee 44,560 Baht
  - 3) Postage fee, 3,024 Baht.

Yearly Summary of Auditor's Remuneration from 2015- 2017, as follows:

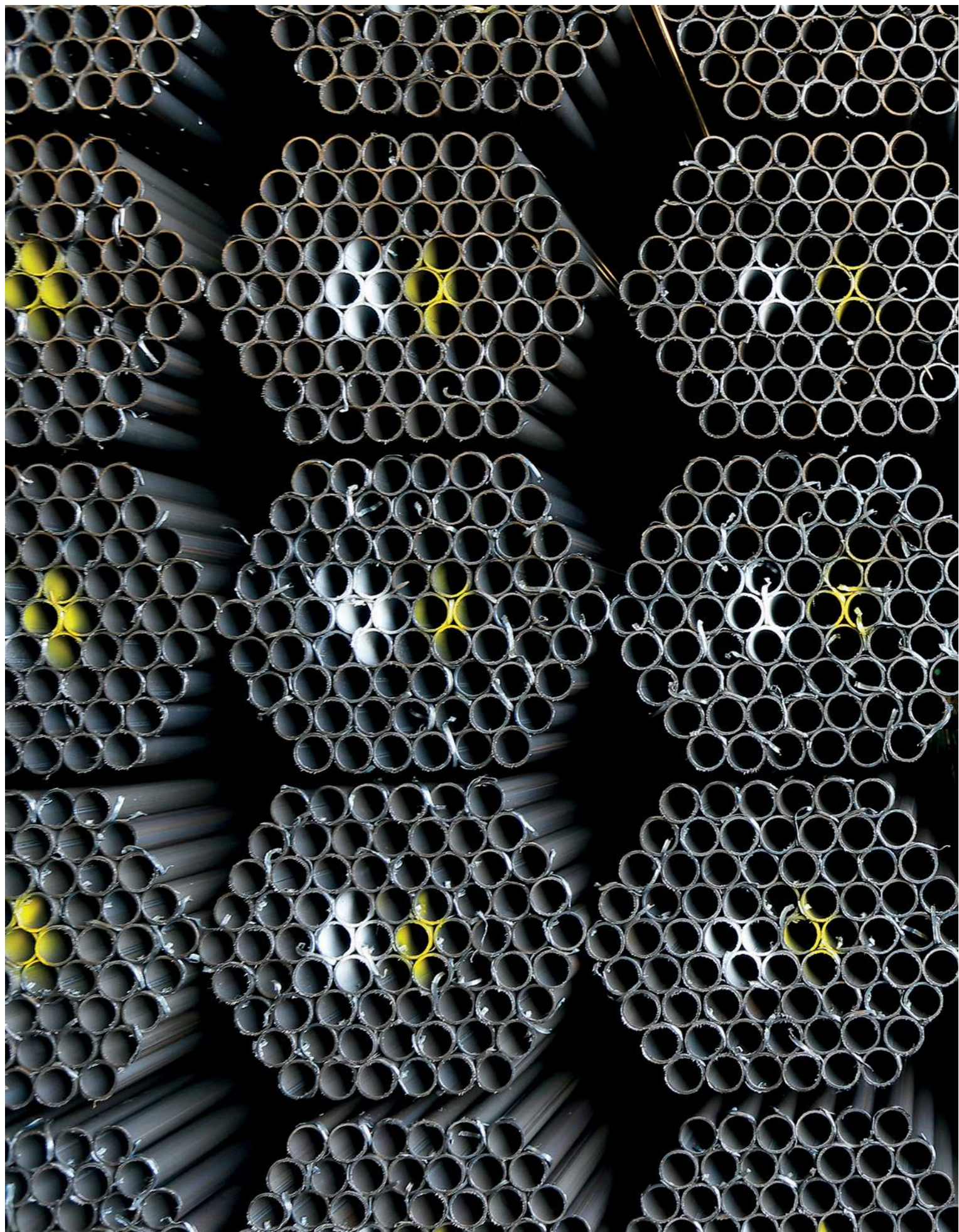
Auditor's Remuneration	Year 2017	Year 2016	Year 2015
1. Audit Fee of the Company and its Subsidiary	7,599,499 Baht	6,894,000 Baht	5,230,000 Baht
2. Non-audit Services	406,743 Baht	462,448 Baht	256,384 Baht

Personnel

2017 (as of December 31, 2017)	
Operating staff (persons)	354
Office staff (persons)	185
Total (persons)	539
Total employee remuneration (Baht million)	199.74







# Compliance with Good Corporate Governance Principles





## Policy overview of company

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](http://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.

Furthermore, we also manufacture wire rods using machines imported from the United States. It can produce both wire rods low carbon, wire rods medium carbon and wire rods high carbon. This wire rods was used as raw material for processing in automotive industry, Machinery Industry, Furniture industry with its joint venture with Kobe Steel Limited of Japan. To take care of the production process and also check the product quality to ensure that the group's wire rod products Kobe Steel's standards are able to fulfill our customers' demand.



## Corporate Governance Policy

### Section 1 Rights of Shareholders

1. The company has a policy not to deprive or create barriers to the opportunity for shareholders to communicate with each other.
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.
5. At a shareholder meeting if there is any agenda item with vested interests of the director. The Company will identify the interests of the director in the invitation letter to the shareholders' meeting and at the shareholders' meeting, the chairman of the meeting will give notice prior to considering the agenda. If any director has any interest, that director will not attend the meeting and abstain on that agenda.
6. The company shall prepare the minutes of the shareholders' meeting and publish it on the company's website within 14 days from the date of the meeting by informing the shareholders through the Stock Exchange of Thailand's website and on the company website.



## 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.
4. The Company prohibits directors, executives and employees from using material information that may materially affect the Company's share price and not publicly available yet, seeking benefits no matter for themselves or other. So, all directors, executives and employees must comply with the Securities and Exchange Act BE 2535, the rules and regulations of the Office of the Securities and Exchange Commission and the Stock Exchange of Thailand strictly.
5. Board of Director of the Company will be held AGM in accordance with the agenda item in the invitation letter. There was no agenda item added without prior notice to the shareholders, other than those specified in the meeting invitation letter, for fairness to non-attendees except where necessary for the benefit of the company and strictly adhered to the relevant rules of law.



## 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 requires the company's directors and company executives must report trading including changes in the holding of securities issued by both self, spouses and minor children o to the board of director meeting and to the Securities and Exchange Commission.
2. The company requires directors and executives report on their own interests and related persons, including any change in stock information and Stock Exchange of Thailand by assigned the Company secretary to the report of the information under Section 89 to the board of director meeting every year to consider the company's transactions(including changes). There may be conflicts of interest to the company as a whole. Directors and executives with any interest on the subject considered they must not participate in the voting and have no right to vote on the matter.
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.
6. The Company has a corporate communication channel to provide shareholders, investors and interested parties, the company has easy access to the Company's information, including the Annual Report, Performance Report, Company Website including the activities organized by the Stock Exchange of Thailand, etc.
7. The Company establishes Investor Relations and channels where investors can contact information about the company you can contact the channels listed in the annual report.





## Section 5 Responsibilities of the Board of Directors

1. The Board of Director elects the Chairman of the Board of Director. The Chairman of the Board of Director and Chief Executive Officer must not be the same person and there is a clear separation of boundaries and functions.
2. 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.
3. The Board of Director has set up subcommittees. The roles and responsibilities are assigned by the Board of Director. The roles and responsibilities of each subcommittee are disclosed in the company's annual report. The Board of Director will review the roles and responsibilities of the Board of Director and committees every year.
4. The Board of Director consider and review the vision and mission of the company every 5 years.
5. The Board of Director determine to prepare a succession plan of Executive Vice President to CEO for the Company's operating are continuing.
6. The Board of Director has assigned the Nomination and Ruminaton 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.
7. New Director and Management will be an orientation for acknowledge the Company's information, rule, policy and performance of the Company
8. The Company encourages directors to training courses or seminar every year for enhance knowledge.
9. The Company provides annual performance evaluation of the Board of Directors, Committees and individual 1 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.

2.1 Adhere to offering and delivery of products and services of standard quality and meeting customer demand.

2.2 Fulfill all conditions agreed upon with customers to the best of their ability.

2.3 Offer equitable prices and business terms to customers classified or ranked in the same group.

2.4 Provide true information to customers about properties and quality of the products and services to ensure fairness and customer confidence.

2.5 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.

2.1 Transact with business partners with integrity and on equitable term.

2.2 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.

2.3 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.

3) 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.

4) 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. All directors, executives and employees of the Company must not support or do anything that expresses the intent of corruption, offer bribery, or take bribes of stakeholders with the Company group in matter of which they are responsible either direct or indirect to get the benefit to the organization, self or relevant persons by accepting or following the anti-corrupt practices of the Company.

2. The Board of Directors assign the audit committee and Corporate Governance committee to follow and supervise the corporate governance policy.

3. The Company operates with transparency, honestly by prohibiting directors, executives and employees get bribes or incentives including gifts, prizes and endorsements in whatever format by following the business ethics or practical guide of the Company.

4. The Company provides training and education on anti-corruption to directors, executives and employees of the Company continuously to fully acknowledge the anti-corruption action policy including the consciousness of all employees to work with honesty and in accordance with ethics, moral and governance which is an important foundation to help employees to be clear and concrete, successful according to the Company policy.

5. The Company provides an internal control system. It is responsible for reviewing the implementation of the anti-corruption policy to prevent potential fraud and may affect the financial position and the Company performance.

6. The Company has set guidelines for charitable donations or sponsor any organization to act on behalf of the company or its affiliates only, and must assist or support the organization for the public benefit, is obtained a legitimate license and other public safety, amount must be appropriate not more than necessary as the case may be. The Company must proceed with transparency, follow the Company's prescribed procedures as well as follow up and monitor to ensure that donations are not being used as an excuse for corruption or bribery.

7. The Company has established guidelines on business relations and procurement with the public sector or private agencies including contact with the public or government officials or the private sector as well as those involved in running the business of the Company and its affiliates must be careful, transparent, honest, through the company's prescribed procedures and can be checked.

8. The Company provides channels for reporting clues or complaints when there is enough corruption and policies to protect and provide fairness for employees who report clues or report corruption related to the Company or affiliates by protecting the complainant or those who cooperate to report corruption including the Company has imposed penalties and disciplinary action against employees who violate the implementation of this anti-corruption policy in accordance with ethics and practical guide of company.

9. The Company has a policy of political neutrality, all personnel have legal rights and political liberties and be aware not to take action or do any activities including any resources of the Company and its affiliates for political action or activities. This will cause the company group to lose its neutrality or be affected by its involvement or political support.

#### **Clue reporting and whistleblowing channel**

##### **1. By mail.**

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

##### **2. By E-mail.**

[compliance@millconsteel.com](mailto:compliance@millconsteel.com)

## Code of Conduct and Practice

### 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 2017, the Company held a press conference and activities for shareholders as follow:

Meeting with Shareholders and Analysts	Frequency (per year)
Analyst Meeting	4
Road Show	3
Company Visit	1
Site Visit	1
Opportunity Day	1

## 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 Conduct

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

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

### 14. Penalty

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

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







# Internal Control

The audit committee of Millcon steel Pcl. (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: 2004. 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 Systems and communications

- 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.

## Monitoring Systems

- 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 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 2015, 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. The Company has instituted the rigorous internal control system and appointed Internal Audit Department to take charge of reporting audit result to Audit Committee.

### Product purchasing

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.



### Selling 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.

Presently, the Company has already improved the internal control and the meeting of the board of audit committee has appointed internal auditor from I.A.P Internal Audit 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.





# 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 Company has 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 in 2017

## Community and Environmental Responsibility

### Targeting Area for Community Relations Project

The company focuses on community development located in the vicinity within a radius of 5 kilometer, Total 6 Sub-districts comprising 21 villages.

Nikhom Pattana Sub-district Administration Organization	Phana Nikhom Sub-district Administration Organization	Mabkha Sub-district Municipal	Mabkha Pattana Sub-district Municipal	Makhamkhu Sub-district Municipal	Mueng Mabtapt Municipal
Village No. 1, Bann Nikhom Pattana, KM. 12	Village No. 2, Baan Soi 8	Soi 2 Pattana Community	Village No. 5, Baan Mabkha	Village No. 1 Baan Nong Wa	Huay Pong Nai 1 Community
Village No. 2, Bann Nikhom 1	Village No. 3 Baan Khlong Ta Tai	Soi 13 Pattana Community	Village No. 6 Baan Tung Samnak	Village No. 6, Baan Chak Ooy	Mabkha Community – Ai Ngon Office
Village No. 3, Bann Mai Samakkee		Ruamjai Pattana Community	Village No. 7 Baan Chak Daw Rueng	Village No. 7, Baan Khao Jom Hae	Huay Pong Nai Community – Nam Tuam Bridge (Huay Pong Nai 3)
Village No. 4, Bann Nongbon		Nonghin Kawna Community			
Village No. 5, Baan Chak Pak Kood					
Village No. 6, Baan Khlong Ta Tai					



## Summary of the 2017 Project

### The result of project implementation in 2017

On January 13, 2017, the National Children's Day, the Group of Millcon Steel Public Company Limited had participated and distributed gifts as well as learning materials to the children in three schools which were Wat Chak Phak Kut School, Nikom Sang Toneng Jangwat Rayong 2 School and Nikom Sang Toneng Jangwat Rayong 5 School.

Nikom Sang Toneng Jangwat Rayong 5 School was held the Learning Center Project of Sufficiency Economy to meet the strategy and vision of the school.

The Group of Millcon Steel Public Company Limited has recognized the importance of philosophy of the "Sufficiency Economy". The group had joined the Learning Center Project in accordance with "Sufficiency Economy" philosophy by supporting the pork stall construction, mushroom houses and donating vegetable seeds to the Nikom Sang Toneng Jangwat Rayong 5 School in order to be a sufficiency economy learning base and be able to cook and eat in the school.

The Group of Millcon Steel Public Company Limited had joined the mushroom farming project generating revenue to the community by donating the steamed mushroom machines to the Natural Agriculture Learning Center, Community Enterprise and Community Lifestyle Development Group in order to let villagers cultivate mushrooms by themselves and therefore reduce the cost of buying mushroom loafs. Moreover, they are able to sell their mushrooms and as a result in gaining the revenue to the community.





On October 17, 2017, the Group of Millcon Steel Public Company Limited had participated in the the Kathin Ceremony to build the pavilion of Watchakpakkood which is located in Nikhom Phatthana, Nikhom Phatthana District, Rayong in order to lead employees to make merit and maintain a good culture of Thailand and as a result of a good relationship between the factory and community.

On October 29, 2017, the Group of Millcon Steel Public Company Limited had joined the Kathin Ceremony at the Wat Nong Bon located in Nikhom Phatthana, Nikhom Phatthana District, Rayong



On November 3, 2017, the Loy Krathong Day, the employees built the handmade Krathong from natural materials which do not pollute the water and provided the Krathong to the Wat Chak Phak Kut for sell to the people who participated in the Loy Krathong Festival at the temple and thus obtained the income from selling the Krathong to keep maintaining the religion.



The Group of Millcon Steel Public Company Limited has realized the importance of education which has a significant impact on Thai Youth Development. In long term, they are the main and important driving force of the country. However, due to poverty and shortage of capital in the area, it leads to lack of earnestness and hopelessness.

Therefore, the Group of Millcon Steel Public Company Limited was held the project of “San Fun Per Wan Kong Nong year 5” to provide opportunities for children and youth surrounding the factory to acquire scholarships and therefore gain a morale in education.

The Group of Millcon Steel Public Company Limited was held the Millcon on Tour Project to raise the good relationships between factories and communities by making merit and pay respect together at Wat Khao Sukim on Chanthaburi province.



## Awards

Mr. Pravit Horungruang, the Executive Director of the Millcon Steel Public Company Limited is considered as “the role model of the business sector year 2017” in the steel sector to honor and esteem people who succeed in private, working life and dedicate themselves to do activities to benefit society and the nation.









# 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 PLC.
Mr. Sittichai Leeswadtrakul	Major shareholders and Board of Director of Millcon Steel PLC. 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 PLC.

## Related Party

Related party which might have Conflict of Interest	Primary Business	Nature of Relationship
Million Miles Co., Ltd	Transportation Services	As the director of Million Miles and being the husband of Ms. Suttirat Leeswadtrakul which is the company's director.
RSP Steel Co., Ltd	Steel Products	As the director of RSP and being the husband of Ms. Suttirat Leeswadtrakul which is the company's director.
General Engineering Plc.	Construction materials and services	Being a major shareholder of the Company 18% of paid-up capital.
AEC Power Engineering Sole Limited	Electrical Services	As the director of IGEN which is associate of the Company, being director of AEC Power Engineering Sole Limited

### Nature of related transactions

In 2017, 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, 2016	As of Dec 31, 2017	
Mr. Sittichai Leeswadtrakul	Guarantee Long- term loans in domestic	-	500	The transaction is beneficial to the Company. As the Company will has long-term capital for support the Company's business.
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.	5,493.97	4,952.34	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, 2016	As of Dec 31, 2017	
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.	2,977.04	1,630.74	The transaction is beneficial to the Company. As the Company will has working capital for support the Company's business
Mr. Somphop Leeswadtrakul Mr. Sittichai Leeswadtrakul Millcon Steel PLC.	Guarantee Long- term loans domestic	629.82	328.36	The transaction is beneficial to the Company. As the Company will has working capital for Green Mill Project.
Mr. Sittichai Leeswadtrakul Millcon Steel PLC.	Guarantee Long- term loans domestic	-	1,442.90	The transaction is beneficial to the Company. As the Company will has long-term capital for support the Company's business

### Millcon Steel PiPe 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, 2016	As of Dec 31, 2017	
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.	155.38	106.43	The transaction is beneficial to the Company. As the Company will has working capital for support the Company's business

### Suntech Metals 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, 2016	As of Dec 31, 2017	
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.	225.00	261.15	The transaction is beneficial to the Company. As the Company will has working capital for support the Company's business

#### 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.



#### 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



## 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 2017, 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, 2017 are as followings.

## 1) Transactions between the Company and its subsidiaries

Transactions	Millcon Burapa Co., Ltd. Amount (Baht)	Millcon (HK) Limited Amount (Baht)	Millcon Thiha Limited Amount (Baht)
<b>1. Revenues</b>	Production and sale of Steel bar	Transaction of the acquisition of assets TSSI	Steel and Construction materials Distributor
1.1 Sales of goods and services	368,895,322.70	-	427,457,069.70
1.2 Interest receivable	-	-	50,268.32
1.3 Dividend receivable	-	1,149,639,527.36	-
1.4 Other revenue	8,400,000.00	-	390,000.82
<b>2. Expenses</b>			
2.1 Purchase of goods	2,162,643,149.00	-	-
2.2 Rental	11,012,880.00	-	-
<b>3. Outstanding balances arising from purchases and sale of goods and services</b>			
3.1 Account receivable	-	-	233,159,872.36
3.2 Other current assets (Other advance payment)	-	-	30,462,820.09
3.3 Other current assets (assets receivable)	8,988,000.00	11,641,375.00	1,724,276.02
3.4 Short-term loans	-	1,176,693,064.03	-
3.5 Other current liabilities (Accrued Expenses)	970,969,788.81	-	-

Transactions	Saharuum Construction Material Co., Ltd Amount (Baht)	Millcon Steel Pipe Co., Ltd. Amount (Baht)	Suntech Metals Co., Ltd. Amount (Baht)
<b>1. Revenues</b>	Steel and Construction materials Distributor	Steel Production and distribution	Handle scrap and process scrap
1.1 Sales of goods and services	315,307,529.07	-	142,536,600.00
1.2 Rental	-	20,332,800.00	-
1.3 Interest receivable	-	-	12,237,230.79
1.4 Other revenue	360,000.00	1,581,320.70	3,085,315.00
<b>2. Expenses</b>			
2.1 Purchase of goods	-	-	113,754,223.02
2.2 Cost of production and services	284,986.08	458,591.20	-
2.3 Selling and administrative expenses	-	-	1,456,011.74
2.4 Interest	-	47,773.97	165,410.96
<b>3. Outstanding balances arising from purchases and sale of goods and services</b>			
3.1 Account receivable	46,901,353.56	-	49,779,986.64
3.2 Advance payment	-	76,000,000.00	-
3.3 Accrued interest receivable	-	-	4,090,252.48
3.4 Other current assets	192,600.00	12,099,766.89	64,200.00
3.5 Account payable	1,215.00	164,063.10	4,906,833.29
3.6 Long-term loans	-	-	233,090,111.00
3.7 Other current liabilities (Accrued Expenses)	-	-	213,533.98
3.8 Accrued interest	-	-	165,410.95



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

Transaction	RSP Steel Co., Ltd. Amount (Baht)	General Engineering Pcl. Amount (Baht)	Millcon Thiha GEL Ltd., Amount (Baht)	IGEN Engineering Co., Ltd. Amount (Baht)	Bulk Asia Co., Ltd. Amount (Baht)
<b>1. Revenues</b>					
1.1 Sales of goods and services	11,030,017.91	148,465,347.55		34,069,912.16	-
1.2 Gain (loss) on disposal of assets	-	46,488,704.13	789,807.60	-	-
1.3 Interest Income	-	1,733,115.07	-	-	-
1.4 Other revenue	-	9,000.00	4,200,000.59	-	-
<b>2. Expenses</b>					
2.1 Selling and administrative expenses	424,792.00	-	-	530,000.00	-
2.2 Cost of production and services	-	2,226,000.00	-	-	-
<b>3 Outstanding balances arising from purchases and sale of goods and services</b>					
3.1 Account receivable	7,362,098.50	41,994,220.13	-	19,772,891.22	-
3.2 Advance payment	-	271,755.96	509,788.98	-	-
3.3 Other current assets (deposit)	-	1,493,871.84	-	-	-
3.4 Other current assets	-	-	12,276,385.4	-	37,772,025.0
3.5 Other current liabilities (accrued expense)	36,776.00	-	7	42,800.00	0
			-		-

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

Transaction	Complete Transport Co., Ltd. Amount (Baht)	Ocem Supplies Co., Ltd. (Baht)	Kobelco Millcon Steel Co., Ltd. Amount (Baht)	IGEN Engineering Co., Ltd. Amount (Baht)
<b>1. Revenues</b>				
1.1 Sales of goods and services	-	-	1,127,102,716.42	-
1.2 Revenues from rental	277,920.00	-	-	-
<b>2. Expenses</b>				
2.1 Purchase of goods and services	-	361,126,925.00	-	1,485,935.00
2.2 Selling and administrative expenses	65,506,619.06	-	-	-
<b>3. Outstanding balances arising from purchases and sale of goods and services</b>				
3.1 Account receivable	7,362,098.50	41,994,220.13	-	19,772,891.22
3.2 Accrued income	-	271,755.96	509,788.98	-
3.3 Account payable	-	1,493,871.84	-	-
3.4 Other current liabilities	-	-	12,276,385.4	-
3.5 Other current assets	36,776.00	-	7	42,800.00
			-	0

#### 4) Transactions with business alliances

Transaction	Insight Steel Co., Ltd (Million Baht)	Simba Inter Co., Ltd (Million Baht)	Triple O Trading Co., Ltd. (Million Baht)	Jarasrungsri Co., Ltd. (Million Baht)	Deesinchai Steel Co., Ltd. (Million Baht)
1. Sales of goods	227.37	-	-	0.47	-
2. Purchase of goods and services					
2.1 Purchase of goods	-	-	-	-	-
2.2 Purchase of services	-	-	-	-	-
3. Outstanding balances arising from purchases and sales of goods and Services					
3.1 Accounts receivable	26.01	-	-	-	-
3.2 Other current liabilities (accrued expenses)	-	-	-	-	-

## Condition and Pricing 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.



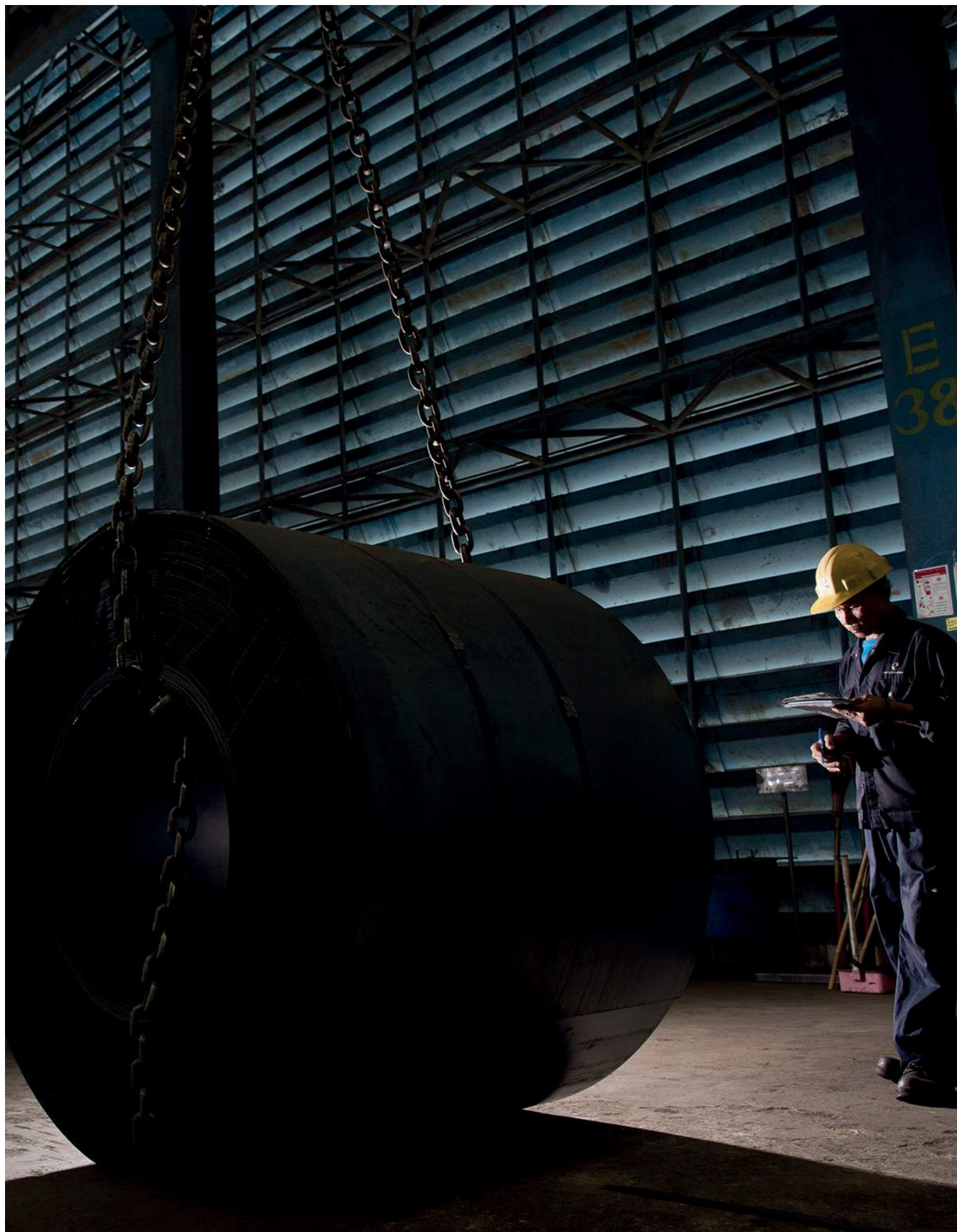
## Necessity and Reasonableness of Related Party Transactions

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



# Discussion and Analysis of Financial Position and Operating Results





## Discussion and Analysis of Financial Position and Operating Results

### Economics overview

In 2017, Thailand's economy grew by 3.9% from 2016 as a result of consumption and investment of private sector. Including the expansion of exports. For public investment were declined. Due to the flood as a result to investment slowdown.

For Thailand steel consumption in 2017, information from Iron and Steel Institute of Thailand, the finished steel product consumption were at 16.6 million tons, decreased by 14 compared with previous year. Divided into the long products consumption were at 5.6 million tons, decreased by 25.7% and the flat steels product were at 11 million tons, decreased by 5.9% case from the construction of both public and private sector was slowdown.

### Operating Performance – Consolidated Financial Statements

## Sales and Services Income and Other Income

## Revenue from Sales of the Company Group by Types of Products

(Unit: million baht)

Products	Year 2017			Year 2016			Year 2015		
	Quantity (Ton)	Value	%	Quantity (Ton)	Value	%	Quantity (Ton)	Value	%
Steel Bar	612,132	10,334	51.72	732,647	10,522	54.76	541,583	8,345	67.68
Structural Steel	40,713	852	4.27	39,901	773	4.02	32,928	612	4.96
Wire rod	36,159	658	3.29	69,344	977.20	5.09	-	-	-
Billet	474,726	7,057	35.32	526,398	6,389	33.25	131,247	2,038	16.52
Other	87,368	1,078	5.40	62,354	553	2.88	103,801	1,336	10.84
Grand Total	1,251,098	19,980	100	1,430,644	19,214	100.00	809,569	12,331	100.00

To approve the related transactions, each company has the authority that must be approved by the managing director or board of directors of each subsidiary by chairman. Under the control system can make leakage or corruption. The authority are always reviewed.

For the other incomes from 2015 to 2017 are at 1,333 million baht, 486 million baht and 151 million baht respectively, the proportions are 10.8, 2.5 and 0.8 of the total income respectively. In 2017 has income from selling of lands in amount of 37 million baht, income from compensation in amount of 32 million baht, income from interest in amount of 19 million baht, income from exchange rate in amount of 16 million baht and other income in amount of 46 million baht.

### Revenues from sales from a regional distribution as follows:

(Value: Million)

Revenues from sales of MILL Group	Year 2017		Year 2016		Year 2015	
	Million	%	Million	%	Million	%
Domestic	17,688	89	18,275	95	11,839	96
International	2,295	11	939	5	492	4
Total	19,983	100	19,214	100	12,331	100

During 2015-2017, revenue of the Company mainly came from domestic sales. The ratio of domestic sales to the overall sales was 96%, 95% and 89% respectively. However, the Company also kept expanding business to overseas markets continuously. As a result, the company's overseas sales increased in 2016 to 2017 from 939 million baht to 2,295 million baht. The ratio of overseas sales to the overall sales accounted for 4%, 5%, 11% respectively. Mostly, the Company's products exported to Australia, Indonesia etc.

### Gross Profit

Gross profit of the Company in 2015 to 2017 are at 6.31%, 7.66% and 7.35% which continuously increase. Because the Company has controlled the cost of producing by improving the machineries which causes the increasing of production continuously and also causes the economy of scale by producing at full capacity and the begin of producing special billet. The company maintained its gross margin targeted 5-8% for construction steel products. However, the cost of selling of the Company in 2015 to 2017 are at 11,553 million baht, 17,743 million baht and 18,514 million baht respectively which the proportions of cost of selling and income from selling are decrease continuously. The proportions is at 94%, 92% and 93% respectively. In addition, the company has a trial producing special billet cost of 78 million baht decreased from 2016 at 146 million baht due to its proximity to commercial production.

### Net Profit (Loss)

The Company and associate have net profit (loss) since 2015 to 2017 at 685 million baht, 394 million baht and 143 million baht respectively. In 2017 the Company has profit in amount of 184 million baht. Furthermore, in 2017, the Company realize loss from Kobelco Millcon Steel Co.,Ltd. ("KMS") which is the joint venture company with Kobe Steel Limited 50% of joint venture shares. Due to KMS testing special grade steel production and during in the process of product verifying from customers in the auto part industry, KMS had loss in the amount of 260 million baht.



## Financial statement

### Account receivable and notes receivable

Trade accounts and notes receivable can be age since year 2015-2017 as follows:

List	Financial Statement					
	Year 2017		Year 2016		Year 2015	
	Amount (Baht)	%	Amount (Baht)	%	Amount (Baht)	%
Not yet due	757,763,564	59.55%	1,600,099,229	66.60%	2,153,532,813	76.77%
Overdue not exceeding 3 months	96,141,050	7.56%	62,264,229	2.59%	186,049,075	6.65%
Overdue 3 to 6 months	7,640,261	0.60%	295,761,914	12.31%	696,594	0.02%
Overdue 6 to 12 months	7,517,200	0.59%	962,659	0.04%	17,679,451	0.63%
Overdue more than 12 months	403,338,345	31.70%	443,430,148	18.46%	445,585,787	15.92%
Total trade accounts and notes receivable	1,272,400,421	100.00%	2,402,518,180	100.00%	2,803,543,720	100.00%
Less Allowance for doubtful account	(402,532,842)	31.61%	(439,302,129)	18.28%	(152,923,732)	5.46%
Total trade accounts and notes receivable, net	869,867,579	68.36%	1,963,216,051	81.72%	2,650,619,988	94.54%

As of 31 December 2015-2017, account receivable and note receivable are in amount of 2,651 million baht, 1,963 million baht and 870 million baht respectively. In 2017, account receivable and note receivable decreased in amount of 1,093 million baht or by 56% from previous year, almost of the debtors are the not due yet. Further, the Company setting up doubtful debts in the amount of 29 million baht. The Company has set the allowance of doubtful account has been fully provided.

However, the company has considered, planning and control the credit for each customer by concisely to protect from any risk may cause 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.

### Inventories, net as of 31 December 2015 – as of 31 December 2017

(Value: Million)

List	Consolidated					
	2017		2016		2016	
	Value	%	Value	%	Value	%
Raw materials	1,067	28%	1,127	33%	1,050	45%
Semi-finished goods	49	1%	50	1%	11	0%
Finished goods	1,618	45%	1,395	41%	721	31%
Spare part and supplies	857	23%	638	19%	575	24%
Goods in transit	168	59.55%	187	6%	20	1%
Working in process	-	-	-	0%	-	0%
Total	3,759	100%	3,397	100%	2,377	100%
Less Allowance for net realizable value of inventories	5	0%	5	0%	79	0%
Total inventories, net	3,755	100%	3,392	100%	2,298	100%

The company's inventory in 31 December of year 2015-2017, inventories is in amount of 2,298 million baht, 3,392 million baht and 3,755 million baht respectively, when considered from net- inventory list table found that at the end 2017, the company has net-inventory increased 11% from the last year. Due to the Company had production for support sale in 2018 from government project explanation compared to 2017 and expanding customer base to region of Thailand and AEC country. As a result to the Company purchase raw materials for production as per customers' orders.

### Land, Building and Equipment

As of 31 December 2015-2017, Land, Building and Equipment – Net is in amount of 10,556 million baht, 9,189 million baht and 9,095 million baht, or 56%, 51% and 52% of total assets, respectively. In the end 2017, the company's land, building and equipment net have decreased in amount of 93 million baht due to normal operation.

### Goodwill

In 2017 the Company has goodwill at 334 million baht because in 2015 the Company has invested in Suntech Metals Company Limited in the value higher than the actual business value which has been evaluated by independent appraiser that has been approved from the committee of The Securities Exchange of Thailand.

### Liquidity

From the table summarizing the crucial financial ratio comparing in the period of 2015 to 2017, found that the liquidity of the Company and associate considering from current ratio are at 0.64 times, 0.65 times and 0.76 times respectively. In 2017, the liquidity ratio improved. The Company has long-term loans from financial institutions to repay short-term loans, it make liquidity better. If considering from the period of average debt collecting are at 61 days, 44 days and 32 days respectively. It can be seen that the Company can collecting the debt faster than the previous years.

When considering the quick ratio which are at 0.45 times, 0.35 times and 0.37 times respectively. In 2017 due to the increasing of product stored of the Company which caused the decreasing of quick ratio comparing from previous years.

The inventory turnover rate in 2015 to 2017 are at 5.07 times, 6.19 times and 5.18 times respectively. The inventory turnover decreased in 2017, due to the company has ordered more raw materials to accommodate orders from customers and finished goods are waiting for delivery which caused reduce turnover.

The profitability of the Company in 2017, the Company has gross profit margin 7.35% which the gross profit decreases from 2016 at 7.66%. However, the price of raw materials used in production is higher as a result, the cost of the company increased. In the meanwhile, the EBITDA of 2017 is at 1,065 million baht.

For the proportions of debt to shareholders' equity in 2015 to 2017 are at 2.31, 2.07 and 1.97 respectively which continuously decrease due to the controlling of proportions of debt to shareholders' equity to be in the appropriate level and the pushing the performance of the Company.

### Liability

At the end of 2015 to 2017, the Company and associate have total liabilities at 13,418 million baht, 12,027 million baht and 11,714 million baht respectively which dividing current liabilities for each year at 12,301 million baht, 11,403 million baht and 9,632 million baht respectively which the current liabilities are decreasing comparing from the passing years. Because the repayment of short-term loan to the bank.

The proportions of non-current liabilities are at 1,117 million baht, 624 million baht and 2,082 million baht respectively. In 2017 the non-current liabilities which increasing due to the Company loans long-term loan from financial institution for re-payment short-term loans

## Audit Committee's Report

---

Dear Shareholders,

The Board of Directors appointed an Audit Committee, which is composed of three independent directors, namely General Winai Phattiyakul, 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 and experience to review the reliability of financial statements.

In 2017, 7 meetings were held, with details of meeting attendance of each Audit Committee member as shown below:

		Number of attendance
1.	General Winai Phattiyakul	7/7
2.	Mr. Pratana Bongkojmas	7/7
3.	Mr. Apichart Chirabandhu	7/7

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

Furthermore, in Year 2017, Audit Committee, after reviewed the Quarterly to Yearly Financial Statement, significant Accounting Policy of the Company, adequacy of Information Publicity, through the Auditing Plan, Method, and by working with the management team of the Company, the Audit Committee opine that Financial Statement of the Company is appropriated.

### 2. Consideration on appropriateness of internal control system

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

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

### 3. Review of regulatory and legal compliance

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



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

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

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

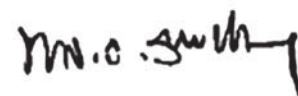
The audit committee selected auditor for an accounting year 2018. CWWP Company Limited is an appropriate and non-related/beneficial from the company/subsidiaries/management/major shareholder or individual. Ms. Wanya Puttasatien, Certified Public Accountant (Thailand) No. 4387 and/or Mr. Cherdsakul Aonmongkhol Certified Public Accountant (Thailand) No. 7195 and/or Ms. Waraporn Intaraprasith Certified Public Accountant (Thailand) No. 7881 and/or Ms. Cholticha Lertvilai Certified Public Accountant (Thailand) No. 12258 and/or Ms. Waraporn Panpakdeenupong Certified Public Accountant (Thailand) No. 12261 are appointed for the Financial year 2018.

The Annual General Meeting of Shareholder 1/2018 to appoint the Auditors will be held on April 27, 2018 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 2017 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



(General Winai Phattiyakul)  
Chairman of the Audit Committee

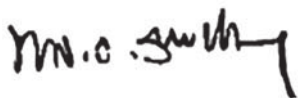
## Statement of the Directors Responsibility

---

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, 2017, 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, 2017.



(General Winai Phattiyakul)  
Chairman of the Board



(Mr. Sittichai Leeswadtrakul)  
Chief executive officer / President

**(TRANSLATION)**  
**INDEPENDENT AUDITOR'S REPORT**

To The Shareholders and Board of Directors of Millcon Steel Public Company Limited

**Opinion**

I have audited the accompanying consolidated and separate financial statements of Millcon Steel Public Company Limited and its subsidiaries ( “the Group”) and of Millcon Steel Public Company Limited ( “the Company”), which comprise the consolidated and separate statements of financial position as at 31 December 2017 , and the consolidated and separate statements of comprehensive income, the consolidated and separate statements of changes in shareholders’ equity and the consolidated and separate statements of cash flow for the year then ended, and a summary of significant accounting policies and other note to financial statements.

In my opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Millcon Steel Public Company Limited. and its subsidiaries and of Millcon Steel Public Company Limited, as at 31 December 2017 , and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

**Basis for Opinion**

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

### **Material Uncertainty Related to Going Concern.**

I draw attention to Note 2 in the financial statements which indicated that, as at 31 December 2017, the Group's current liabilities exceeded its current assets by Baht 2,294.34 million. The current liabilities mainly include short-term loans in the term of promissory note and trust receipt and letter of credit. The Group has remaining of credit facilities that did not drawn out of Baht 4,569.34 million. These factors indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. I am not qualified in respect of this matter.

### **Emphasis of Matter**

As mentioned in the notes to financial statements No. 31 for the year ended 31 December 2017, two subsidiaries gained Baht 3,416.56 million of revenues from sale to four business partners, equivalent to 17.10% of total revenues from sale. Baht 1,918.40 million of revenues from sale, equivalent to 9.6% of total revenues from sale is gained from the goods that the Company and a subsidiary purchased from three of the said four business partners. The said two subsidiaries have sold the same type of goods to the said four business partners during the same time period or within short intervals at Baht 1,938.59 million. The Company and its subsidiary purchased the said goods to be used in the productions. The said four business partners have no relation with the Group Companies. The purchase and sale departments' execution were independent of each other and complied with the normal processes of the Company and its subsidiary; the sale and purchase of the goods in the said nature are considered to be sale and purchase under the normal course of business. My opinion is not qualified in respect of this matter.

### **Key Audit Matters**

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

### Measurement of Inventories

As mentioned in the notes to financial statements Nos. 7.6 and 12, the Group Companies show the value of inventories at the lower of cost or net realizable value. The Group Companies' inventories are highly related to the market price, in addition to being commodities with price sensitivity and reservation is required. Therefore, the management shall exercise judgment in considering the calculated net realizable value in comparison with the cost. The collection of information for the net realizable value is significant to the audit.

Therefore, my audit methods on the measurement of inventories have included 1) obtain an understanding of the process in testing the net realizable value of the inventories, the method for information collection, and the consistency in compliance with the Company's policies, 2) review the reliability of the selling price after the reporting period, the price stated on the reservation forms and the market price, and the goods selling expenses, 3) test the accuracy of the net realizable value of the inventories and assess the sufficiency of the information disclosed in the notes to financial statements.

### Recognition of revenue from sale of goods

Revenue from sale of goods is considered to be material in the profit and loss statement, equivalent to 99% and 91% of total revenue in the consolidated and separate financial statements, respectively. Since the Group Companies sale goods to numerous customers, and the volume and selling price related to the fluctuation of the steel price in the market, therefore, my audit is concentrate on the Group Companies' recognition of revenue from sale of goods in compliance with the Company's policies as mentioned in the notes to financial statements No. 7.20.

Therefore, my audit methods on the Group Companies' recognition of revenue from sale of goods have included 1) obtain an understanding for the operation and internal control processes related to the revenue recognition, 2) test the effectiveness of the operation under the internal control, 3) randomly select supporting documents for sales incurred during the year and near the end of the reporting period, 4) review the credit notes the Group Companies issued after the end of the accounting period, 5) review the material revenue recognition especially the accounting transactions made under general journal vouchers.



## **Other Information**

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

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

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

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

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

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

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

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

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

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

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

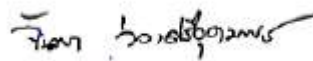
- ☐ Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ☐ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and the Company's internal control.
- ☐ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ☐ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.

- ☐ Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- ☐ Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

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

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

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



(Miss Chantira Wongsri-Udomporn)

Certified Public Accountant Registration No. 4996

CWWP Company Limited

Bangkok,

27 February 2018

**MILLCON STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**STATEMENTS OF FINANCIAL POSITION**  
**As at 31 December 2017**

	Notes	CONSOLIDATED			SEPARATE		
		FINANCIAL STATEMENTS			FINANCIAL STATEMENTS		
		31 December 2017	31 December 2016	1 January 2016	31 December 2017	31 December 2016	1 January 2016
		Baht	Baht	Baht	Baht	Baht	Baht
<b>ASSETS</b>							
<b>CURRENT ASSETS</b>							
Cash and cash equivalents	8	553,487,486.00	453,789,151.54	284,723,803.28	360,072,789.36	362,918,634.93	180,070,034.92
Restricted deposits at financial institutions	9	746,454,678.28	608,611,949.51	610,171,231.58	402,406,957.57	534,434,982.03	569,971,231.58
Current investments		2,614,111.87	8,640,760.06	7,193,958.22	2,614,111.87	8,640,760.06	7,193,958.22
Trade and other current receivables	10	1,208,308,501.51	2,276,742,628.05	3,086,960,417.03	810,995,250.19	1,463,611,548.05	1,829,160,108.64
Short-term loans to related parties	34.3	150,700,000.00	-	2,550,000.00	30,700,000.00	896,948.26	233,997,578.51
Short-term loans to other parties	11	-	-	-	-	-	-
Inventories	12	3,754,579,593.70	3,392,413,647.11	2,297,533,267.98	1,757,120,764.37	1,459,752,967.98	882,590,240.51
Advances to suppliers for purchases of goods		914,710,048.24	592,912,871.46	697,058,873.00	542,427,765.54	543,883,577.26	914,474,011.37
Current tax assets		1,915,548.50	3,467,813.53	1,307,151.75	279,210.82	1,175,865.98	-
Other current financial assets		4,677,193.37	64,132,445.31	12,497,919.36	4,580,549.27	3,650,244.30	12,497,919.36
Assets-held-for-sale		-	-	806,180,637.38	-	-	509,751,150.17
<b>TOTAL CURRENT ASSETS</b>		<b>7,337,447,161.47</b>	<b>7,400,711,266.57</b>	<b>7,806,177,259.58</b>	<b>3,911,197,398.99</b>	<b>4,378,965,528.85</b>	<b>5,139,706,233.28</b>
<b>NON-CURRENT ASSETS</b>							
Investments in associated	13	52,425,176.42	79,384,337.72	-	66,551,215.41	56,120,855.41	-
Investments in subsidiaries	14	-	-	-	4,535,497,023.78	4,533,763,533.78	5,952,734,338.19
Investment in joint company	16	220,781,191.62	311,298,502.38	174,673,839.68	1,592,553,148.10	1,592,553,148.10	177,553,448.10
Other long-term investment		-	-	19,249,817.05	-	-	18,149,990.00
Long-term loans to related party	34.3	-	-	-	233,090,111.00	233,090,111.00	-
Investment property	17	496,567,829.30	509,751,150.17	285,559,500.00	573,475,918.58	587,976,169.42	79,617,655.75
Property, plant and equipment	18	9,095,489,552.87	9,188,761,870.95	10,556,332,761.13	1,801,866,213.20	1,755,257,552.77	1,767,432,307.15
Intangible assets		7,088,879.70	12,313,993.26	14,838,143.55	5,527,222.35	6,108,980.78	7,032,381.97
Goodwill		333,598,106.17	333,598,106.17	333,598,106.17	-	-	-
Other non-current assets		97,204,743.15	14,708,380.08	45,516,935.71	86,518,327.72	33,451,236.74	36,962,262.74
<b>TOTAL NON-CURRENT ASSETS</b>		<b>10,303,155,479.23</b>	<b>10,449,816,340.73</b>	<b>11,429,769,103.29</b>	<b>8,895,079,180.14</b>	<b>8,798,321,588.00</b>	<b>8,039,482,383.90</b>
<b>TOTAL ASSETS</b>		<b>17,640,602,640.70</b>	<b>17,850,527,607.30</b>	<b>19,235,946,362.87</b>	<b>12,806,276,579.13</b>	<b>13,177,287,116.85</b>	<b>13,179,188,617.18</b>

MILLCON STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
STATEMENTS OF FINANCIAL POSITION  
As at 31 December 2017

	Notes	CONSOLIDATED FINANCIAL STATEMENTS			SEPARATE FINANCIAL STATEMENTS		
		31 December 2017	31 December 2016	1 January 2016	31 December 2017	31 December 2016	1 January 2016
		Baht	Baht	Baht	Baht	Baht	Baht
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>							
<b>CURRENT LIABILITIES</b>							
Bank overdraft and short-term loans from financial institutions	19	7,244,446,230.96	8,569,205,128.49	10,746,041,385.63	3,840,017,242.44	4,854,544,760.49	4,373,948,655.61
Trade and other current payables	20	936,585,207.68	1,169,711,752.12	893,845,005.09	1,356,564,504.93	582,704,221.55	961,656,545.82
Advances from customers for sales of goods		1,324,462,578.11	1,380,841,838.63	518,903,606.28	553,499,894.24	1,339,969,569.93	518,077,901.13
Current portion of long-term loans from financial institutions - net	21	118,800,000.00	278,685,497.79	21,224,674.80	100,800,000.00	-	21,224,674.80
Current portion of liabilities under finance leases agreements - net		4,573,127.55	2,107,562.66	4,868,016.82	529,486.35	-	-
Short-term loans from persons and related parties	34.3	-	-	11,754,083.99	27,053,536.67	1,190,497,458.54	1,227,891,651.67
Current income tax payable		2,923,191.68	2,253,288.85	104,557,772.37	-	-	104,375,663.71
Other current financial liabilities		-	322,776.80	-	-	322,776.80	-
<b>TOTAL CURRENT LIABILITIES</b>		<b>9,631,790,335.98</b>	<b>11,403,127,845.34</b>	<b>12,301,194,544.98</b>	<b>5,878,464,664.63</b>	<b>7,968,038,787.31</b>	<b>7,207,175,092.74</b>
<b>NON-CURRENT LIABILITIES</b>							
Long-term loans from financial institutions	21	1,814,100,000.00	351,137,692.00	832,290,521.96	396,700,000.00	-	-
Liabilities under finance leases agreements		9,436,324.10	3,334,542.05	12,707,723.81	1,617,023.13	-	-
Deferred tax liabilities	22	220,468,488.00	236,203,876.00	229,721,934.34	41,862,676.55	41,612,060.20	43,446,150.06
Non-Current Provisions for Employee Benefit	23	38,332,121.11	33,641,241.00	34,442,701.87	19,765,538.74	16,700,037.00	15,451,895.24
Other non-current liabilities		-	-	7,680,000.00	-	-	-
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>2,082,336,933.21</b>	<b>624,317,351.05</b>	<b>1,116,842,881.98</b>	<b>459,945,238.42</b>	<b>58,312,097.20</b>	<b>58,898,045.30</b>
<b>TOTAL LIABILITIES</b>		<b>11,714,127,269.19</b>	<b>12,027,445,196.39</b>	<b>13,418,037,426.96</b>	<b>6,338,409,903.05</b>	<b>8,026,350,884.51</b>	<b>7,266,073,138.04</b>



**MILLCON STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**STATEMENTS OF FINANCIAL POSITION**  
**As at 31 December 2017**

	Notes	CONSOLIDATED FINANCIAL STATEMENTS			SEPARATE FINANCIAL STATEMENTS		
		31 December 2017	31 December 2016	1 January 2016	31 December 2017	31 December 2016	1 January 2016
		Baht	Baht	Baht	Baht	Baht	Baht
<b>SHAREHOLDERS' EQUITY</b>							
Share capital	26						
Authorized share capital							
192,118,226 preferred shares of par Baht 0.40 each		76,847,290.40	76,847,290.40		76,847,290.40	76,847,290.40	
639,691,757 preferred shares of par Baht 0.40 each				255,876,702.80			255,876,702.80
5,093,492,577 ordinary shares of par Baht 0.40 each		2,037,397,030.80			2,037,397,030.80		
5,449,012,608 ordinary shares of par Baht 0.40 each			2,179,605,043.20			2,179,605,043.20	
5,001,439,077 ordinary shares of par Baht 0.40 each				2,000,575,630.80			2,000,575,630.80
		<u>2,114,244,321.20</u>	<u>2,256,452,333.60</u>	<u>2,256,452,333.60</u>	<u>2,114,244,321.20</u>	<u>2,256,452,333.60</u>	<u>2,256,452,333.60</u>
Issued and paid-up share capital							
192,118,226 preferred shares of par Baht 0.40 each		76,847,290.40	76,847,290.40		76,847,290.40	76,847,290.40	
639,691,757 preferred shares of par Baht 0.40 each				255,876,702.80			255,876,702.80
3,862,348,930 ordinary shares of par Baht 0.40 each		1,544,939,572.00	1,544,939,572.00		1,544,939,572.00	1,544,939,572.00	
3,414,708,896 ordinary shares of par Baht 0.40 each				1,365,883,558.40			1,365,883,558.40
Convertible bonds		-	-	175,000,000.00	-	-	175,000,000.00
Premium on paid-up capital							
Premium on preferred shares		313,152,708.38	313,152,708.38	1,636,956,828.30	313,152,708.38	313,152,708.38	1,636,956,828.30
Premium on ordinary shares		3,360,039,403.55	3,360,039,403.55	2,036,148,031.69	3,360,039,403.55	3,360,039,403.55	2,036,148,031.69
Retained earnings							
Appropriated - legal reserve		45,232,058.69	45,232,058.69	45,232,058.69	45,232,058.69	45,232,058.69	45,232,058.69
Unappropriated		241,117,598.23	93,142,122.99	(89,958,687.04)	963,888,678.27	(353,041,765.47)	234,251,334.47
Other components of shareholders' equity		<u>316,178,508.49</u>	<u>355,536,385.60</u>	<u>351,012,615.61</u>	<u>163,766,964.79</u>	<u>163,766,964.79</u>	<u>163,766,964.79</u>
Equity attributable to owners of the parent		5,897,507,139.74	5,788,889,541.61	5,776,151,108.45	6,467,866,676.08	5,150,936,232.34	5,913,115,479.14
Non-controlling interests	15	<u>28,968,231.77</u>	<u>34,192,869.30</u>	<u>41,757,827.46</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>5,926,475,371.51</b>	<b>5,823,082,410.91</b>	<b>5,817,908,935.91</b>	<b>6,467,866,676.08</b>	<b>5,150,936,232.34</b>	<b>5,913,115,479.14</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>17,640,602,640.70</b>	<b>17,850,527,607.30</b>	<b>19,235,946,362.87</b>	<b>12,806,276,579.13</b>	<b>13,177,287,116.85</b>	<b>13,179,188,617.18</b>

MILLCON STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF COMPREHENSIVE INCOME

For the year ended 31 December 2017

	Notes	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		31 December 2017	31 December 2016	31 December 2017	31 December 2016
		Baht	Baht	Baht	Baht
Sales of goods and services		19,982,681,652.78	19,213,593,620.79	11,738,094,662.83	12,042,492,045.98
Cost of sales and services		(18,513,540,132.12)	(17,742,673,921.53)	(10,867,918,590.56)	(11,436,331,497.38)
<b>Gross profit</b>		<b>1,469,141,520.66</b>	<b>1,470,919,699.26</b>	<b>870,176,072.27</b>	<b>606,160,548.60</b>
Dividend income		-	-	1,151,639,537.36	4,000,000.00
Gain from sale of assets-held-for-sale		-	416,612,476.37	-	-
Other income		151,396,366.56	70,261,215.54	78,816,562.18	56,052,991.70
Selling expenses		(293,523,383.47)	(281,301,471.29)	(166,064,868.97)	(166,374,268.52)
Administrative expenses		(430,867,258.02)	(617,297,965.91)	(179,882,360.26)	(489,670,462.50)
Other expenses		(32,949,551.83)	(10,927,353.97)	(30,289,497.98)	(4,191,319.73)
Finance costs		(640,229,251.81)	(599,800,760.09)	(403,726,146.86)	(381,065,914.28)
Share of profit (loss) of joint and associated company		(89,231,494.42)	(43,809,811.20)	-	-
<b>Profit (loss) before income tax</b>		<b>133,736,947.67</b>	<b>404,656,028.71</b>	<b>1,320,669,297.74</b>	<b>(375,088,424.73)</b>
Tax (expenses) income	29	9,351,449.55	(10,737,151.57)	(1,901,300.26)	1,834,089.86
<b>Profit (loss) for the period</b>		<b>143,088,397.22</b>	<b>393,918,877.14</b>	<b>1,318,767,997.48</b>	<b>(373,254,334.87)</b>
<b>Other comprehensive income (expense)</b>					
<b>Items that will be subsequently reclassified to Profit or Loss</b>					
Exchange differences on translation of foreign operation		(28,649,568.33)	(29,954,571.38)	-	-
<b>Total Items that will be subsequently reclassified to</b>					
<b>Profit or Loss - net of tax</b>		<b>(28,649,568.33)</b>	<b>(29,954,571.38)</b>	<b>-</b>	<b>-</b>
<b>Items that will not be subsequently reclassified to Profit or Loss</b>					
Share of other Comprehensive gain (loss) in associated and joint Company		1,621,791.92	-	-	-
Gain (loss) on remeasurement of defined benefit plans - net of income tax		(1,761,391.85)	2,712,647.04	(1,837,553.74)	1,056,407.24
<b>Total Items that will not be subsequently reclassified</b>					
<b>to Profit or Loss - Net of Tax</b>		<b>(139,599.93)</b>	<b>2,712,647.04</b>	<b>(1,837,553.74)</b>	<b>1,056,407.24</b>
<b>Other Comprehensive Income (Expense) for the year - Net of Tax</b>		<b>(28,789,168.26)</b>	<b>(27,241,924.34)</b>	<b>(1,837,553.74)</b>	<b>1,056,407.24</b>
<b>Total Comprehensive Income for the year - Net of Tax</b>		<b>114,299,228.96</b>	<b>366,676,952.80</b>	<b>1,316,930,443.74</b>	<b>(372,197,927.63)</b>
<b>Profit (loss) attributable to:</b>					
- Owners of the parent company		146,945,848.42	395,495,197.93	1,318,767,997.48	(373,254,334.87)
- Non-controlling interests		(3,857,451.20)	(1,576,320.79)	-	-
<b>Profit (loss) for the year</b>		<b>143,088,397.22</b>	<b>393,918,877.14</b>	<b>1,318,767,997.48</b>	<b>(373,254,334.87)</b>
<b>Total comprehensive income (expense) attributable to:</b>					
- Owners of the parent company		119,325,906.91	368,241,410.96	1,316,930,443.74	(372,197,927.63)
- Non-controlling interests		(5,026,677.95)	(1,564,458.16)	-	-
<b>Total comprehensive income (expense) for the year</b>		<b>114,299,228.96</b>	<b>366,676,952.80</b>	<b>1,316,930,443.74</b>	<b>(372,197,927.63)</b>
<b>Earnings (loss) per share for Owners of the parent company</b>					
Basic earnings (loss) per share (Baht)	30	0.03	0.10	0.34	(0.10)
Diluted earnings (loss) per share (Baht)	30	0.04	0.10	0.33	(0.10)

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

MILLCON STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY  
For the year ended 31 December 2017

CONSOLIDATED FINANCIAL STATEMENTS																
	Notes	Issued and paid-up share capital	Convertible bonds	Premium on shares	Retained earnings		Other components of equity					Total other components of shareholders' equity		Non - controlling interest	Total shareholders' equity	
					Appropriated Legal reserve	Unappropriated	Exchange Differences on Translation of Foreign Operation	Revaluation Surplus from land	Discount from changes in shareholding interest in a subsidiary	Share of other Comprehensive gain (loss) in associated and joint Company	Total					
											Baht	Baht	Baht			Baht
Balance as at 1 January 2016		1,621,766,261.20	175,000,000.00	3,673,104,889.99	45,232,058.69	(89,958,687.04)	(20,149,898.15)	410,540,269.71	(39,377,755.95)	-	351,012,615.61	5,776,151,108.45	41,757,827.46	5,817,908,935.91		
Transactions with owners																
Contributions by and distributions to owners of the parent																
Issue of ordinary shares to the warrant	26	26,601.20	-	87,251.94	-	-	-	-	-	-	-	113,853.14	-	113,853.14		
Cash dividends		-	-	-	-	(207,256,131.21)	-	-	-	-	-	(207,256,131.21)	-	(207,256,131.21)		
Convertible bond		-	(175,000,000.00)	-	-	-	-	-	-	-	-	(175,000,000.00)	-	(175,000,000.00)		
Interest expense of convertible bonds classified as equity instrument		-	-	-	-	(7,839,041.10)	-	-	-	-	-	(7,839,041.10)	-	(7,839,041.10)		
Total contributions by and distributions to owners of the parent		26,601.20	(175,000,000.00)	87,251.94	-	(215,095,172.31)	-	-	-	-	-	(389,981,319.17)	-	(389,981,319.17)		
Change in ownership interests in subsidiary																
without a change in control		-	-	-	-	-	-	-	-	-	-	-	-	-		
Increase (Decrease) of non-controlling interests with a change in control		-	-	-	-	-	-	-	34,478,341.37	-	34,478,341.37	34,478,341.37	(6,000,500.00)	28,477,841.37		
Total contributions by and distributions to owners of the parent		-	-	-	-	-	-	-	34,478,341.37	-	34,478,341.37	34,478,341.37	(6,000,500.00)	28,477,841.37		
Total transactions with owners		26,601.20	(175,000,000.00)	87,251.94	-	(215,095,172.31)	-	-	34,478,341.37	-	34,478,341.37	(55,520,977.80)	(6,000,500.00)	(561,580,477.80)		
Total comprehensive income (loss) for the year		-	-	-	-	395,495,197.93	-	-	-	-	-	395,495,197.93	(1,576,320.79)	393,918,877.14		
Profit (loss) for the year		-	-	-	-	2,700,784.41	(29,954,571.38)	-	-	-	-	(29,954,571.38)	11,862.63	(27,241,934.34)		
Other comprehensive income (loss) for the year		-	-	-	-	398,195,982.44	(29,954,571.38)	-	-	-	-	(29,954,571.38)	(1,584,481.16)	386,676,952.80		
Total comprehensive income (loss) for the year		-	-	-	-	93,142,122.99	(50,104,469.53)	-	-	-	-	355,536,385.60	34,192,869.30	5,833,082,410.91		
Balance as at 31 December 2016		1,621,786,862.40	-	3,673,192,111.93	45,232,058.69	93,142,122.99	(489,414.58)	410,540,269.71	(1,811,840.30)	-	355,536,385.60	5,798,899,541.61	34,192,869.30	5,833,082,410.91		
Transactions with owners																
Contributions by and distributions to owners of the parent																
Change in ownership interests in subsidiaries and associated																
Increase (Decrease) of non-controlling interests in subsidiary with a change in control		-	-	-	-	-	-	-	1,811,840.30	-	1,811,840.30	1,811,840.30	(197,959.58)	1,613,880.72		
Increase (Decrease) of non-controlling interests in associated with a change in control		-	-	-	-	-	-	-	(12,520,149.08)	-	(12,520,149.08)	(12,520,149.08)	-	(12,520,149.08)		
Total change in ownership interests in subsidiaries and associated without a change in control		-	-	-	-	-	-	-	(10,708,308.78)	-	(10,708,308.78)	(10,708,308.78)	(197,959.58)	(10,906,268.36)		
Total transactions with owners		-	-	-	-	-	-	-	(10,708,308.78)	-	(10,708,308.78)	(10,708,308.78)	(197,959.58)	(10,906,268.36)		
Total comprehensive income (loss) for the year		-	-	-	-	146,945,848.42	(28,649,568.33)	-	-	-	-	146,945,848.42	(3,857,451.20)	143,088,397.22		
Profit (loss) for the year		-	-	-	-	(592,165.10)	(28,649,568.33)	-	-	-	-	(27,027,776.41)	(1,169,226.75)	(28,789,188.26)		
Other comprehensive income (loss) for the year		-	-	-	-	146,353,683.32	(28,649,568.33)	-	-	-	-	146,353,683.32	(3,857,451.20)	142,496,205.82		
Total comprehensive income (loss) for the year		-	-	-	-	1,621,791.92	(28,649,568.33)	-	-	-	-	(27,027,776.41)	(1,169,226.75)	(28,789,188.26)		
Transfer to retained earnings		-	-	-	-	-	-	-	(1,621,791.92)	-	(1,621,791.92)	(1,621,791.92)	-	-		
Balance as at 31 December 2017		1,621,786,862.40	-	3,673,192,111.93	45,232,058.69	241,117,598.23	(78,754,037.86)	410,540,269.71	(15,607,723.56)	-	316,178,508.49	5,897,507,139.74	28,968,231.77	5,926,475,371.51		

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

MILLCON STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the year ended 31 December 2017

SEPARATE FINANCIAL STATEMENTS										
	Notes	Issued and paid-up share capital	Convertible bonds	Premium on shares	Retained earnings		Other components of equity		Total other components of shareholders' equity	Total shareholders' equity
					Appropriated	Unappropriated	Revaluation	Surplus from land		
		Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht
<b>Balance as at 1 January 2016</b>		1,621,760,261.20	175,000,000.00	3,673,104,859.99	45,232,058.69	234,251,334.47	163,766,964.79	163,766,964.79	163,766,964.79	5,913,115,479.14
<b>Transactions with owners</b>										
<b>Contributions by and distributions to owners of the parent</b>										
Issue of ordinary shares to the warrant	26	26,601.20	-	87,251.94	-	-	-	-	-	113,853.14
Cash dividends		-	-	-	-	(207,256,131.21)	-	-	-	(207,256,131.21)
Convertible bond		-	(175,000,000.00)	-	-	-	-	-	-	(175,000,000.00)
Interest expense of convertible bonds classified as equity instrument		-	-	-	-	(7,839,041.10)	-	-	-	(7,839,041.10)
<b>Total contributions by and distributions to owners of the parent</b>		26,601.20	(175,000,000.00)	87,251.94	-	(215,095,172.31)	-	-	-	(389,981,319.17)
<b>Total transactions with owners</b>		26,601.20	(175,000,000.00)	87,251.94	-	(215,095,172.31)	-	-	-	(389,981,319.17)
<b>Total comprehensive income (loss) for the year</b>										
Profit (loss) for the year		-	-	-	-	(373,254,334.87)	-	-	-	(373,254,334.87)
Other comprehensive income (loss) for the year		-	-	-	-	1,056,407.24	-	-	-	1,056,407.24
<b>Total comprehensive income (loss) for the year</b>		-	-	-	-	(372,197,927.63)	-	-	-	(372,197,927.63)
<b>Balance as at 31 December 2016</b>		1,621,786,862.40	-	3,673,192,111.93	45,232,058.69	(353,041,765.47)	163,766,964.79	163,766,964.79	163,766,964.79	5,150,936,232.34
<b>Total comprehensive income (loss) for the year</b>										
Profit (loss) for the year		-	-	-	-	1,318,767,997.48	-	-	-	1,318,767,997.48
Other comprehensive income (loss) for the year		-	-	-	-	(1,837,553.74)	-	-	-	(1,837,553.74)
<b>Total comprehensive income (loss) for the year</b>		-	-	-	-	1,316,930,443.74	-	-	-	1,316,930,443.74
<b>Balance as at 31 December 2017</b>		1,621,786,862.40	-	3,673,192,111.93	45,232,058.69	963,888,678.27	163,766,964.79	163,766,964.79	163,766,964.79	6,467,866,676.08

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

## MILLCON STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## STATEMENTS OF CASH FLOW

For the year ended 31 December 2017

	Notes	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		31 December 2017	31 December 2016	31 December 2017	31 December 2016
		Baht	Baht	Baht	Baht
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Profit (loss) before income tax		133,736,947.67	404,656,028.71	1,320,669,297.74	(375,088,424.73)
Adjustment to reconcile profit (losses) before income tax with cash received (used) from operation					
Depreciation		285,458,871.35	212,535,926.56	59,158,582.30	56,783,431.52
Fixed Assets as Expenses		1,656,008.56	7,845,900.14	80,930.74	9,224.37
Amortization		3,569,105.00	1,756,910.13	852,653.43	923,401.19
Amortization of income tax		-	3,621,671.97	-	3,617,554.57
Amortization of trade accounts payable		-	(1,525,811.82)	-	-
Bad debt expense		-	-	6,645,887.39	-
Doubtful debt (reversal)		(132,622,684.87)	286,963,526.44	(41,791,032.16)	289,226,423.88
Loss from allowance for net realisable value of inventories (reversal)		(365,363.48)	(74,147,316.35)	551,444.48	(69,952,113.17)
Loss from allowance for net realisable value of advances to suppliers for purchases of goods		-	13,990,914.42	738,689.86	13,990,914.42
Income from debt raised short-term loans from related person		-	(3,154,083.99)	-	-
Share of profit (losses) in associated company		89,231,494.42	43,809,811.20	-	-
Gain on sales of assets-held-for-sale		-	(416,612,476.37)	-	-
Gain on sales of investment property		(37,005,008.49)	-	(37,005,008.49)	-
Gain on sales of fixed assets		(53,433.70)	(4,586,577.84)	(10,273,503.46)	(1,103,457.34)
Unrealised fair value (gains) loss on derivative financial instruments		63,705,602.69	(61,311,749.15)	(1,253,081.77)	9,170,451.86
Unrealised (gains) losses on exchange rate		(1,609,522.00)	30,600,000.84	(5,047,262.67)	8,158,000.46
(Gains) loss on sale of investment		-	(4,250,182.95)	-	(5,350,010.00)
Retirement benefit expenses		6,256,970.10	5,458,354.00	2,500,411.00	2,304,549.00
Dividend income		-	-	(1,151,639,537.36)	(4,000,000.00)
Interest income		(20,271,756.40)	(6,404,511.02)	(20,692,102.31)	(17,364,477.45)
Interest expenses		577,758,577.69	523,026,198.35	335,843,209.85	317,138,275.72
Profit (loss) from operating activities before changes in operating assets and liabilities		969,445,808.54	962,272,533.27	459,339,578.57	228,463,744.30
(Increase) Decrease in operating asset					
Current investments		(2,614,111.87)	(1,446,801.84)	6,026,648.19	(1,446,801.84)
Trade and other current receivables		1,174,123,934.73	(873,240,676.28)	594,415,915.71	795,324,305.06
Inventories		(361,800,583.11)	(1,186,042,656.53)	(297,919,240.87)	(507,210,614.30)
Advances to suppliers for purchases of goods		-321,797,176.78	(90,155,087.12)	1,455,811.72	(356,599,519.69)
Other non-current assets		-85,268,971.45	30,808,555.63	(14,119,200.00)	(3,511,026.00)
Increase (Decrease) in operating Liabilities					
Trade and other current payables		(236,956,750.25)	2,401,854,273.94	814,219,934.31	(370,610,567.45)
Retirement benefit obligations		-1,556,090.00	(594,992.00)	(1,272,463.00)	-
Advances from customers for sales of goods		-15,506,991.82	(821,065,963.65)	(806,469,675.69)	821,891,668.80
Other non-current liabilities		-	(7,680,000.00)	-	-
Cash receipt (paid) from operating activities		1,118,069,067.99	414,709,185.42	755,677,308.94	606,301,188.88
Cash received from interests		12,708,110.07	9,990,075.17	4,792,752.44	4,974,248.82
Cash paid for income tax		13,376,927.75	(110,027,506.96)	(1,929,894.73)	(105,369,421.03)
<b>Net cash provided (used) from operating activities</b>		<b>1,114,154,105.81</b>	<b>314,671,753.63</b>	<b>758,540,166.65</b>	<b>505,906,016.67</b>

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



MILLCON STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CASH FLOW

For the year ended 31 December 2017

	Notes	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		31 December 2017	31 December 2016	31 December 2017	31 December 2016
		₹	₹	₹	₹
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>					
Restricted deposits at financial institutions (Increase) Decrease		(137,842,728.77)	1,559,282.07	132,028,024.46	35,536,249.55
Cash paid for short-term loans to person and related company		(150,700,000.00)	-	(53,000,000.00)	-
Cash received from short-term loans to person and related company		-	-	23,196,948.26	-
Cash paid for short-term loans to person and other company		35,615,710.00	-	35,615,710.00	-
Cash paid for purchases of Investments in joint company		(2,000,210.00)	(33,695,200.00)	(2,000,210.00)	(33,695,200.00)
Cash received from sale investment in subsidiaries		-	23,500,000.00	250,000.00	23,513,999.00
Cash paid for advance stock		-	(14,999,800.00)	(1,733,490.00)	(14,999,800.00)
Cash paid of decrease in subsidiary investment		-	(12,810,448.47)	-	-
Proceeds from disposal of investment property		21,900,000.00	-	21,900,000.00	-
Cash paid for purchases of property, plant and equipment		(183,406,406.38)	(539,903,137.63)	(102,994,329.85)	(43,994,064.69)
Proceeds from disposal of machinery and equipment		5,240,369.19	792,416,626.22	5,976,743.31	2,007,177.58
Cash received from interests		-	-	27,840,792.39	-
Cash dividend received from subsidiary		2,000,010.00	4,000,000.00	2,000,010.00	4,000,000.00
<b>Net cash provided (used ) form investing activities</b>		<b>-409,193,255.96</b>	<b>220,067,322.19</b>	<b>89,080,198.57</b>	<b>(27,631,638.56)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>					
Cash paid for payable for fix assets		(10,799,289.85)	-	(144,365.00)	-
Proceeds from short-term loans from financial institutions		33,673,830,347.46	29,299,922,541.59	21,425,285,453.03	17,951,937,390.78
Cash paid for short-term loans from financial institutions		(35,331,199,898.21)	(29,804,646,889.79)	(22,441,346,653.42)	(17,461,593,635.47)
Proceeds from long-term loans from subsidiary		-	-	85,000,000.00	(30,913,063.40)
Cash paid for short-term loans from subsidiary		-	-	(87,163,019.51)	133,595.32
Cash paid on short-term loans from related persons and company		-	(8,600,000.00)	-	-
Proceeds from long-term loans from financial institutions		1,932,900,000.00	1,434,609,116.08	497,500,000.00	-
Cash paid for long-term loans from financial institutions		(301,466,317.61)	(299,910,172.60)	-	(21,224,674.80)
Payments for liabilities under finance leases		3,725,060.47	(12,336,231.96)	(827,859.44)	-
Cash received from increase of share capital		-	113,853.14	-	113,853.14
Dividend paid		(1,440.00)	(204,625,210.41)	(1,476.00)	(204,625,210.41)
Increase (decrease) in non-controlling interest		1,613,880.72	-	-	-
Cash paid for interests		(559,673,268.79)	(551,009,144.03)	(328,768,290.45)	(354,254,033.26)
Cash paid for convertible bond		-	(175,000,000.00)	-	(175,000,000.00)
<b>Net cash provided (used) from financing activities</b>		<b>(591,070,925.81)</b>	<b>(321,482,137.98)</b>	<b>(850,466,210.79)</b>	<b>(295,425,778.10)</b>
<b>Increase (Decrease) in Exchange differences on translation of foreign operation</b>		<b>(44,191,589.58)</b>	<b>(44,191,589.58)</b>	<b>-</b>	<b>-</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>99,698,334.46</b>	<b>169,065,348.26</b>	<b>(2,845,845.57)</b>	<b>182,848,600.01</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<b>8</b>	<b>453,789,151.54</b>	<b>284,723,803.28</b>	<b>362,918,634.93</b>	<b>180,070,034.92</b>
<b>CASH AND CASH EQUIVALENTS AT THE ENDING OF THE YEAR</b>	<b>8</b>	<b>553,487,486.00</b>	<b>453,789,151.54</b>	<b>360,072,789.36</b>	<b>362,918,634.93</b>

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

**MILLCON STEEL PUBLIC COMPANY LIMITED  
AND ITS SUBSIDIARIES**

**NOTES TO FINANCIAL STATEMENTS**

**For the year ended 31 December 2017**

**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 Mr. Sittichai Leeswadtrakul holds 39.22%.

**2. Operation Going Concern**

As at 31 December 2017 and 2016, the Group has the current liabilities in excess of the current assets amounting to Baht 2,294.34 million and Baht 4,002.42 million, respectively. The current liabilities mainly include short-term loans in the term of promissory note and trust receipt and letter of credit . However, the Group has remaining of credit facilities that did not drawn out of Baht 4,569.34 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 relating to determination of abbreviated items in the financial.
- 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 amount shown for revenues, expenses, assets and liabilities and also on the disclosures concerning to assets and contingent liabilities, therefore the actual result may differ from the estimated amount.
- 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 in preparation of the consolidated financial statements

- 4.1 In preparation of the consolidated financial statements, the Company will only take its subsidiaries which are under the control of MILLCON STEEL INDUSTRIES PUBLIC COMPANY LIMITED into account, after having eliminated the remaining balances and transactions among themselves. As at 31 December 2017 and 2016, the Company has the investment ratio in the subsidiaries as follows:

Company's Name	Percentage of Shareholdings		Country of Registration	Category
	As at	As at		
	31 December 2017	31 December 2016		
<u>Direct Shareholding in Subsidiaries</u>				
MILLCON Burapa Co., Ltd.	99.10	99.10	Thailand	Manufacture and distribution of round bars, deformed bars
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 stee; products and construction material
Millcon Mauritius Co., Ltd.	-	100.00	Republic of Mauritius	Holding Company for Investment in Wisdom Tree Investment (s) Pte Limited
Millcon Steel Pipe Co., Ltd.	100.00	100.00	Thailand	Production and distribution of all types of steel products

Company's Name	Percentage of Shareholdings		Country of Registration	Category
	As at	As at		
	31 December 2017	31 December 2016		
Saharuam Construction Materials Co., Ltd.	100.00	100.00	Thailand	Trading all kinds of steels product and building materials
Suntech Metals Co., Ltd.	99.99	99.99	Thailand	Production of scarp and trading steel products

Indirect shareholding via Subsidiary

World Wide Processing Co., Ltd.	99.99	99.99	Thailand	Non-operating
---------------------------------	-------	-------	----------	---------------

4.2 The accounting period of the subsidiaries ended on the same date as that of MILLCON STEEL INDUSTRIES PUBLIC COMPANY LIMITED.

4.3 The consolidated financial statements are prepared by including the financial statements of MILLCON STEEL INDUSTRIES PUBLIC COMPANY LIMITED and its subsidiaries, and have been prepared on the same basis as applied for the consolidated financial statements for the year ended 31 December 2016. There are the changes in structure of the Group during the current period as follow:

- Dissolution and liquidation of subsidiary of Millcon Mauritius Company Limited

4.4 The consolidated financial statements are prepared by using the same accounting policies for similar accounting items or events.

4.5 Significant inter-outstanding balances and transactions between the Company and its subsidiaries including investments in subsidiaries and shares capital of the subsidiaries have been eliminated from the consolidated financial statements.

## 5. The adoption of new financial reporting standards

The Group has adopted 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 2017 and have no impact on the current period of 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 2018

TAS 1 (revised 2017)	Presentation of Financial Statements
TAS 2 (revised 2017)	Inventories
TAS 7 (revised 2017)	Statement of Cash Flows
TAS 8 (revised 2017)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2017)	Events after the Reporting Period
TAS 11 (revised 2017)	Construction Contracts
TAS 12 (revised 2017)	Income Taxes
TAS 16 (revised 2017)	Property, Plant and Equipment
TAS 17 (revised 2017)	Leases
TAS 18 (revised 2017)	Revenue
TAS 19 (revised 2017)	Employee Benefits
TAS 20 (revised 2017)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (revised 2017)	The Effects of Changes in Foreign Exchange Rates
TAS 23 (revised 2017)	Borrowing Costs
TAS 24 (revised 2017)	Related Party Disclosures
TAS 26 (revised 2017)	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (revised 2017)	Separate Financial Statements
TAS 28 (revised 2017)	Investments in Associates and Joint Ventures
TAS 29 (revised 2017)	Financial Reporting in Hyperinflationary Economies
TAS 33 (revised 2017)	Earnings per Share
TAS 34 (revised 2017)	Interim Financial Reporting
TAS 36 (revised 2017)	Impairment of Assets
TAS 37 (revised 2017)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2017)	Intangible Assets
TAS 40 (revised 2017)	Investment Property
TAS 41 (revised 2017)	Agriculture
TFRS 2 (revised 2017)	Share-based Payment
TFRS 3 (revised 2017)	Business Combinations
TFRS 4 (revised 2017)	Insurance Contracts
TFRS 5 (revised 2017)	Non-current Assets Held for Sale and Discontinued Operations



TFRS 6 (revised 2017)	Exploration for and Evaluation of Mineral Resources
TFRS 8 (revised 2017)	Operating Segments
TFRS 10 (revised 2017)	Consolidated Financial Statements
TFRS 11 (revised 2017)	Joint Arrangements
TFRS 12 (revised 2017)	Disclosure of Interests in Other Entities
TFRS 13 (revised 2017)	Fair Value Measurement
TSIC 10 (revised 2017)	Government Assistance – No Specific Relation to Operating Activities
TSIC 15 (revised 2017)	Operating Leases – Incentives
TSIC 25 (revised 2017)	Income Taxes – Changes in the Tax Status of an Entity or its Shareholders
TSIC 27 (revised 2017)	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
TSIC 29 (revised 2017)	Service Concession Arrangements: Disclosures
TSIC 31 (revised 2017)	Revenue – Barter Transactions Involving Advertising Services
TSIC 32 (revised 2017)	Intangible Assets – Web Site Costs
TFRIC 1 (revised 2017)	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4 (revised 2017)	Determining whether an Arrangement contains a Lease
TFRIC 5 (revised 2017)	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7 (revised 2017)	Applying the Restatement Approach under TAS 29 (revised 2017) Financial Reporting in Hyperinflationary Economies
TFRIC 10 (revised 2017)	Interim Financial Reporting and Impairment
TFRIC 12 (revised 2017)	Service Concession Arrangements
TFRIC 13 (revised 2017)	Customer Loyalty Programmes
TFRIC 14 (revised 2017)	TAS 19 (revised 2017) – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
TFRIC 15 (revised 2017)	Agreements for the Construction of Real Estate
TFRIC 17 (revised 2017)	Distributions of Non-cash Assets to Owners
TFRIC 18 (revised 2017)	Transfers of Assets from Customers
TFRIC 20 (revised 2017)	Stripping Costs in the Production Phase of a Surface Mine
TFRIC 21 (revised 2017)	Levies

The 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 recognized by translated into Baht at the prevailing exchange rate when the transaction occurs, and their balances of assets and liabilities at the end of period are translated into Baht at the closing rate on that date. (Except for liabilities under rehabilitation plan on the exchange rate as defined in the plan). Gain or loss on exchange rate is shown as revenues or expenses in the statements of comprehensive income for that period.

### 7.3 Financial instruments

Financial assets and financial liabilities which are stated in the statement of financial position include cash and cash equivalents, current investments, investments, trade and other current receivables, loans, other current financial assets, trade and other current payables, other current financial liabilities and borrowings. The accounting policy of each item would be disclosed in separated items.

### 7.4 Cash and cash equivalents

Cash and cash equivalent include deposit at financial institution in type of current accounts, savings accounts, and not over than 3 months fixed accounts without guarantee obligation.

### 7.5 Trade and other current receivables and allowance for doubtful debts

Trade and other receivables are stated at the net realizable value. Allowance for doubtful debts is estimated from each receivable that are not expected to be repayable.

### 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 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 in associated

Investments in the consolidated financial statement are accounted for using the equity method and the separate financial statements are accounted for using the cost method, less impairment of investment.

Investments in subsidiary companies

Investments in subsidiary company in the separate financial statements are accounted for using the cost method, less impairment of investment.

Investments in joint venture

Investments in the consolidated financial statement are accounted for using the equity method and the separate financial statements are accounted for using the cost method, less impairment of investment.

#### 7.9 Investment Property

The Company's investment property is their owned land without specific purpose of use in the future and/or exploiting for rental income or appreciation of the asset. The Company measures the investment property by the cost value, deducted allowance for impairment, (if any).

#### 7.10 Property, Plant and Equipment

Land is stated at revalued amount. Buildings and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

Land are initially recorded at cost on the acquisition date, and subsequently revalued by an independent professional appraiser to their fair values. Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from fair value at the end of reporting period.

Differences arising from the revaluation are dealt with in the financial statements as follows:

- When an asset's carrying amount is increased as a result of the revaluation, the increase is credited directly to other comprehensive income and the cumulative increase is recognised in equity under the heading of "Surplus on revaluation of assets". However, the revaluation increase is recognised as income to the extent that it reverses the revaluation decrease in respect of the same asset previously recognised as an expense.
- When an asset's carrying amount is decreased as a result of the revaluation, the decrease is recognised in profit or loss. However, the revaluation decrease is charged to other comprehensive income to the extent that it does not exceed the amount already held in "Surplus on revaluation of assets" in respect of the same asset.

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.

#### 7.11 Borrowing costs

Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

## 7.12 Intangible assets

### 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.

## 7.13 Goodwill

Goodwill is initially recorded at cost, which equals to the excess of cost of business combination over the fair value of the net assets acquired. If the fair value of the net assets acquired exceeds the cost of business combination, the excess is immediately recognised as gain in profit or loss.

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

## 7.14 Impairment of assets

The carrying amounts of assets are assessed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated of asset or its cash-generating unit to which the asset is included in the recognition of an impairment loss when the recoverable amount less than the carrying amount of the asset or its cash-generating unit.

### Calculation of Recoverable Amount

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

### Reversals of impairment loss

- The impairment loss of assets excluding goodwill recognized in the prior period will be reversed if the estimation for indicated net realizable value changes since the last impairment loss was recognized just to be the carrying amount of the asset not exceed the carrying amount that would have been )net of depreciation or amortization(, if no impairment loss had been recognized.

Reversals of impairment loss will be recognized as revenue in profit or loss impairment.



#### 7.15 Long-term leases

- Where the Group is the lessee

Long-term leases which substantially transferred all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Each lease payment is allocated to the principal and to the finance charges so as to achieve a constant rate on the outstanding balance. The outstanding lease obligations net of finance charges are presented as liabilities under finance lease agreements. The interest expense is charged to profit or loss over the lease term. The assets acquired under finance leases will be depreciated throughout the useful lives of leased assets. However, if there is uncertainty in the right of ownership when the contract is terminated, depreciation is calculated according to useful life of leased asset or lease term whichever the period is lower.

Long-term leases which the substantial risks and rewards of ownership still remain with the lessor are classified as operating leases. Payment under operation lease agreements (net of any incentives received from the lessor) is recognized as expense in profit or loss on a straight-line basis over that lease term.

When an operating lease is terminated before the lease term has expired, any payment required to be made to the lessor by way of penalty is recognized as expense in the period in which termination takes place.

#### 7.16 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.

## 7.17 Employee benefits

### Short-term employee benefits

The Group recognizes salary, wage, bonus, and social security fund as expense in profit or loss when the transaction occurs.

### Long-term employee benefits

#### 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.

#### 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.

#### 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.

## 7.18 Provisions

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

#### 7.19 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.

#### 7.20 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. Revenue from sales of goods is recognised when significant risks and rewards of ownership of the goods are transferred to the buyer.
- Interest income is recognised on an accrual basis.
- Dividend income is recognised when the shareholder's right to receive payment is established.

#### 7.21 Recognition of Expenses

Expenses are recognized on an accrual basis

#### 7.22 Dividends

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

#### 7.23 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.

#### 7.24 Accounting for derivative financial instruments

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.

#### 7.25 Earnings (loss) per share

Basic earnings (loss) per share are calculated by dividing the profit (loss) for the period with the weighted average number of issued and paid-up ordinary shares during the period, which is not calculate the fully diluted earnings (loss) per share because the Company does not have ordinary share equivalents.

#### 7.26 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.

#### 7.27 Significant accounting judgments and estimates used

In order to prepare the financial statements to comply with financial reporting standards, the management of Company always has to use judgments and estimates on uncertainties. These judgments and estimates used may have an effect on the amount shown in the financial statements and the information shown in notes to the financial statements, the actual result may differ from the estimated amount. Significant judgments and estimates used 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.

##### **Impairment of investments**

The Company treats investments as impaired when the management judges that there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists. The determination of what is “significant” or “prolonged” requires judgement.

##### **Property, plant and equipment and depreciation**

In determining depreciation of plant and equipment, investment property, 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, investment property 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.



**Goodwill**

The initial recognition and measurement of goodwill and subsequent impairment testing, require management to make estimates of cash flows to be generated by the asset or the cash generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows.

**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 2017	31 December 2016	31 December 2017	31 December 2016
	Baht	Baht	Baht	Baht
Cash	641,164.10	362,849.86	150,000.00	150,000.00
Cheque in hand	3,960,355.28	10,117,534.14	-	-
Cash Deposit - Current Account	87,385,142.02	15,174,645.40	51,334,335.22	3,507,949.79
Cash Deposit - Savings Account	454,795,812.11	419,648,630.09	306,111,524.36	354,594,098.27
Cash Deposit - Fixed Account	6,705,012.49	8,485,492.05	2,476,929.78	4,666,586.87
Total	<u>553,487,486.00</u>	<u>453,789,151.54</u>	<u>360,072,789.36</u>	<u>362,918,634.93</u>

## 9. Restricted deposits at financial institutions

As at 31 December 2017 and 2016, the whole amount is fixed deposits carried interest rate 1.000 – 1.150% per annum which the Company used as collateral for credit facilities with the financial institutions as in Note 19 and Note 21.

## 10. Trade and other current receivables

Consist of:

	Consolidated Financial Statements		Separate Financial Statements	
	As at	As at	As at	As at
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
	Baht	Baht	Baht	Baht
Trade receivable	1,206,365,500.45	1,677,023,828.45	888,467,867.51	989,968,539.58
Notes receivable	66,034,920.56	725,494,351.88	33,167,900.49	565,379,195.33
Total	1,272,400,421.01	2,402,518,180.33	921,635,768.00	1,555,347,734.91
<u>Less</u> Allowance for doubtful debt	(402,532,841.92)	(439,302,129.29)	(390,348,271.41)	(387,314,151.57)
Trade receivables – net	869,867,579.09	1,963,216,051.04	531,287,496.59	1,168,033,583.34
Other receivables	339,923,702.18	332,775,333.96	280,122,382.88	305,202,035.99
<u>Less</u> Allowance for doubtful debt	(1,482,779.76)	(19,248,756.95)	(414,629.28)	(9,624,071.28)
Other receivables – net	338,440,922.42	313,526,577.01	279,707,753.60	295,577,964.71
Net	1,208,308,501.51	2,276,742,628.05	810,995,250.19	1,463,611,548.05

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 2017	31 December 2016	31 December 2017	31 December 2016
	Baht	Baht	Baht	Baht
Over 12 months				
Not yet due	757,763,564.95	1,600,099,229.05	395,132,415.6	963,292,439.06
- Less than 3 months	96,141,050.26	62,264,229.22	108,722,919.32	199,897,915.98
- Over 3 months to 6 months	7,640,260.52	295,761,914.23	27,414,225.03	712,317.19
- Over 6 months to 12 months	7,517,200.00	962,659.23	204.60	962,659.23
- Over 12 months	403,338,345.28	443,430,148.60	390,366,003.45	390,482,403.45
Total	1,272,400,421.01	2,402,518,180.33	921,635,768.00	1,555,347,734.91
<u>Less</u> Allowance for doubtful debt	(402,532,841.92)	(439,302,129.29)	(390,348,271.41)	(387,314,151.57)
Net	869,867,579.09	1,963,216,051.04	531,287,496.59	1,168,033,583.34

As at 31 December 2017 and 2016, other receivables consist of:

	Consolidated Financial Statements		Separate Financial Statements	
	As at	As at	As at	As at
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
	Baht	Baht	Baht	Baht
Account receivable -				
revenue department	156,674,005.98	117,263,097.47	95,449,657.34	50,936,650.56
Advances	7,366,394.43	35,504,141.32	79,971,699.41	24,355,289.07
Accrued interest	8,386,960.33	1,202,258.93	5,289,733.66	17,231,176.18
Other Receivables	16,379,776.91	40,708,105.69	37,324,850.40	190,948,109.72
Accrued revenue	36,668,438.03	62,161,272.45	-	-
Others	114,448,126.50	75,936,458.10	62,086,442.07	21,727,810.46
Total	339,923,702.18	332,775,333.96	280,122,382.88	305,202,035.99
<u>Less</u> Allowance for doubtful debt	(1,482,779.76)	(19,248,756.95)	(414,629.28)	(9,624,071.28)
Net	338,440,922.42	313,526,577.01	279,707,753.60	295,577,964.71

For the years ended 31 December 2017 and 2016, 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 2017	31 December 2016	31 December 2017	31 December 2016
	Baht	Baht	Baht	Baht
Beginning Balance	(439,302,129.29)	(152,532,124.82)	(387,314,151.57)	(98,502,356.97)
Increased during the year	(3,034,119.84)	(289,266,272.71)	(3,034,119.84)	(288,811,794.60)
Decreased during the year	39,803,407.21	279,482.00	-	-
Reversal of doubtful debt, resulting on changing of holding portion in subsidiaries	-	5,216,786.24	-	-
Ending Balance	(402,532,841.92)	(439,302,129.29)	(390,348,271.41)	(387,314,151.57)

As at 31 December 2016, 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 have agreed to make a sale and buy of share total amount of Baht 292.64 million for repayment of the mentioned trade debt. However, the remained trade debt of Baht 74.51 million had fully reserved for allowance of doubtful account receivable and in 2016, the management has considered the recording an amount in the allowance for doubtful account for unpaid debt, in the totals amount of Baht 288.81 million.

During the year end 31 December 2017, the subsidiary has written-off trade receivables in the consolidated financial statements in amount of Baht 28.67 million, which had been made allowance for doubtful debts in full as bad debts.

## 11. Short term loan to other company

Consist of:

	Consolidated Financial Statements		Separate Financial Statements	
	As at	As at	As at	As at
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
	Baht	Baht	Baht	Baht
Short term loan to other company	-	35,615,710.00	-	35,615,710.00
<u>Less</u> Allowance for doubtful debt	-	(35,615,710.00)	-	(35,615,710.00)
Net	-	-	-	-

During the year end 31 December 2017, the Company had received repayment loan include interest income in the amount of Baht 40.37 million, the Company had reversed fully amount on allowance of doubtful account.

## 12. Inventories

Consist of:

	Consolidated Financial Statements		Separate Financial Statements	
	As at	As at	As at	As at
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
	Baht	Baht	Baht	Baht
Raw materials	1,066,573,582.72	1,127,007,869.36	520,668,450.96	652,099,319.07
Semi-finished goods	49,453,840.12	50,137,075.74	24,788,465.12	24,310,214.52
Finished goods	1,618,405,127.78	1,395,348,755.83	1,008,318,346.46	633,245,954.29
Spare parts and supplies	856,560,662.81	638,007,069.46	206,299,744.60	152,500,278.39
Goods in transit	168,121,086.58	186,812,946.51	-	-
Total	3,759,114,300.01	3,397,313,716.90	1,760,075,007.14	1,462,155,766.27
<u>Less</u> Allowance for net realizable value of inventories				
- Raw material	(1,009,716.67)	(119,673.18)	-	-
- Semi-finished goods	(37,529.30)	(229,833.36)	-	(226,400.76)
- Finished goods	(3,487,460.34)	(4,550,563.25)	(2,954,242.77)	(2,176,397.53)
Total	(4,534,706.31)	(4,900,069.79)	(2,954,242.77)	(2,402,798.29)
Net	3,754,579,593.70	3,392,413,647.11	1,757,120,764.37	1,459,752,967.98

As at 31 December 2017 and 2016, the Company and subsidiary 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 19 and Note 21.

For the years ended 31 December 2017 and 2016, 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 2017	31 December 2016	31 December 2017	31 December 2016
	Baht	Baht	Baht	Baht
Beginning Balance	(4,900,069.70)	(79,233,296.10)	(2,402,798.29)	(72,354,911.46)
Increase within year	-	(4,505,563.82)	-	(2,402,798.29)
Reverse within year	365,363.39	78,652,880.17	(551,444.48)	72,354,911.46
Reversal of the changing in portion on investments in subsidiaries	-	185,909.96	-	-
Ending Balance	<u>(4,534,706.31)</u>	<u>(4,900,069.79)</u>	<u>(2,954,242.77)</u>	<u>(2,402,798.29)</u>

### 13. Investment in associated

Consist of:

Company's name	Nature of business	Country of Registration	Paid-up Capital Baht	Investment Ratio %	Consolidated Financial Statements Equity method	
					As at 31 December 2017	As at 31 December 2016
					Baht	Baht
I-Gen Engineering Co., Ltd.	Maintenance and drilling rigs services	Thailand	52,500,000	40	25,899,890.36	45,630,542.90
Builk One Group Co., Ltd. (formerly name, Longkong Studio Limited)	Manufacturing services and consulting program	Thailand	3,333,340	34.60 (2016 : 40%)	26,525,286.06	16,721,420.96
Complete Transport Co., Ltd.	Transportation	Thailand	1,000,000	25	-	2,032,573.86
Advance for shares in I-Gen Engineering Co., Ltd.					-	14,999,800.00
Investment in associated companies - net					<u>52,425,176.42</u>	<u>79,384,337.72</u>



Company's name	Nature of business	Country of Registration	Paid-up Capital Baht	Investment Ratio %	Separate Financial Statements Cost method	
					As at 31 December 2017	As at 31 December 2016
					Baht	Baht
I-Gen Engineering Co., Ltd.	Maintenance and drilling rigs services	Thailand	52,500,000	40	36,000,000.00	21,000,000.00
Bulk One Group Co., Ltd. (formerly name, Longkong Studio Limited)	Manufacturing services and consulting program	Thailand	3,333,340	34.60 (2016 : 40%)	32,000,160.00	21,320,000.00
Complete Transport Co., Ltd.	Transportation	Thailand	1,000,000	25	-	250,000.00
Advance for shares in I-Gen Engineering Co., Ltd.					-	14,999,800.00
Total					68,000,160.00	57,569,800.00
Less: Allowance for impairment in investment					(1,448,944.59)	(1,448,944.59)
Net -Investment in associated companies					66,551,215.41	56,120,855.41

### 13.1 I-Gen Engineering Co., Ltd.

According to the EGM Minutes of meeting no. 2/ 2016, on 18 July 2016 of IGEN Engineering Co.,Ltd. had unanimously resolved to increase the company's registered capital from the existing registered capital of Baht 40,000,000.00 to Baht 90,000,000.00, the Company holds the 40% of the total of shares which an increased portion equal to Baht 20,000,000.00 divided into 200,000 shares with a par value of Baht 100, the payment of at least 25% of the total shares has been paid by the shareholders equal to Baht 5,000,000.00. The Company has made the advance payment for such increased share capital in the amount of Baht 14,999,800.00. The company paid full of the shares.

### 13.2 Bulk One Group Co., Ltd.

On 25 March 2016, the Company has an investment in Bulk One Group Co., Ltd. (formerly name, Longkong Studio Limited) aims to open new channels to sell the group's products through an online marketing and access to the market especially by the building contractor. Issued and paid-up of the Company is in amount of Baht 3,333,340.00 by 333,334 common shares, at par value of Baht 10 each. The Company holds 40 percent of the authorized share capital, by 133,334 shares, at par value of Baht 10 per share, amounted to Baht 1,333,340.00. The investment was paid in full by Baht 225.00 per share, in the total amount of Baht 30,000,150.00. The company paid full of the shares.

### 13.3 Complete Transport Co., Ltd.

According to the Minutes of Board of Director's Meeting no.5/2016, on 13 July 2016 had unanimously resolved to jointly invest in Complete Transport Co.,Ltd., the registered capital is Baht 1,000,000.00 divided into 10,000 shares with a par value of Baht 100.00. The Company had been incorporated by the Ministry of Commerce on 5 August 2016. Holding of 25 percent of the total of shares are divided into 2,500 with a par value Baht 100.00, equal to Baht 250,000.00.

According to the board of group director meeting No. 7/2017 held on 7 December 2017, has the resolution to approve to distribute the investment of Complete Transport Co., Ltd. the associated company that the fully distribute the investment in 28 December 2017.

The financial information of associated company are follows:

	Investment in associated company												Total
	I-Gen Engineering Co., Ltd.				Bulk One Group Co., Ltd.				Complete Transport Co., Ltd.				
	As at	31 December 2017	As at	31 December 2016	As at	31 December 2017	As at	31 December 2016	As at	31 December 2017	As at	31 December 2016	
	Baht		Baht		Baht		Baht		Baht		Baht		Baht
Current assets	111,426,520.93		45,659,595.52		47,191,462.65		28,006,147.31		-		32,128,322.06		105,794,064.89
Non current assets	352,304,312.34		147,275,541.50		16,348,525.22		33,712,364.44		-		19,612,955.44		200,600,861.38
Current liabilities	(142,477,826.81)		(64,876,203.10)		(41,807,915.42)		(13,863,249.60)		-		(20,853,384.07)		(99,592,836.77)
Non current liabilities	(167,494,681.05)		(683,219.00)		(2,429,238.66)		(3,722,901.62)		-		(22,757,598.00)		(27,163,718.62)
Non-controlling interests	(65,299,360.51)		(13,299,357.66)		-		(2,328,245.63)		-		-		(15,627,603.29)
Net assets	88,458,964.90		114,076,357.26		19,302,833.79		41,804,114.90		-		8,130,295.43		164,010,767.59

	Investment in associated										For the year end 31 December 2016
	For the year end 31 December 2017		For the year end 31 December 2016		For the year end 31 December 2017		For the year end 31 December 2016		For the year end 31 December 2017		
	Baht		Baht		Baht		Baht		Baht		
Revenue	175,215,104.42		103,282,982.59		217,030,672.54		77,474,423.00		46,480,978.97		227,238,384.56
Profit (loss) for the year	8,163,935.13		581,871.10		(11,435,048.82)		(7,339,196.80)		7,130,295.43		372,969.73
Other Comprehensive Income											
(Expense) for the year	80,516.67		(179,696.00)		1,587,855.34		-		-		(179,696.00)
Total Comprehensive Income											
for the year	8,244,451.80		402,175.10		(9,847,193.48)		(7,339,196.80)		7,130,295.43		193,273.73

	Investment in associated company					
	For the year end 31 December 2017	For the year end 31 December 2016	For the year end 31 December 2017	For the year end 31 December 2016	For the year end 31 December 2017	For the year end 31 December 2016
Dividend income from associate during the year	Baht -	Baht 4,000,000.00	Baht 2,000,010.00	Baht -	Baht -	Baht 4,000,000.00

The reconciliation of the above financial information with the carrying amount of interest Investments in Associated Companies which is recognized in the Consolidated financial statements are as follows:

	Investment in associated company					
	I-Gen Engineering Co., Ltd.	Bulk One Group Co., Ltd.	Complete Transport Co., Ltd.	Total		
	As at 31 December 2017	As at 31 December 2016	As at 31 December 2017	As at 31 December 2016	As at 31 December 2017	As at 31 December 2016
Net assets	Baht 88,458,964.90	Baht 114,076,357.26	Baht 19,302,833.79	Baht 41,804,114.90	Baht -	Baht 8,130,295.43
Paid-up capital (%)	40%	40%	34.60%	40%	-	25%
Carrying amount of investment in associated company	35,383,586.00	45,630,542.90	6,678,780.49	16,721,420.96	-	2,032,573.86
Goodwill	-	-	19,846,505.57	-	-	-
Gian (loss) on year end assets	(9,483,695.64)	-	-	-	-	-
Book value of investment in associated	25,899,890.36	45,630,542.90	26,525,286.06	16,721,420.96	-	2,032,573.86
					58,268,402.42	79,384,337.72

#### 14. Investment in subsidiary company

Consist of:

Company's name	Separate Financial Statements							
	Paid-up Capital		Paid-up Capital		Cost method		Dividends	
	As at 31 December 2017	As at 31 December 2016	As at 31 December 2017	As at 31 December 2016	As at 31 December 2017	As at 31 December 2016	For the years ended 31 December 2017	31 December 2016
MILLCON Burapa Co., Ltd.	Baht 3,399,999,990.00	Baht 3,399,999,990.00	99.10	99.10	3,524,115,162.98	3,524,115,162.98	-	-
Millcon (HK) Limited	USD 32,000.00	USD 32,000.00	100.00	100.00	984,940.80	984,940.80	1,149,639,527.36	-
Millcon Thiha Limited	USD 100,000.00	USD 100,000.00	51.00	51.00	3,397,620.00	1,664,130.00	-	-
Millcon Mauritius Company Limited	No registered capital	No registered capital	-	100.00	-	-	-	-
Millcon Steel Pipe Company Limited	Baht 150,000,000.00	Baht 150,000,000.00	100.00	100.00	149,999,600.00	149,999,600.00	-	-
Saharum Construction Materials Company Limited	Baht 50,000,000.00	Baht 50,000,000.00	100.00	100.00	49,999,700.00	49,999,700.00	-	-
Suntech Metals Company Limited	Baht 716,000,000.00	Baht 716,000,000.00	99.99	99.99	807,000,000.00	807,000,000.00	-	-
Total					4,535,497,023.78	4,533,763,533.78	1,149,639,527.36	-

##### 14.1 Millcon (HK) Limited

According to the board of group director meeting No.6/2017 held on 14 November 2017, has acknowledged the resolution to approve of declaration of interim dividend payment of Millcon (HK) Limited and to off set against loan of Millcon (HK) Limited of USD 34,785,909.63 (THB 1,149,639,527.36).

##### 14.2 Millcon Mauritius Company Limited

On 19 January 2017, the Company had cancelled the registered capital of Millcon Mauritius Company Limited.



## 15. Non-controlling Interests

The information relating to each of the Group's subsidiary that has a material non-controlling interest, before any intra-group eliminations:

	As at 31 December 2017				As at 31 December 2016			
	MILCON Burapa Co., Ltd.	Other subsidiary immateriality	Eliminations	Total	MILCON Burapa Co., Ltd.	Other subsidiary immateriality	Eliminations	Total
Percentage of non-controlling interests	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht
	0.90				0.90			
Current assets	3,599,430,999.04				2,629,130,376.97			
Non current assets	6,214,155,057.54				6,284,024,414.14			
Current liabilities	(5,646,705,844.10)				(4,844,939,856.61)			
Non current liabilities	(89,627,985.80)				(66,177,958.65)			
<b>Net assets</b>	<b>4,077,252,226.68</b>				<b>4,002,036,975.85</b>			
Carrying amount of non-controlling interests	36,695,270.04	(7,495,010.95)	(232,027.31)	28,968,231.78	36,018,332.78	(3,815,485.19)	1,990,021.71	34,192,869.30
For the year ended 31 December 2017								
	MILCON Burapa Co., Ltd.	Other subsidiary immateriality	Eliminations	Total	MILCON Burapa Co., Ltd.	Other subsidiary immateriality	Eliminations	Total
Total revenue	8,854,489,506.28				9,519,726,403.56			
Profit for the year	66,759,633.53				316,295,504.68			
Other Comprehensive Income (Expense)	-				131,807.00			
<b>Total Comprehensive Income (Expense)</b>	<b>66,759,633.53</b>				<b>316,427,311.68</b>			
Profit attributable to non-controlling interests	600,836.70	(3,134,283.82)	(1,324,004.07)	(3,857,451.20)	2,847,845.81	(4,435,523.38)	11,356.78	(1,576,320.79)
Other comprehensive income (expense) attributable to non-controlling interests	-	(1,169,226.75)	-	(1,169,226.75)	11,862.63	-	-	11,862.63
Net cash provided (used) from operating activities	(113,665,524.76)				(154,402,853.09)			
Net cash provided (used) from investing activities	26,205,438.97				(222,183,626.69)			
Net cash provided (used) from financing activities	(42,610,494.35)				430,671,787.47			
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>97,260,469.38</b>				<b>54,085,307.69</b>			

## 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 2017 Baht	As at 31 December 2016 Baht
WISDOM TREE INVESTMENT (S) PTE. LIMITED	Oversea trade and investment	Singapore	USD 12,000,100	45	165,432,406.70	186,105,430.83
Kobelco Millcon Steel Co., Ltd.	Production and sale of steel wire	Thailand	Baht 2,830,000,000	50	37,917,432.28	125,193,071.55
Ocean Supply Co., Ltd.	Sale of steel and paper	Thailand	Baht 20,000,000	50	17,431,352.64	-
Total Investment in Joint Venture					220,781,191.62	311,298,502.38

					Separate Financial Statements	
					Cost method	
Company's name	Nature of business	Country of Registration	Paid-up Capital	Investment Ratio	As at 31 December 2017 Baht	As at 31 December 2016 Baht
WISDOM TREE INVESTMENT (S) PTE. LIMITED	Oversea trade and investment	Singapore	12,000,100 USD	45	177,553,448.10	177,553,448.10
Kobelco Millcon Steel Co., Ltd.	Production and sale of steel wire	Thailand	Baht 2,830,000,000	50	1,414,999,700.00	1,414,999,700.00
Total Investment in Joint Venture					1,592,553,148.10	177,553,448.10

Ocean Supply Co., Ltd.

According to the Minutes of Board of Director's Meeting no.4/2017, on 7 July 2017 of the Company, it had unanimously resolved to Suntech Metals Co., Ltd. and Ocean International Business Co., Ltd. to joint investment in Ocean Supply Co., Ltd. The registered capital is of Baht 20,000,000.00; divided into 200,000 shares with a par value of Baht 100. This had been incorporated by the Ministry of Commerce on 13 July 2017. Suntech Metals Co.,Ltd. holds the 50% of the total of shares, divided into 100,000 with a par value Baht 100 which equal to Baht 10,000,000.00.

Kobelco Millcon Steel Co., Ltd.

Later, on 2 February 2016, according to the Broad of Director Meeting No. 1/2016, has approved a joint investment between the Company and Kobe Steel Limited in a subsidiary company namely, Millcon Special Steel Co., Ltd. (renamed to be "Kobelco Millcon Steel Company Limited"). The ratio of the joint venture equally between Kobe's 50 percent and the Company's 50 percent. And increasing capital of Kobelco Millcon Steel Co., Ltd. has been approved to support the joint venture of another party in the amount of Baht 2,830,000,000.00 from Baht 1,415,000,000.00 with par value of Baht 100 each. The increased capital of Baht 1,415,000,000 consisted of common shares 14,150,000.00 shares, at par value of Baht 100.

On 2 February 2016, the Company entered into a joint venture agreement with Kobe Steel Limited to invest in the Company "Kobelco Millcon Steel Company Limited" (formerly known as Millcon Special steel Co., Ltd.). The purposes of a joint venture are the production and sale of special steel wire rod and ordinary steel wire rod. Issued and paid-up share capital of the Company is in the amount of Baht 2,830,000,000.00, 28,300,000 shares, at par value of Baht 100.00 per share. Each party holds 50 percent of the authorized share capital, divided for each party with 14,150,000 shares, par value of Baht 100.00 per share, in the amount of Baht 1,415,000,000.00.

	WISDOM TREE INVESTMENT (S) PTE. LIMITED				Kobelco Millcon Steel Co., Ltd.		Ocean Supply Co., Ltd.		Total
	31 December 2017		31 December 2016		31 December 2017		31 December 2016		
	As at	As at	As at	As at	As at	As at	As at	As at	
Cash and Cash Equivalents	13,017,335.46	4,871,252.02	152,076,834.00	184,493,206.00	145,286,945.41	310,381,114.87	189,364,458.02		
Other current assets									
(Not include Cash and Cash Equivalents)	228,574,253.61	75,440,422.56	957,393,892.00	981,010,182.00	183,307,266.56	1,369,275,412.17	1,056,450,604.56		
Other non-current assets	463,702,994.98	472,023,552.02	5,050,601,902.00	4,059,783,586.00	8,145,463.91	5,522,450,360.89	4,551,807,138.02		
Trade accounts payable and other accounts payable	-	-	(398,635,362.00)	(534,129,873.00)	(22,851,981.84)	(671,395,312.34)	(534,129,873.00)		
Other current liabilities									
(Not include Trade accounts payable and other accounts payable)	(261,789,981.60)	(70,902,890.03)	(1,679,886,226.00)	(80,899,790.00)	(279,024,988.77)	(1,970,793,227.87)	(151,802,680.03)		
Other non-current liabilities	(75,877,032.00)	(67,864,712.50)	(1,744,892,898.00)	(2,013,215,456.00)	-	(1,798,017,840.16)	(2,081,080,168.50)		
Net assets	367,627,570.45	413,567,624.07	2,336,658,142.00	2,597,041,855.00	34,862,705.27	2,761,900,507.56	3,010,609,479.07		

	WISDOM TREE INVESTMENT (S) PTE. LIMITED				Kobelco Millcon Steel Co., Ltd.		Ocean Supply Co., Ltd.		Total
	For the year end		For the year end		For the year end		For the year end		
	31 December 2017	31 December 2016	31 December 2017	31 December 2016	31 December 2017	31 December 2016	31 December 2017	31 December 2016	
	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	
Revenue	160,022,702.63	8,522,885.12	1,541,736,518.00	1,298,033,533.00	1,816,721,396.86	3,518,480,617.49	1,306,556,418.12		
Profit (Loss) for the year	(6,799,776.11)	(6,234,282.33)	(260,383,713.00)	(191,191,315.00)	14,862,705.27	(252,320,783.84)	(197,425,597.33)		
Other Comprehensive Income (Expense) for the year	-	-	-	-	-	-	-		
Total Comprehensive Income for the year	(6,799,776.11)	(6,234,282.33)	(260,383,713.00)	(191,191,315.00)	14,862,705.27	(252,320,783.84)	(197,425,597.33)		
Dividend income from joint Venture companies during the year	-	-	-	-	-	-	-		
Profit (Loss) for the yearare Include as follows	11,718,239.78	927,613.28	82,870,986.95	99,958,335.26	135,661.23	94,724,887.96	100,885,948.54		
Depreciation and amortization	-	-	524,873.26	177,543.04	28.15	524,901.41	177,543.04		
Interest income	8,677,562.74	1,902,097.85	69,130,615.07	61,109,367.88	7,907,397.26	85,715,575.07	63,011,465.73		



The reconciliation of the above financial information with the carrying amount of interest investments in Joint Venture Companies which is recognized in the consolidated financial statements are as follows:

	WISDOM TREE INVESTMENT (S) PTE. LIMITED		Kobelco Millcon Steel Co., Ltd.		Ocean Supply Co., Ltd.		Total	
	As at		As at		As at		As at	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016	31 December 2017	31 December 2016	31 December 2017	31 December 2016
Net assets	367,627,570.45	413,567,624.07	2,336,658,142.00	2,597,041,855.00	34,862,705.27	2,739,148,417.72	3,010,609,479.07	
Investment ratio (%)	45.00	45.00	50.00	50.00	50.00			
Net assets for proportion of investment	165,432,406.70	186,105,430.83	1,168,329,070.95	1,298,520,927.50	17,431,352.64	1,351,192,830.29	1,484,626,358.33	
Effect from exchange rate	-		(1,130,411,638.83)	(1,173,327,855.95)	-	(1,130,411,638.83)	(1,173,327,855.95)	
Carrying amount of Investment	165,432,406.70	186,105,430.83	37,917,432.28	125,193,071.55	17,431,352.64	220,781,191.62	311,298,502.38	
In Joint Venture								

## 17. Investment property

Consist of:

	Consolidated Financial Statements Baht	Separate Financial Statements Baht
<b>As at 1 January 2016</b>		
Cost	285,559,500.00	105,921,162.17
<u>Less Accumulate depreciation</u>	-	(26,303,506.42)
<b>Carrying Amount</b>	<b>285,559,500.00</b>	<b>79,617,655.75</b>
<b>Transactions during the year ended 31 December 2016</b>		
Receives from business acquisition	509,751,150.17	105,921,162.17
Tranfer out to propety, plant and equipment	(285,559,500.00)	-
Depreciationfor the year	-	(1,392,636.50)
<b>Ending Carrying Amount</b>	<b>509,751,150.17</b>	<b>587,976,169.42</b>
<b>As at 31 December 2016</b>		
Cost	509,751,150.17	615,672,312.34
<u>Less Accumulate depreciation</u>	-	(27,696,142.92)
<b>Carrying Amount</b>	<b>509,751,150.17</b>	<b>587,976,169.42</b>
<b>Transactions during the year ended 31 December 2017</b>		
Disposal of assets	(13,183,320.87)	(13,183,320.87)
Depreciationfor the year	-	(1,316,929.97)
<b>Ending Carrying Amount</b>	<b>496,567,829.30</b>	<b>573,475,918.58</b>
<b>As at 31 December 2017</b>		
Cost	496,567,829.30	602,488,991.47
<u>Less Accumulate depreciation</u>	-	(29,013,072.89)
<b>Carrying Amount</b>	<b>496,567,829.30</b>	<b>573,475,918.58</b>

On 16 February 2017, the Company has sold 1 plot of land with area of 8 rai 69.70 square wah to a related company for the purpose of construction of a plant for the production and distribution system operators (Busduct system). The land has the comparable market price of Baht 59.67 million. The Company has gain on sale of the land in the amount of Baht 46.50 million in Note 34.2.

As at 31 December 2017 and 31 December 2016, as shown in the consolidated financial statement and the separate financial statement, Investment property some parts is the lands. Its appraisal valuation of Baht 2,064.99 million and 2,406.42 million, respectively. Such Lands are appraised by an independent appraiser.

As at 31 December 2017 and 31 December 2016, in accordance with the consolidated financial statements and the separate financial statements, a part of its land area of 2-1-3.8 Rai, with the value in the amounting of Baht 5.49 million. The land get servitude for the passage, electric utilities, water supply, as well as other infrastructure of a related company of the company.

As at 31 December 2017 and 31 December 2016, in accordance with the consolidated financial statements and the separate financial statements, the Company's all investment properties are mortgaged with financial institutions as collateral for bank loans and credit facilities from financial institutions Note 34.2.

# 18. Property, plant and equipment

Consist of:

	Consolidated Financial Statements							Total
	Land	Land improvement	Buildings and buildings improvement	Machinery and equipment	Furniture and equipment	Vehicles	Utilities system	
	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht
<b>As at 1 January 2016</b>								
Cost	388,527,234.90	53,564,530.83	2,018,604,956.53	3,943,159,794.45	44,366,319.91	43,979,362.64	807,204,453.83	11,060,251,849.02
Surplus on Assets Revaluation	516,735,299.83	-	-	-	-	-	-	516,735,299.83
<u>Less: Accumulated Depreciation</u>	-	(18,843,964.82)	(268,668,751.90)	(607,059,643.14)	(35,847,112.46)	(13,560,822.07)	(76,674,093.33)	(1,020,654,387.72)
<b>Carrying Amount</b>	<b>905,262,534.73</b>	<b>34,720,566.01</b>	<b>1,749,936,204.63</b>	<b>3,336,100,151.31</b>	<b>8,519,207.45</b>	<b>30,418,540.57</b>	<b>730,530,360.50</b>	<b>10,556,332,761.13</b>
<b>Transactions during the year ended 31 December 2016</b>								
Purchase of Assets	-	-	355,000.00	289,918,575.16	3,765,934.79	1,749,000.00	6,714,866.90	709,044,758.90
Transfer in (Transfer out)	-	480,000.00	-	6,810,132.66	143,140.00	-	2,396,485.00	(285,549.40)
Transfer in assets-held-for-sale	285,559,500.00	-	-	-	-	-	-	285,559,500.00
Transfer out of the changing in portion on investments in subsidiaries	-	-	-	-	-	-	-	(2,141,426,189.21)
Disposal of Assets - Cost	-	-	-	-	-	(9,400,000.00)	-	(9,400,000.00)
- Accumulated Depreciation	-	-	-	-	-	9,032,866.83	-	9,032,866.83
Written-off of assets- Cost	-	-	-	(16,421,508.97)	(11,626,961.25)	(8,807.66)	(83,125.00)	(35,644,950.59)
- Accumulated Depreciation	-	-	-	16,420,777.34	11,571,893.85	8,804.66	83,124.00	28,084,599.85
Depreciation Charged in Profit for the year	-	(2,451,746.46)	(27,223,645.77)	(147,527,117.90)	(2,625,075.12)	(4,644,601.15)	(28,063,740.16)	(212,535,926.56)
<b>Ending Carrying Amount</b>	<b>1,190,822,034.73</b>	<b>32,748,819.55</b>	<b>1,723,067,558.86</b>	<b>3,485,301,009.60</b>	<b>9,748,139.72</b>	<b>27,155,803.25</b>	<b>711,577,971.24</b>	<b>9,188,761,870.95</b>
<b>As at 31 December 2016</b>								
Cost	674,086,734.90	54,044,530.83	2,018,959,956.53	4,223,466,993.30	36,648,433.45	36,319,554.98	816,232,680.73	9,868,099,418.72
Surplus on Assets Revaluation	516,735,299.83	-	-	-	-	-	-	516,735,299.83
<u>Less: Accumulated Depreciation</u>	-	(21,295,711.28)	(295,892,397.67)	(738,165,983.70)	(26,900,293.73)	(9,163,751.73)	(104,654,709.49)	(1,196,072,847.60)
<b>Carrying Amount</b>	<b>1,190,822,034.73</b>	<b>32,748,819.55</b>	<b>1,723,067,558.86</b>	<b>3,485,301,009.60</b>	<b>9,748,139.72</b>	<b>27,155,803.25</b>	<b>711,577,971.24</b>	<b>9,188,761,870.95</b>

Consolidated Financial Statements

As at 31 December 2016

	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
Cost	674,086,734.90	54,044,530.83	2,018,959,956.53	4,223,466,993.30	36,648,433.45	36,319,554.98	816,232,680.73	2,008,340,534.00	9,868,099,418.72
Surplus on Assets Revaluation	516,735,299.83	-	-	-	-	-	-	-	516,735,299.83
Less: Accumulated Depreciation	-	(21,295,711.28)	(295,892,397.67)	(738,165,983.70)	(26,900,293.73)	(9,163,751.73)	(104,654,709.49)	-	(1,196,072,847.60)
<b>Carrying Amount</b>	<b>1,190,822,034.73</b>	<b>32,748,819.55</b>	<b>1,723,067,558.86</b>	<b>3,485,301,009.60</b>	<b>9,748,139.72</b>	<b>27,155,803.25</b>	<b>711,577,971.24</b>	<b>2,008,340,534.00</b>	<b>9,188,761,870.95</b>
<b>Transactions during the year ended 31 December 2017</b>									
Purchase of Assets	-	51,000.00	2,339,500.00	24,514,699.82	4,709,073.42	4,804,598.80	5,873,238.74	137,954,956.66	180,247,067.44
Transfer in (Transfer out)	-	15,677,005.40	-	1,578,417,815.87	47,145.62	-	12,032,664.62	(1,588,967,279.45)	17,207,352.06
Disposal of Assets - Cost	-	-	-	-	-	-	-	(5,186,935.49)	(5,186,935.49)
-Accumulated Depreciation	-	-	-	-	-	-	-	-	-
Written-off of assets- Cost	-	-	(143,588.63)	(10,824,637.09)	(1,712,598.85)	-	-	-	(12,680,824.57)
-Accumulated Depreciation	-	-	72,835.74	10,822,075.65	1,704,982.44	-	-	-	12,599,893.83
Depreciation Charged in Profit for the year	-	(2,358,625.18)	(27,182,432.85)	(221,016,715.21)	(2,621,402.27)	(3,779,527.48)	(28,500,168.36)	-	(285,458,871.35)
<b>Ending Carrying Amount</b>	<b>1,190,822,034.73</b>	<b>46,118,199.77</b>	<b>1,698,153,873.12</b>	<b>4,867,214,248.64</b>	<b>11,875,340.08</b>	<b>28,180,874.57</b>	<b>700,983,706.24</b>	<b>552,141,275.72</b>	<b>9,095,489,552.87</b>
<b>As at 31 December 2017</b>									
Cost	674,086,734.90	69,772,536.23	2,021,155,867.90	5,815,574,871.90	39,692,053.64	41,124,153.78	834,138,584.09	552,141,275.72	10,047,686,078.16
Surplus on Assets Revaluation	516,735,299.83	-	-	-	-	-	-	-	516,735,299.83
Less: Accumulated Depreciation	-	(23,654,336.46)	(323,001,994.78)	(948,360,623.26)	(27,816,713.56)	(12,943,279.21)	(133,154,877.85)	-	(1,468,931,825.12)
<b>Carrying Amount</b>	<b>1,190,822,034.73</b>	<b>46,118,199.77</b>	<b>1,698,153,873.12</b>	<b>4,867,214,248.64</b>	<b>11,875,340.08</b>	<b>28,180,874.57</b>	<b>700,983,706.24</b>	<b>552,141,275.72</b>	<b>9,095,489,552.87</b>

Separate Financial Statements										
	Land	Land improvement	Buildings and buildings improvement	Machinery and equipment	Furniture and equipment	Vehicles	Utilities system	Construction in progress	Total	
	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	
<b>As at 1 January 2016</b>										
Cost	160,147,595.44	54,382,096.28	125,418,036.54	1,153,490,906.05	23,053,741.99	3,125,327.10	57,821,716.76	198,500,428.43	1,775,939,848.59	
Surplus on Assets Revaluation	204,732,833.49	-	-	-	-	-	-	-	204,732,833.49	
Less Accumulated Depreciation	-	(20,818,189.87)	(33,950,862.77)	(125,508,006.67)	(20,605,646.51)	(2,621,299.52)	(9,736,369.59)	-	(213,240,374.93)	
<b>Carrying Amount</b>	<b>364,880,428.93</b>	<b>33,563,906.41</b>	<b>91,467,173.77</b>	<b>1,027,982,899.38</b>	<b>2,448,095.48</b>	<b>504,027.58</b>	<b>48,085,347.17</b>	<b>198,500,428.43</b>	<b>1,767,432,307.15</b>	
<b>Transactions during the year ended 31 December 2016</b>										
Purchase of Assets	-	-	-	14,246,371.09	2,784,819.86	1,749,000.00	-	25,348,794.30	44,128,985.25	
Transfer in (Transfer out)	-	480,000.00	-	2,018,400.00	-	-	2,083,985.00	(4,582,385.00)	-	
Disposal of Assets	-	-	-	-	-	-	-	(903,720.24)	(903,720.24)	
Written-off of assets- Cost	-	-	-	(10,542.00)	(569,932.36)	-	-	-	(580,474.36)	
- Accumulated Depreciation	-	-	-	10,541.00	560,708.99	-	-	-	571,249.99	
Depreciation Charged in Profit for the year	-	(2,247,278.15)	(2,107,101.21)	(42,655,044.63)	(1,353,207.66)	(645,573.64)	(6,382,589.73)	-	(55,390,795.02)	
<b>Carrying Amount</b>	<b>364,880,428.93</b>	<b>31,796,628.26</b>	<b>89,360,072.56</b>	<b>1,001,592,624.84</b>	<b>3,870,484.31</b>	<b>1,607,453.94</b>	<b>43,786,742.44</b>	<b>218,363,117.49</b>	<b>1,755,257,552.77</b>	
<b>As at 31 December 2016</b>										
Cost	160,147,595.44	54,862,096.28	125,418,036.54	1,169,745,135.14	25,268,629.49	4,874,327.10	59,905,701.76	218,363,117.49	1,818,584,639.24	
Surplus on Assets Revaluation	204,732,833.49	-	-	-	-	-	-	-	204,732,833.49	
Less Accumulated Depreciation	-	(23,065,468.02)	(36,057,963.98)	(168,152,510.30)	(21,398,145.18)	(3,266,873.16)	(16,118,959.32)	-	(268,059,919.96)	
<b>Carrying Amount</b>	<b>364,880,428.93</b>	<b>31,796,628.26</b>	<b>89,360,072.56</b>	<b>1,001,592,624.84</b>	<b>3,870,484.31</b>	<b>1,607,453.94</b>	<b>43,786,742.44</b>	<b>218,363,117.49</b>	<b>1,755,257,552.77</b>	



Separate Financial Statements

	Land	Land improvement	Buildings and buildings improvement	Machinery and equipment	Furniture and equipment	Vehicles	Utilities system	Construction in progress	Total
	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht
<b>As at 31 December 2016</b>									
Cost	160,147,595.44	54,862,096.28	125,418,036.54	1,169,745,135.14	25,268,629.49	4,874,327.10	59,905,701.76	218,363,117.49	1,818,584,639.24
Surplus on Assets Revaluation	204,732,833.49	-	-	-	-	-	-	-	204,732,833.49
Less: Accumulated Depreciation	-	(23,065,468.02)	(36,057,963.98)	(168,152,510.30)	(21,398,145.18)	(3,266,873.16)	(16,118,959.32)	-	(268,059,919.96)
<b>Carrying Amount</b>	<b>364,880,428.93</b>	<b>31,796,628.26</b>	<b>89,360,072.56</b>	<b>1,001,592,624.84</b>	<b>3,870,484.31</b>	<b>1,607,453.94</b>	<b>43,786,742.44</b>	<b>218,363,117.49</b>	<b>1,755,257,552.77</b>
<b>Transactions during the year ended 31 December 2017</b>									
Purchase of Assets	-	-	544,500.00	2,221,981.19	2,401,695.00	2,766,355.14	15,999.99	102,038,542.66	109,989,073.98
Transfer in (Transfer out)	-	15,677,005.40	-	268,902,713.43	35,423.40	-	6,671,127.51	(291,557,164.72)	(270,894.98)
Disposal of Assets	-	-	-	-	-	-	-	(5,186,935.49)	(5,186,935.49)
Written-off of assets- Cost	-	-	(145,588.63)	(10,824,637.09)	(1,712,598.85)	-	-	-	(12,680,824.57)
-Accumulated Depreciation	-	-	72,835.74	10,822,075.65	1,704,982.44	-	-	-	12,599,893.83
Depreciation Charged in Profit for the year	-	(2,252,922.76)	(2,106,048.53)	(44,582,747.86)	(1,410,288.72)	(517,049.26)	(6,972,595.21)	-	(57,841,652.34)
<b>Carrying Amount</b>	<b>364,880,428.93</b>	<b>45,220,710.90</b>	<b>87,727,771.14</b>	<b>1,228,132,010.16</b>	<b>4,889,697.58</b>	<b>3,856,759.82</b>	<b>43,501,274.73</b>	<b>23,657,559.94</b>	<b>1,801,866,213.20</b>
<b>As at 31 December 2017</b>									
Cost	160,147,595.44	70,539,101.68	125,818,947.91	1,430,045,192.67	25,993,149.04	7,640,682.24	66,592,829.26	23,657,559.94	1,910,435,038.18
Surplus on Assets Revaluation	204,732,833.49	-	-	-	-	-	-	-	204,732,833.49
Less: Accumulated Depreciation	-	(25,318,390.78)	(38,091,176.77)	(201,913,182.51)	(21,103,451.46)	(3,783,922.42)	(23,091,554.53)	-	(313,301,678.47)
<b>Carrying Amount</b>	<b>364,880,428.93</b>	<b>45,220,710.90</b>	<b>87,727,771.14</b>	<b>1,228,132,010.16</b>	<b>4,889,697.58</b>	<b>3,856,759.82</b>	<b>43,501,274.73</b>	<b>23,657,559.94</b>	<b>1,801,866,213.20</b>

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 2017	31 December 2016	31 December 2017	31 December 2016
	Baht	Baht	Baht	Baht
Cost - capitalised finance lease	18,560,747.65	10,940,253.22	2,766,355.14	-
<u>Less</u> Accumulated depreciation	<u>(3,639,576.02)</u>	<u>(4,732,061.42)</u>	<u>(76,396.88)</u>	<u>-</u>
Book value	<u>14,921,171.63</u>	<u>6,208,191.80</u>	<u>2,689,958.26</u>	<u>-</u>

#### Guarantees

As at 31 December 2016 and 2015, the Group has mortgaged the following part of the land, buildings and machinery to financial institutions as collateral for overdrafts, long-term loans and working capital facilities from financial institutions.

	Book Value	
	As at	As at
	31 December 2017	31 December 2016
	Baht	Baht
Property, plant and machine of Millcon Steel Public Co., Ltd.	1,260,723,490.08	1,641,331,959.79
Property, plant and machine of subsidiary – Millcon Burapa Co., Ltd.	4,441,351,484.23	4,567,249,836.94
Property, plant and machine of subsidiary – Millcon Steel Pipe Co., Ltd.	113,355,310.53	114,785,378.64
Property, plant and machine of subsidiary – Suntech Metals Company Limited	88,794,812.04	90,844,424.50
Property, plant and machine of subsidiary – World Wide Processing Co., Ltd.	228,930,444.00	-
Total	<u>6,133,155,540.87</u>	<u>6,414,211,599.87</u>

In 2015, the company and subsidiary constitute land appraisal by independent appraiser which by analyzing the value market approach in accordance with the report on dated 1 December 2015 and 16 December 2015 as the data of level 3 inputs.

The quantitative data regarding the data that cannot observed and significant which is using to measure the fair value of the land as follows;

- The expected sale of land is brought to compare which is using to appraise the fair value of land, the price is between 5,500 – 16,000 Baht / square wah.

For the year ended 31 December 2017 and 2016, lands stated at revaluation price. The new revaluation price is measured as the fair value by Level 3 inputs. The movement is as follow:

Consolidated Financial Statements			
For the year ended 31 December 2017			
	Acquire Cost (former) Baht	Surplus on land Revaluation Baht	Fair Value Baht
Beginning Carrying Amount of year	674,086,734.90	516,735,299.83	1,190,822,034.73
Changes in Fair Value			
Recognized in the Other Comprehensive Income Included in Gain (Loss) on Asset Revaluation	-	-	-
Ending Carrying Amount of year	674,086,734.90	516,735,299.83	1,190,822,034.73

Consolidated Financial Statements			
For the year ended 31 December 2016			
	Acquire Cost (former) Baht	Surplus on land Revaluation Baht	Fair Value Baht
Beginning Carrying Amount of year	388,527,234.90	516,735,299.83	905,262,534.73
Transfer in assets-held-for-sale	285,559,500.00	-	285,559,500.00
Changes in Fair Value			
Recognized in the Other Comprehensive Income Included in Gain (Loss) on Asset Revaluation	-	-	-
Ending Carrying Amount of year	674,086,734.90	516,735,299.83	1,190,822,034.73

Separate Financial Statements

For the year ended 31 December 2016

	Acquire Cost (former) Baht	Surplus on land Revaluation Baht	Fair Value Baht
Beginning Carrying Amount of year	160,147,595.44	204,732,833.49	364,880,428.93
Changes in Fair Value			
Recognized in the Other Comprehensive			
Income Included in Gain (Loss)			
on Asset Revaluation	-	-	-
Ending Carrying Amount of year	<u>160,147,595.44</u>	<u>204,732,833.49</u>	<u>364,880,428.93</u>

Separate Financial Statements

For the year ended 31 December 2015

	Acquire Cost (former) Baht	Surplus on land Revaluation Baht	Fair Value Baht
Beginning Carrying Amount of year	160,147,595.44	204,732,833.49	364,880,428.93
Changes in Fair Value			
Recognized in the Other Comprehensive			
Income Included in Gain (Loss)			
on Asset Revaluation	-	-	-
Ending Carrying Amount of year	<u>160,147,595.44</u>	<u>204,732,833.49</u>	<u>364,880,428.93</u>

## 19. Bank overdrafts and Short-term loans from financial institutions

Consist of:

	Consolidated Financial Statements		Separate Financial Statements	
	As at	As at	As at	As at
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
	Baht	Baht	Baht	Baht
Bank overdrafts	-	14,137.48	-	-
Short-term loans - promissory note	5,966,251,303.98	6,333,316,790.99	3,190,446,000.00	4,313,972,464.52
Short-term loans - trust receipt/letter of credit	984,418,966.98	2,029,616,817.18	676,186,946.11	325,340,029.39
Short-term loans - discounted bills	-	250,000,000.00	-	250,000,000.00
Total short-term loans from financial institutions	6,950,670,270.96	8,612,947,745.65	3,866,632,946.11	4,889,312,493.91
<u>Less</u> Prepaid interest on promissory notes	(34,580,912.19)	(39,897,221.52)	(26,615,703.67)	(30,922,337.78)
<u>Less</u> Interest discounted bills	-	(3,845,395.64)	-	(3,845,395.64)
Total	6,916,089,358.77	8,569,205,128.49	3,840,017,242.44	4,854,544,760.49
Reclassified from long-term loans net of transaction cost	328,356,872.18	-	-	-
Net	7,244,446,230.95	8,569,205,128.49	3,840,017,242.44	4,854,544,760.49

During the year 2017, the Company and its subsidiary entered into a loan agreement with a financial institution for a loan of Baht 250 million, secured by the deposit accounts of both companies.

### Short-term loans from financial institutions of the Company

As at 31 December 2017 and 2016, short-term loans from promissory note and from trust receipt bear interests at the rate of 2.00% – 6.00% per annum and rate of 2.08% – 6.50% 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 2017 and 2016, short-term loans from promissory note and from trust receipt of 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.

Movements of short-term loans from financial institutions for the year ended 31 December 2017 and 2016, comprise the following:

	Consolidated Financial Statements		Separate Financial Statements	
	2017	2016	2017	2016
	Baht	Baht	Baht	Baht
Balance as at beginning	8,612,947,745.65	9,871,265,358.52	4,889,312,493.91	4,394,027,274.07
Increased for the year	33,673,830,347.46	29,220,039,461.17	21,425,285,453.03	17,951,937,390.78
Repayment for the year	(35,331,199,898.21)	(29,664,820,478.61)	(22,441,346,653.42)	(17,461,593,635.47)
Unrealized losses on exchange rate	(4,907,923.94)	(25,037,585.28)	(6,618,347.41)	4,941,464.53
Reclassified from long-term loans net of transaction cost	-	(788,499,010.15)	-	-
Balance as at Ending	6,950,670,270.96	8,612,947,745.65	3,866,632,946.11	4,889,312,493.91
Reclassified from long-term loans net of transaction cost	328,356,872.18	-	-	-
<u>Less</u> Prepaid interest on promissory notes	(34,580,912.19)	(39,897,221.52)	(26,615,703.67)	(30,922,337.78)
<u>Less</u> Interest discounted bills	-	(3,845,395.64)	-	(3,845,395.64)
Net	7,244,446,230.95	8,569,205,128.49	3,840,017,242.44	4,854,544,760.49

## 20. Trade and other current payables

Consist of:

	Consolidated Financial Statements		Separate Financial Statements	
	As at	As at	As at	As at
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
	Baht	Baht	Baht	Baht
Trade payables	577,960,612.64	914,282,248.13	147,817,820.89	520,462,989.64
Other payables	358,624,595.04	255,429,503.99	1,208,746,684.04	62,241,231.91
Total	936,585,207.68	1,169,711,752.12	1,356,564,504.93	582,704,221.55



As at 31 December 2017 and 2016, other payables consist of:

	Consolidated Financial Statements		Separate Financial Statements	
	As at	As at	As at	As at
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
	Baht	Baht	Baht	Baht
Accrued expenses	100,314,640.48	127,001,328.60	72,154,697.16	62,241,231.91
Advance received income	1,022,663.02	231,690.74	970,969,788.81	-
Accrued interest expenses	119,376.36	64,726.07	-	-
Other payables	15,856,587.40	10,075,079.17	-	-
Others	241,311,327.78	118,056,679.41	165,622,198.07	-
Total	<u>358,624,595.04</u>	<u>255,429,503.99</u>	<u>1,208,746,684.04</u>	<u>62,241,231.91</u>

## 21. Long-term loans from financial institutions

Consist of:

	Consolidated Financial Statements		Separate Financial Statements	
	As at	As at	As at	As at
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
	Baht	Baht	Baht	Baht
Long-term loans from financial institutions	2,261,256,872.18	629,823,189.79	497,500,000.00	-
Reclassification to Short-term Borrowings	(328,356,872.18)	-	-	-
Reclassification to long-term loans due on year	<u>(118,800,000.00)</u>	<u>(278,685,497.79)</u>	<u>(100,800,000.00)</u>	<u>-</u>
Net	<u>1,814,100,000.00</u>	<u>351,137,692.00</u>	<u>396,700,000.00</u>	<u>-</u>

As at 31 December 2017 and 2016, the long-term borrowings was obtained from a local financial institution, bearing interest rate 6.50% - 6.75% per annum. These borrowings have due for repayment commencing from 30 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 movements in book value of long-term loans from financial institutions for the year ended 31 December 2017 and 2016, comprise the following:

	Consolidated Financial Statements		Separate Financial Statements	
	2017	2016	2017	2016
	Baht	Baht	Baht	Baht
Balance as at beginning	629,823,189.79	3,172,886,341.99	-	21,224,674.80
Increased for the year	1,932,900,000.00	1,438,746,658.44	497,500,000.00	-
Repayment for the year	(301,466,317.61)	(529,107,109.00)	-	(21,224,674.80)
Transfer-out, resulting from changing in				
Investment classification	-	(3,452,702,701.64)	-	-
Total	2,261,256,872.18	629,823,189.79	497,500,000.00	-
Reclassified from short-term loans net of transaction cost (Note 19)	(328,356,872.18)	-	-	-
Current portion of long-term liabilities				
long-term loans	(118,800,000.00)	(278,685,497.79)	(100,800,000.00)	-
Balance as at ending	1,814,100,000.00	351,137,692.00	396,700,000.00	-

- Unutilized credit facilities comprise the following:

	Consolidated Financial Statements			
	As at 31 December 2017		As at 31 December 2016	
	Long-term loan facilities	Working capital facilities	Long-term loan facilities	Working capital facilities
	Million Baht	Million Baht	Million Baht	Million Baht
Floating rate				
- draw down with no timeframe limitation	-	4,569.34	-	2,157.61
Ending Book Value - Net	-	4,569.34	-	2,157.61

	Separate Financial Statements			
	As at 31 December 2017		As at 31 December 2016	
	Long-term loan facilities	Working capital facilities	Long-term loan facilities	Working capital facilities
	Million Baht	Million Baht	Million Baht	Million Baht
Floating rate				
- draw down with no timeframe limitation	-	2,537.66	-	746.03
Ending Book Value - Net	-	2,537.66	-	746.03

The Subsidiary Company noted that some of the financial ratios were not complied with the financial covenants specified in the long-term loan agreements. Therefore, as at 31 December 2017, such the whole amounts long-term borrowings from financial institutions were reclassified to short-term borrowings. However, if the Company would be able to maintain the financial ratios according to the long-term loan agreements, such borrowings would be reclassified back to long-term borrowings.

## 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:

	Consolidated Financial Statements			
	As at 31 December 2016  Baht	Recognized in the Profit (Loss) for the period  Baht	Recognized in the other Comprehensive Profit (Loss)  Baht	As at 31 December 2017  Baht
<b>Deferred tax liabilities</b>				
Gain on derivative financial instruments	12,761,934.20	(11,826,495.03)	-	935,439.17
Revaluation surplus from land	103,347,059.97	-	-	103,347,059.97
Fair value at at date of purchase	120,094,881.83	(3,908,892.97)	-	116,185,988.86
Total	<u>236,203,876.00</u>	<u>(15,735,388.00)</u>	<u>-</u>	<u>220,468,488.00</u>
	As at 31 December 2015  Baht	Recognized in the Profit (Loss) for the period  Baht	Recognized in the other Comprehensive Profit (Loss)  Baht	As at 31 December 2016  Baht
<b>Deferred tax liabilities</b>				
Gain on derivative financial instruments	2,499,583.86	10,262,350.34	-	12,761,934.20
Revaluation surplus from land	103,347,059.97	-	-	103,347,059.97
Fair value at at date of purchase	123,875,290.51	(3,780,408.68)	-	120,094,881.83
Total	<u>229,721,934.34</u>	<u>6,481,941.66</u>	<u>-</u>	<u>236,203,876.00</u>

	Separate Financial Statements		
	As at	Recognized	Recognized
	31 December 2016	in the Profit	in the other
		(Loss)	Comprehensive
		for the period	Profit (Loss)
	Baht	Baht	Baht
<b>Deferred tax liabilities</b>			
Gain on derivative financial instruments	665,493.50	250,616.35	-
Revaluation surplus from land	40,946,566.70	-	-
Total	41,612,060.20	250,616.35	-
	As at	Recognized	Recognized
	31 December 2016	in the Profit	in the other
		(Loss)	Comprehensive
		for the period	Profit (Loss)
	Baht	Baht	Baht
<b>Deferred tax liabilities</b>			
Gain on derivative financial instruments	2,499,583.36	(1,834,089.86)	-
Revaluation surplus from land	40,946,566.70	-	-
Total	43,446,150.06	(1,834,089.86)	-

### 23. Non-Current Provisions for Employee Benefit

For the year ended 31 December 2017 and 2016 the movements in the retirement benefit obligations is the following:

	Consolidated Financial Statements		Separate Financial Statements	
	2017	2016	2017	2016
	Baht	Baht	Baht	Baht
For the year ended 31 December				
Balance as at Beginning	33,641,241.00	34,442,701.87	16,700,037.00	15,451,895.24
Retirement benefit expenses	5,664,805.00	5,458,353.00	2,500,411.00	2,304,549.00
Benefit payment to employee during the year	(1,566,090.00)	(594,992.00)	(1,272,463.00)	-
Transfer out from employee intercompany rotation				
Actuarial (Gain) Loss	592,165.10	(2,712,646.04)	1,837,553.74	(1,056,407.24)
Reducing from changing in the proportion of investment in subsidiary	-	(2,952,175.83)	-	-
Balance as at Ending	<u>38,332,121.10</u>	<u>33,641,241.00</u>	<u>19,765,538.74</u>	<u>16,700,037.00</u>

For the year ended 31 December 2017 and 2016, the amounts recognized in the profit and loss are as follows:

	Consolidated Financial Statements		Separate Financial Statements	
	2017	2016	2017	2016
	Baht	Baht	Baht	Baht
For the year ended 31 December				
Current service cost	4,771,658.00	4,653,380.00	2,043,721.00	1,888,826.00
Interest cost	893,147.00	804,973.00	456,690.00	415,723.00
Total	<u>5,664,805.00</u>	<u>5,458,353.00</u>	<u>2,500,411.00</u>	<u>2,304,549.00</u>

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

	Consolidated Financial Statements		Separate Financial Statements	
	2017	2016	2017	2016
	Baht	Baht	Baht	Baht
For the year ended 31 December				
Cost of sales	2,958,680.82	2,730,398.00	814,250.00	608,964.00
Administrative expenses	2,706,124.18	2,727,955.00	1,686,161.00	1,695,585.00
Total	<u>5,664,805.00</u>	<u>5,458,353.00</u>	<u>2,500,411.00</u>	<u>2,304,549.00</u>

For the year ended 31 December 2017 and 2016, (Gain) loss on remeasurements of defined benefit plans is actuarial (gain) loss arising from the changes as follows:

	Consolidated Financial Statements	Separate Financial Statements
	For the year end	For the year end
	31 December 2017	31 December 2017
	Baht	Baht
Demographic assumptions	(8,931,623.38)	(5,273,654.57)
Financial assumptions	(2,286,934.03)	(205,142.83)
Experience adjustment	11,810,722.51	7,316,351.13
Total	<u>592,165.10</u>	<u>1,837,553.73</u>

The principal actuarial assumptions used were as follows:

	Consolidated Financial Statements		Separate Financial Statements	
	2017	2016	2017	2016
Discount rate	2.65% – 2.81%	2.90%	2.81%	2.90%
Increasing rate of expected salary	3.00% – 6.00%	3.50% – 10.00%	2.75% – 5.00%	3.50% – 10.00%
Turnover rate	1.91% – 45.84%	0% – 35.00%	2.87% – 34.38%	0% – 35.00%
Retirement age	60 years old	60 years old	60 years old	60 years old



### Sensitivity analysis

As at 31 December 2017 and 2016, reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown as follows.

	Consolidated Financial Statements		Separate Financial Statements	
	As at	As at	As at	As at
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
	Baht	Baht	Baht	Baht
<b>Discount rate</b>				
Rate increase 5.00%	(1,547,246.00)		(779,765.00)	
Rate decrease 5.00%	1,655,496.00		858,967.00	
Rate increase 1.00%		(3,164,827.00)		(1,542,642.00)
Rate decrease 1.00%		3,658,166.00		1,793,415.00
<b>Average salary increase rate</b>				
Rate increase 1.00%	1,726,337.00	3,959,440.00	1,631,358.00	1,925,934.00
Rate decrease 1.00%	(2,761,940.00)	(3,479,402.00)	(1,445,098.00)	(1,682,076.00)
<b>Employee turnover rate</b>				
Rate increase 20.00%	(3,038,375.00)	(2,109,689.00)	(1,814,248.00)	(1,204,150.00)
Rate decrease 20.00%	3,843,999.00	2,751,628.00	2,405,619.00	1,617,189.00
<b>Mortality rate</b>				
Rate increase 20.00%	(204,510.00)	(198,257.00)	(187,668.00)	(88,756.00)
Rate decrease 20.00%	408,879.00	220,146.00	190,301.00	99,186.00

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

## 24. Warrant

According to the resolution of Extraordinary General Meeting of Shareholders No.1/2014, held on 17 November 2014 had approved to issued and allocated the Warrant on the Millcon Steel Public Company Limited's Newly Issued Common Shares No.3 ( MILL-W3 ) to the existing ordinary shareholders and preferred shares of the Company, are detail as follow:

Warrant Issue Date	Exercise price (Baht/Share)	Exercise ratio	No. of Shares derived from exercised warrantscumulative (Share)	No. of Reserved Shares for Exercise (Share)	Maturity Date
22 December 2014	3	1:1	10	625,696,931	21 December 2019

According to the resolution of Annual General Meeting of Shareholders No.1/2017, held on 28 April 2017 had approved to issued and allocated the Warrant on the Millcon Steel Public Company Limited's Newly Issued Common Shares (MILL-W4) to the existing ordinary shareholders and preferred shares of the Company, are detailsas follow:

Warrant Issue Date	Exercise price (Baht/Share)	Exercise ratio	No. of Shares derived from exercised warrantscumulative (Share)	No. of Reserved Shares for Exercise (Share)	Maturity Date
12 July 2017	2.20	1:1	-	405,440,911	11 July 2022

## 25. Share capital

For the nine months period ended 30 December 2017 and the year ended 31 December 2016, the movement of authorized share capital and issued and paid-up share capital are as follows:

		For the year ended 31 December 2017		For the year ended 31 December 2016	
	Par Value Baht	Number of Share <u>Shares</u>	Amount <u>Baht</u>	Number of Share <u>Shares</u>	Amount <u>Baht</u>
<b>Authorized Share Capital</b>					
Beginning Preferred Shares	0.40	192,118,226	76,847,290.40	639,691,757	255,876,702.80
Convertible from preferred shares to ordinary shares	0.40	-	-	(447,573,531)	(179,029,412.40)
Ending Preferred Shares	0.40	<u>192,118,226</u>	<u>76,847,290.40</u>	<u>192,118,226</u>	<u>76,847,290.40</u>
Beginning Ordinary Shares	0.40	5,449,012,608	2,179,605,043.20	5,001,439,077	2,000,575,630.80
<u>Less</u> Capital Reduction	0.40	(960,966,747)	(384,386,698.80)	(200,000,000)	(80,000,000.00)
<u>Add</u> Capital Increment	0.40	605,446,716	242,178,686.40	200,000,000	80,000,000.00
Convertible from preferred shares to ordinary shares	0.40	-	-	447,573,531	179,029,412.40
Ending Ordinary Shares	0.40	<u>5,093,492,577</u>	<u>2,037,397,030.80</u>	<u>5,449,012,608</u>	<u>2,179,605,043.20</u>
<b>Issued and Paid-up Share Capital</b>					
Beginning Preferred Shares	0.40	192,118,226	76,847,290.40	639,691,757	255,876,702.80
Convertible from preferred shares to ordinary shares	0.40	-	-	(447,573,531)	(179,029,412.40)
Ending Preferred Shares	0.40	<u>192,118,226</u>	<u>76,847,290.40</u>	<u>192,118,226</u>	<u>76,847,290.40</u>
Beginning Ordinary Shares	0.40	3,862,348,930	1,544,939,572.00	3,414,708,896	1,365,883,558.40
Issue of ordinary shares from warrant	0.40	-	-	66,503	26,601.20
Convertible from preferred shares to ordinary shares	0.40	-	-	447,573,531	179,029,412.40
Ending Ordinary Shares	0.40	<u>3,862,348,930</u>	<u>1,544,939,572.00</u>	<u>3,862,348,930</u>	<u>1,544,939,572.00</u>

On 28 April 2017, in the Annual General Meeting of Shareholders No. 1/2017 has unanimously approved the resolution of allocation of net profit, capital decreasing, capital increasing, and allocation of newly issued ordinary shares. The details are below.

1. Approved the decrease of the Company's registered capital reduction in amount of Baht 384,386,698. 80 by cancelling the Company's unissued ordinary shares in amount of 960,966,747 shares at the par value of Baht 0.40 from Baht 2,256,452,333. 60 to Baht 1,872,065,634.80.
  - The amount of 200,000,000 capital increase ordinary shares at the par value of Baht 0.40 which issued by the Annual General Shareholders Meeting 1/2016, held on 29 April 2016.
  - Share accommodating exercise right under issued convertible denture in the amount of 80,854,563 shares.
  - Share accommodating exercise right under warrant to purchase the ordinary shares in the amount of 680,112,184 shares allocated to the shareholders on a pro-rata basis (MILL-W2). MILL-W2warrants were expired and no any of them were exercised.
2. Approved the increase of the Company's registered capital in amount of Baht 242,178,686.40 by issuing newly ordinary shares in amount of 605,446,716 shares at the par value of Baht 0.40. The registered capital will be changed from Baht 1,872,065,634. 80 to Baht 2,114,244,321.20.
  - Increasing of the company's registered capital under General Mandate in the amount of Baht 80,000,000 divided into the new ordinary shares in the number of 200,000,000 shares at a par value of Baht 0.40 or 4.93% paid-up capital to be offered under a Private Placement scheme for sale to the Private Placement Investors.
  - Specifying the purpose of utilizing in the amount of Baht 162,178,40.686, divided into the new ordinary shares in the number of 405,446,716 shares at a par value of Baht 0.40 to be reserved for the exercise of right under the warrants to purchase the Company's ordinary shares No.4. to be offered to the existing shareholders of the Company.

The Company registered its authorized share capital from Baht 2,179.61 million to Baht 2,037.40 million, from the former thousand shares of 5,449,013 to be the new thousand shares of 5,093,493 with registered authorized share capital of the Company at the Department of Business Development. Ministry of Commerce on 5 June 2017.

On 29 April 2016, in the Annual General Meeting of Shareholders No. 1/2016 has unanimously approved the resolution of allocation of net profit, capital decreasing, capital increasing, and allocation of newly issued ordinary shares. The details are below.

1. Unanimously approved decreasing of the Company's registered capital by Baht 80,000,000.00, by canceling the 200,000,000 unsold ordinary shares with a par value of Baht 0.40 per share, from the current registered capital of Baht 2,256,452,333.60 to Baht 2,176,452,333.00. The Company has registered the decrease capital with Business Development Department on 16 May 2016.
2. Unanimously approved increasing of the Company's registered capital type General Mandate by Baht 80,000,00.000, by issuing 200,000, 000new ordinary shares with a par value of Baht 40.0per share, from the registered capital of Baht 2,176,452, 60.333to Baht 2,256,452, 60.333. The Company has registered the increase capital with Business Development Department on 18 May 2016.

During the second quarterly 2016, have expressed intention to exercise the right to exercise the warrant at 2) MILL-W2 (45,550units converted to common stock 66,503 ordinary shares, of Bath 1.712 per share. The Company registered the increase of registered shares with the Ministry of Commerce on 13 June 2016.

## **26. 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. On 31 December 2016, the Company has accrued dividends for the year in the amount of Baht 19.50 million.

## **27. Capital Management**

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

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

As at 31 December 2017 and 2016 debt to equity ratio in the consolidated financial statements are 1.97 : 1 and 2.07 : 1, respectively.

As at 31 December 2017 and 2016 debt to equity ratio in the financial separate statements are 0.98 : 1 and 1.56 : 1, respectively.

## 28. 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	
	2017	2016	2017	2016
	Baht	Baht	Baht	Baht
Employees expenses	11,000,527,998.44	5,594,359,774.78	7,925,314,468.69	6,882,187,051.74
Purchases of finished goods and raw material	6,071,684,524.39	11,672,832,626.66	2,677,286,349.49	4,081,843,407.94
Change in finished goods and semi-finished goods	(314,669,553.32)	(560,487,483.82)	(375,072,392.17)	(71,379,141.02)
Losses on declining value of Inventory (reversal)	1,686,834.56	(74,147,316.35)	551,444.48	(69,952,113.17)
Staff costs	392,157,365.01	338,367,779.51	220,923,695.25	206,354,343.55
Depreciation on property, plant and equipment	218,040,364.54	212,535,926.56	55,651,986.92	56,783,431.52
Utilities expenses	664,533,617.74	400,699,225.65	141,397,734.31	149,445,860.05
Oil/gas	265,536,666.23	225,160,711.02	194,729,374.43	189,329,931.70
Cost of shutdown	78,127,599.88	146,183,441.15	7,821,765.38	-

## 29. Tax (Expense) Income

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

	Consolidated Financial Statements		Separate Financial Statements	
	For the year ended 31 December		For the year ended 31 December	
	2017	2016	2017	2016
	Baht	Baht	Baht	Baht
Current tax (expense) income	(6,383,938.45)	(4,255,209.91)	(1,650,683.91)	-
Prior year tax expense				
(Expenses) revenues deferred income tax	15,735,388.00	(6,481,941.66)	(250,616.35)	1,834,089.86
(Expense) revenues Income tax is recognized in the profit (loss) for the year	9,351,449.55	(10,737,151.57)	(1,901,300.26)	1,834,089.86



The difference between (expenses) revenue tax calculated from accounting profit at the tax rate for the year ended 31 December 2017 and 2016 at the rate of 20%, are as follows:

	Consolidated Financial Statements		Separate Financial Statements	
	2017	2016	2017	2016
	Baht	Baht	Baht	Baht
Profit (losses) before income tax	133,736,947.66	404,656,028.71	1,320,669,297.74	(375,088,424.73)
(Expenses) revenues tax calculated at the tax rate of 10%	(530,815.33)	-	(115,549,318.07)	-
(Expenses) revenues tax calculated at the tax rate of 20%	(25,685,758.87)	(80,931,205.74)	(33,035,223.41)	75,017,684.95
Impact of profit in foreign entities	(1,811,148.19)	156,018,161.10	-	-
The impact of tax rate in International Headquarters	(47,925.67)	-	-	-
The impact of income between related company	824,515.45	(69,759,467.41)	-	-
Profit sharing from equity accounted investment	(17,846,298.88)	(8,761,962.24)	-	-
Effect of income that is exempt from taxation	125,304,247.69	120,024,451.29	123,533,065.54	39,130,797.20
(Expenses) revenues not deductible for income tax	(111,084,867.40)	(93,454,700.59)	(5,130,121.44)	(64,876,770.55)
Tax losses in the year that are not recognized as deferred tax assets	(1,096,671.31)	(26,480,732.02)	28,280,297.10	(47,437,621.74)
Tax losses in prior year that are not recognized as deferred tax assets	41,326,172.06	14,082,607.18	-	-
(Expenses) revenues income tax is Recognized in the Profit (losses) for the year	9,351,449.55	(10,737,151.57)	(1,901,300.27)	1,834,089.86

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

	Consolidated Financial Statements		
	Amount	Revenues (Expenses)	Net of Taxes
	Before Taxes	Income Taxes	
	Baht	Baht	Baht
<b>For the year ended 31 December 2017</b>			
Gain (loss) on remeasurement of defined benefit plans	(1,905,288.08)	-	(1,905,288.08)
<b>For the year ended 31 December 2016</b>			
Gain (loss) on remeasurement of defined benefit plans	2,712,647.04	-	2,712,647.04

	Separate Financial Statements		
	Amount	Revenues (Expenses)	Net of Taxes
	Before Taxes	Income Taxes	
	Baht	Baht	Baht
<b>For the year ended 31 December 2017</b>			
Gain (loss) on remeasurement of			
defined benefit plans	(1,837,553.74)	-	(1,837,553.74)

<b>For the year ended 31 December 2016</b>			
Gain (loss) on remeasurement of			
defined benefit plans	1,056,407.24	-	1,056,427.24

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

	Consolidated Financial Statements		Separate Financial Statements	
	As at	As at	As at	As at
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
	Baht	Baht	Baht	Baht
Allowance for doubtful debts	420,732,796.25	444,004,221.60	350,506,077.09	436,934,348.11
Allowance for net realizable value				
of inventories	4,534,706.30	16,531,684.25	2,954,242.77	2,402,798.29
Retirement benefit obligations	38,332,121.10	24,148,224.00	19,765,538.74	16,700,037.00
Tax losses	1,317,155,125.96	1,491,674,278.59	-	21,924,168.56
Total	<u>1,780,754,749.61</u>	<u>1,976,358,408.44</u>	<u>373,225,858.60</u>	<u>477,961,351.96</u>

For the years ended 31 December 2017, 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		Separate Financial Statements	
	As at	As at	As at	As at
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
	Baht	Baht	Baht	Baht
Expiring year of tax benefits				
Year 2017	584,815.30	584,815.30	-	-
Year 2018	503,750,865.57	628,145,843.15	-	-
Year 2019	570,951,988.64	261,755,612.44	-	-
Year 2020	233,930,245.89	601,188,007.70	-	21,924,168.56
Year 2021	7,937,210.56	-	-	-
Total	<u>1,317,155,125.96</u>	<u>1,491,674,278.59</u>	<u>-</u>	<u>21,924,168.56</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.

### 30. Earnings (loss) per share

Basic earnings (loss) per share and diluted earnings (loss) per share for the year ended 31 December 2017 and 2016 are as follows:

1) 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	
	2017	2016	2017	2016
Basic (loss) earnings per share				
Profit (loss) attributable to owners of the parent (Baht)	143,088,397.22	395,495,197.93	1,318,767,997.48	(373,254,334.87)
<u>Less</u> Dividend of preference shares (Baht)	<u>(19,499,999.94)</u>	<u>(19,553,424.60)</u>	<u>(19,499,999.94)</u>	<u>(19,553,424.60)</u>
Interest expense of convertible bonds	-	-	-	-
Profit (loss) attributable to ordinary shareholders (Baht)	<u>123,588,397.28</u>	<u>375,941,773.33</u>	<u>1,299,267,997.54</u>	<u>(392,807,759.47)</u>
Weighted average number of ordinary shares				
in issue (Share)	3,862,348,930	3,785,597,291	3,862,348,930	3,785,597,291
Basic earnings (loss) per share (Baht)	0.03	0.10	0.34	(0.10)

2) The diluted earnings (loss) per share is calculated adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has three categories of dilutive potential ordinary shares: convertible preferred shares, convertible bonds, and warrants. The convertible preferred shares and convertible bonds are assumed to have been converted into ordinary shares. For the warrant, a calculation is made to determine the number of shares that could have been acquired at fair value (determined as the average annual by using daily market price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the warrant. The difference is added to the denominator as an issue of ordinary shares for no consideration. No adjustment is made to earnings.

	Consolidated Financial Statements		Separate Financial Statements	
For the year ended December 31,	2017	2016	2017	2016
Diluted earnings (loss) per share				
Profit (loss) attributable to owners of the parent (Baht)	123,588,397.28	375,941,773.33	1,299,267,997.54	(392,807,759.47)
<u>Add</u> Dividend of preference shares (Baht)	19,499,999.94	19,553,424.60	19,499,999.94	19,553,424.60
<u>Add</u> Interest expense of convertible bonds (Baht)	-	-	-	-
Profit (loss) attributable to owners of the parent (Baht)	143,088,397.22	395,495,197.93	1,318,767,997.48	(373,254,334.87)
Weighted average number of ordinary shares in issue (Shares)	3,862,348,930	3,785,597,291	3,862,348,930	3,785,597,291
Adjustments for				
- convertible bonds (Share)	192,118,226	-	192,118,226	-
- warrants (Share)	-	-	-	-
Weighted average number of ordinary shares for diluted earnings (loss) per share(Share)	4,054,467,156	3,785,597,291	4,054,467,156	3,785,597,291
Diluted earnings (loss) per share (Baht)	0.04	0.10	0.33	(0.10)

### 31. 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 2017 and 2016 was Baht 1,073.09 million and Baht 939.52 million, respectively to 5.37 percent and 4.89 percent of total sales of goods and services, respectively.

	Segment Producer		Segment Trading		Total	
	2017	2016	2017	2016	2017	2016
	'000 Baht	'000 Baht	'000 Baht	'000 Baht	'000 Baht	'000 Baht
In the country						
- External Customers	13,186,695	12,225,659	4,501,415	6,002,162	17,688,110	18,227,821
- Inter-Segment	2,865,596	4,712,502	991,773	968,220	3,857,369	5,680,722
Foreign countries						
- External Customers	1,946,229	907,661	348,343	78,112	2,294,572	985,773
- Inter-Segment	427,457	50,991	-	-	427,457	50,991
Total	<u>18,425,977</u>	<u>17,896,813</u>	<u>5,841,531</u>	<u>7,048,494</u>	<u>24,267,508</u>	<u>24,945,307</u>

#### Main Trader

For the year ended 31 December 2017, revenue from sales to external parties from the production of billet segment and scrap division are of Baht 3,416.56 million that are two subsidiaries product. The two subsidiaries have sold to four business partners of Baht 1,918.40 million. The goods is that the Company and a subsidiaries purchased from three of the said four business partner. The said two subsidiaries have sold the same type of goods to the said four business partners during the same time period or within short intervals of Baht 1,938.59 million. The Company and its subsidiary purchased the said goods to be used in the productions. The said four business partners have no relation with the Group Companies. The purchase and sale departments' execution were independent of each other and complied with the normal process of the Company and its subsidiary; the sale and purchase of the goods in the said nature are considered to be sale and purchase under the normal course of business.

### 32. Financial instruments

#### 32.1 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.

#### 32.1.1 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.

#### 32.1.2 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.

#### 32.1.3 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.

#### 32.1.4 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.

### 32.2 Risk management

#### 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 2017	31 December 2016	31 December 2017	31 December 2016
US Dollar				
- Average exchange rate (Baht/USD)	32.81	34.70 - 36.09	-	34.70 - 36.09
- Amount in foreign (USD)		76,303,327.10	-	11,572,080.13
	321,437.40			
- Amount in local currency (Baht)	10,544,952.51	1,087,134,261.90	-	416,477,776.65
EUR				
- Average exchange rate (Baht/ EUR)	39.04	-	39.04	-
- Amount in foreign (EUR)	2,676,251.59	-	2,676,251.59	-
- Amount in local currency (EUR)	104,473,221.38	-	104,473,221.38	-

### 32.3 Net fair values

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

	Consolidated Financial Statements			
	As at 31 December 2017		As at 31 December 2016	
	Foreign	Fair values	Foreign	Fair values
	currency	Favourable (unfavourable)	currency	Favourable (unfavourable)
		Baht		Baht
Derivative financial instruments (assets)				
- Foreign exchange forward contracts				
US Dollar				
- Current	-	-	74,979,090.70	64,132,445.31
- Foreign exchange forward contracts				
EUR				
- Current	321,437.40	(96,644.10)	-	-
Derivative financial instruments (liabilities)				
- Foreign exchange forward contracts				
US Dollar				
- Current	-	-	1,324,236.40	332,776.80
- Foreign exchange forward contracts				
EUR				
- Current	2,676,251.59	(4,580,549.27)	-	-

Separate Financial Statements				
As at 31 December 2017		As at 31 December 2016		
Foreign	Fair values	Foreign	Fair values	
currency	Favourable	currency	Favourable	
	(unfavourable)		(unfavourable)	
	Baht		Baht	
Derivative financial instruments (assets)				
- Foreign exchange forward contracts				
US Dollar				
- Current	-	10,247,843.73	3,650,244.30	
Derivative financial instruments (liabilities)				
- Foreign exchange forward contracts				
US Dollar				
- Current	-	1,324,236.40	322,776.80	
- Foreign exchange forward contracts				
EUR				
- Current	2,676,251.59	(4,580,549.27)	-	-

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.

### 32.3.2 Financial assets and liabilities not recognized by fair value

Book value of financial assets and liabilities which consists of cash and cash equivalents, short-term loans, trade accounts receivables and trade accounts payable, receivables and payables to related party, trade and other payables and short-term loans, does not differ from their fair values since these financial assets and liabilities are matured in near term.

### 33. 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.

The following significant transactions were carried out with business alliances:

#### 33.1 Revenue and Expenses of Intercompany

	Consolidated Financial Statements		Separate Financial Statements	
	For the year end		For the year end	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
	Baht	Baht	Baht	Baht
<b>Revenue</b>				
Revenuesales	357,753,136.75	420,480,067.96	227,842,936.04	266,111,160.13
<b>Purchase of goods and services</b>				
Purchase of goods	25,909,451.15	24,160,780.76	-	-

### 33.2 Assets and Liabilities of Intercompany

	Consolidated Financial Statements		Separate Financial Statements	
	As at	As at	As at	As at
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
	Baht	Baht	Baht	Baht
Trade accounts receivable	44,817,258.63	68,793,546.07	26,006,856.87	54,236,399.25
Trade accounts payable	626,725.54	2,266,121.66	-	1,052,292.26

### 34. 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:

#### 34.1 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 by power to control
Quest Capital Investment Limited	Subsidiary Company by indirect shareholding 100%
Millcon Thiha Limited	Subsidiary Company by direct shareholding 51.00%
Millcon Mauritius Company Limited	Subsidiary Company by power to control (The Company's dissolution on 19 <sup>th</sup> January 2017)
Millcon Steel Pipe Company Limited	Subsidiary Company by direct shareholding 100%
Saharum Construction Materials Company Limited	Subsidiary Company by direct shareholding 100%
Suntech Metals Company Limited	Subsidiary Company by direct shareholding 99.99%
World Wide Processing Company Limited	Subsidiary Company by direct shareholding 99.99% (formerly, it is a Subsidiary Company by in direct shareholding 99.99% until 28 June 2016)
I-Gen Engineering Company Limited	Associated Company by holding share 40%
Built One Group Company Limited (Formerly name, Long Kong Studio Company Limited)	Associated Company by holding share of 34.60%
Complete Transport Co., Ltd.	Associated Company by holding share 25.00%

<u>Parties' Name</u>	<u>Relationship</u>
Kobelco Millcon Steel Company Limited	Joint Venture by each party holds share of 50.00% (formerly; a Subsidiary Company by direct shareholding 99.99% until 16 February 2016)
Wisdom Tree Investment(S) Pte. Limited	Joint Venture by holding share 45.00%
Ocean Supply Company Limited	Joint Venture by indirect shareholding of 50.00%
General Engineering PCL.	Related Company by holding share of 18%
Million Miles Company Limited	Related Company by indirect shareholding 12.10% with co-director(and sold investment on 13 July 2016)
Millcon Thiha GEL Limited	Related Company of Wisdom Tree Investment (S) Pte. Limited
R.S.P. Steel Company Limited	Related Company with co-director
AEC Power Engineering Company Limited	Related to a director of a subsidiary (I-GEN Engineering Company Limited)
Bulk Asia Co., Ltd.	Related Company by indirect shareholding
I-Gen Powertech Co., Ltd.	Related Company by indirect shareholding

## 34.2 Revenue and Expenses of Intercompany

	Consolidated Financial Statements		Separate Financial Statements	
	For the year end		For the year end	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
	Baht	Baht	Baht	Baht
<b>Inter-transaction with subsidiaries</b>				
(Eliminated from consolidated financial statements)				
Revenuesales of goods and services	-	-	1,254,196,521.47	1,062,533,319.78
Rental income	-	-	20,332,800.00	20,332,800.00
Other income	-	-	13,816,636.52	-
Dividend income	-	-	1,149,639,527.36	-
Interest Income	-	-	12,287,499.11	12,460,056.19
Purchase of goods and services	-	-	2,276,397,372.02	3,682,536,293.40
Costs of Production and Services	-	-	11,756,457.28	12,905,712.12
Sellingand Administrative expenses	-	-	1,456,011.74	4,093,201.94
Interest expenses	-	-	213,184.93	-
<b>Inter-transaction with associates</b>				
Revenuesales of goods and services	54,160.00	439,400.00	-	-
Dividend income	2,000,010.00	4,000,000.00	2,000,010.00	4,000,000.00
Rental income	277,920.00	-	-	-
Other income	1,560,000.00	-	1,560,000.00	-
Interest Income	953,989.73	-	-	-
Purchase of goods and services	44,360,757.60	25,840,997.11	42,874,822.60	16,575,727.11
Purchase of assets	2,034,800.00	-	-	-
Costs of Production and Services	6,019,239.00	-	6,013,002.00	-
Sellingand Administrative expenses	65,819,619.06	4,276,417.40	-	4,276,417.40
<b>Inter-transaction with joint ventures</b>				
Revenuesales of goods and services	1,134,094,337.32	1,697,341,547.48	-	5,503,150.42
Other income	7,580,199.56	6,857,554.33	7,460,199.56	6,857,554.33
Interest Income	4,006,575.35	-	-	-
Interest expenses	202,307.84	-	-	-
Purchase of goods and services	1,390,425,067.34	1,521,390,017.02	722,400,485.06	1,521,390,017.02
Sellingand Administrative expenses	9,667,699.94	12,000.00	9,667,699.94	12,000.00



	Consolidated Financial Statements		Separate Financial Statements	
	For the year end		For the year end	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
	Baht	Baht	Baht	Baht
<b>Inter-transaction with related entities</b>				
Revenuesales of goods and services	253,412,356.07	140,730,510.17	193,565,277.62	122,576,451.94
Profit and loss form sales fixed assets	47,278,511.73	1,103,337.62	47,278,511.73	1,103,337.62
Rental income	-	1,280,000.00	-	-
Interest Income	4,267,900.59	-	4,209,000.59	-
Interest Income	1,733,115.07	-	1,733,115.07	-
Purchase of goods and services	52,136,500.70	50,479,430.02	-	31,207,132.85
Purchase of assets	1,965,000.00	15,511,475.67	-	-
Costs of Production and Services	2,226,000.00	-	2,226,000.00	-
Sellingand Administrative expenses	1,196,792.00	1,376,792.00	954,792.00	866,792.00

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.

### 34.3 Assets and Liabilities of Intercompany

	Consolidated Financial Statements		Separate Financial Statements	
	As at	As at	As at	As at
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
	Baht	Baht	Baht	Baht
<b>Assets</b>				
Trade accounts receivable				
Subsidiaries				
Millcon Burapa Co., Ltd.	-	-	-	174,755,177.72
Saharuam Construction Materials Co., Ltd.	-	-	46,901,353.56	46,932,356.36
Suntech Metals Co., Ltd.	-	-	49,779,986.64	12,082,602.64
Millcon Thiha Limited	-	-	233,159,872.36	51,465,117.24
Associated				
I-Gen Engineering Co., Ltd.	27,627.20	470,158.00	-	-
Joint Venture				
Kobelco Millcon Steel Co., Ltd.	233,480,927.10	-	-	-

	Consolidated Financial Statements		Separate Financial Statements	
	As at	As at	As at	As at
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
	Baht	Baht	Baht	Baht
Trade accounts receivable (Continue)				
Related parties				
General Engineering Pub Co., Ltd.	46,968,916.58	8,398,454.49	41,994,220.13	6,510,522.01
R.S.P. Steel Co., Ltd.	7,640,260.52	1,760,604.41	7,362,098.50	-
Builk Asia Co., Ltd.	26,891,881.97	-	19,772,891.22	-
Total	<u>315,009,613.37</u>	<u>10,629,216.90</u>	<u>398,970,422.41</u>	<u>291,745,775.97</u>
Short-term loans				
Subsidiaries				
Millcon Thiha Limited	-	-	-	896,948.26
Associated				
I-Gen Engineering Co., Ltd.	30,700,000.00	-	30,700,000.00	-
Joint Venture				
Ocean Supply Company Limited	<u>120,000,000.00</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>150,700,000.00</u>	<u>-</u>	<u>30,700,000.00</u>	<u>896,948.26</u>
Advances for Goods				
Subsidiaries				
Suntech Metals Co., Ltd.	-	-	-	694,622.00
Joint Venture				
Ocean Supply Company Limited	14,314,856.57	-	-	-
Related parties				
Millcon Thiha GEL Limited	<u>9,635,054.37</u>	<u>32,226,747.34</u>	<u>-</u>	<u>-</u>
Total	<u>23,949,910.94</u>	<u>32,226,747.34</u>	<u>-</u>	<u>694,622.00</u>
Advances				
Subsidiaries				
Millcon Burapa Co., Ltd.	-	-	-	180,065,693.24
Millcon Thiha Limited	-	-	-	495,132.45
Millcon Steel Pipe Company Limited	-	-	76,000,000.00	-
World Wide Processing Co., Ltd.	-	-	-	66,224.16
Millcon Mauritius Company Limited	-	-	-	466,146.25
Quest Capital Investments Limited	-	-	-	11,641,375.00
Less Allowance for doubtful debt	<u>-</u>	<u>-</u>	<u>-</u>	<u>(9,209,442.00)</u>
Net	<u>-</u>	<u>-</u>	<u>76,000,000.00</u>	<u>183,525,129.10</u>

	Consolidated Financial Statements		Separate Financial Statements	
	As at	As at	As at	As at
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
	Baht	Baht	Baht	Baht
Advances (Continue)				
Associated				
I-Gen Engineering Co., Ltd.	21,116.47	7,650,740.91	21,116.47	7,650,740.91
Joint Venture				
Kobelco Millcon Steel Co., Ltd.	3,169,038.00	3,219,970.00	3,169,038.00	3,219,970.00
Ocean Supply Company Limited	74,620.00	-	-	-
Related parties				
R.S.P. Steel Co., Ltd.	4,850,000.00	-	-	-
Millcon Thiha GEL Limited	910,629.30	4,412,099.27	509,788.98	773,566.61
General Engineering Pub Co., Ltd.	271,755.96	42,133.69	271,755.96	42,133.69
Total	<u>9,297,159.73</u>	<u>15,324,943.87</u>	<u>79,971,699.41</u>	<u>195,211,540.31</u>
Other deposit				
Associated				
I-Gen Engineering Co., Ltd.	1,190,621.07	1,206,820.07	-	1,206,820.07
Complete Transport Co., Ltd.	1,649,384.62	-	-	-
Total	<u>2,840,005.69</u>	<u>1,206,820.07</u>	<u>-</u>	<u>1,206,820.07</u>
Other Advances				
Subsidiaries				
Millcon Thiha Limited	-	-	30,462,820.09	14,382,337.08
Advance Payment for Shares				
Associated				
I-Gen Engineering Co., Ltd.	-	14,999,800.00	-	14,999,800.00
Related parties				
R.S.P. Steel Co., Ltd.	5,928.00	-	-	-
Accrued Income				
Associated				
Complete Transport Co., Ltd.	201,828.00	-	-	-
Accrued Interest Receivable				
Subsidiaries				
Suntech Metals Co., Ltd.	-	-	4,090,252.48	6,235,775.49
Millcon Thiha Limited	-	-	-	74,545.63
World Wide Processing Co., Ltd.	-	-	-	9,718,596.13

	Consolidated Financial Statements		Separate Financial Statements	
	As at	As at	As at	As at
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
	Baht	Baht	Baht	Baht
Accrued Interest Receivable (Continue)				
Joint Venture				
Ocean Supply Company Limited	4,006,575.35	-	-	-
Total	<u>4,006,575.35</u>	<u>-</u>	<u>4,090,252.48</u>	<u>16,028,917.25</u>
Other Current Assets				
Subsidiaries				
Millcon Burapa Co., Ltd.	-	-	8,988,000.00	-
Millcon Steel Pipe Co., Ltd.	-	-	12,099,766.89	3,136,459.13
Saharuam Construction Materials Co., Ltd.	-	-	192,600.00	-
Suntech Metals Co., Ltd.	-	-	64,200.00	-
Millcon (HK) Limited			11,641,375.00	
Millcon Thiha Limited	-	-	1,724,276.02	1,472,266.63
Associated				
I-Gen Engineering Co., Ltd.	321,000.00	-	321,000.00	-
Builk One Group Company Limited	235,400.00	-	235,400.00	-
Joint Venture				
Kobelco Millcon Steel Co., Ltd.	599,800.00	2,675,000.00	535,000.00	2,675,000.00
Ocean Supply Company Limited	4,200.00	-	-	-
Related parties				
Millcon Thiha GEL Limited	12,276,385.47	2,086,124.67	12,276,385.47	2,086,124.67
I-Gen Powertech Co., Ltd	<u>37,772,025.00</u>	<u>-</u>	<u>37,772,025.00</u>	<u>-</u>
Total	<u>51,208,810.47</u>	<u>4,761,124.67</u>	<u>85,850,028.38</u>	<u>9,369,850.43</u>
Long-Term Loan				
Subsidiaries				
Suntech Metals Co., Ltd.	-	-	233,090,111.00	233,090,111.00
Accrued guarantee receivable				
Joint Venture				
Kobelco Millcon Steel Co., Ltd.	1,139,120.87	-	1,139,120.87	-

	Consolidated Financial Statements		Separate Financial Statements	
	As at	As at	As at	As at
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
	Baht	Baht	Baht	Baht
<b>Liability</b>				
Account Payable				
Subsidiaries				
Millcon Steel Pipe Co., Ltd.	-	-	164,063.10	68,352.97
Suntech Metals Co., Ltd.	-	-	4,906,833.29	-
Saharuam Construction Materials Co., Ltd.	-	-	1,215.00	103,665.02
Associated				
I-Gen Engineering Co., Ltd.	2,351,062.35	2,574,580.50	1,506,136.85	1,490,456.50
Complete Transport Co., Ltd.	-	-	-	-
Joint Venture				
Kobelco Millcon Steel Co., Ltd.	81,475,882.91	325,436,594.39	57,431,971.21	322,046,310.09
Ocean Supply Company Limited	93,141,937.36	-	-	-
Related parties				
Million Miles Co., Ltd.	-	101,982.00	-	-
Bulk Asia Co., Ltd	10,070,619.15	-	-	-
Total	<u>187,039,501.77</u>	<u>328,113,156.89</u>	<u>64,010,219.45</u>	<u>323,708,784.58</u>
Advance received of goods				
Related parties				
General Engineering Pub Co., Ltd.	1,493,871.84	25,200,000.00	1,493,871.84	25,200,000.00
Short-term Loans				
Subsidiaries				
Millcon (HK) Limited	-	-	1,176,693,064.03	1,190,497,458.54
Other Liabilities (Accrued Expenses)				
Subsidiaries				
Suntech Metals Co., Ltd.	-	-	213,533.98	-
Millcon Burapa Co., Ltd.	-	-	970,969,788.81	-
Associated				
I-Gen Engineering Co., Ltd.	2,077,726.00	4,265.04	2,033,000.00	4,265.04
Complete Transport Co., Ltd	4,588,653.87	2,718,400.55	2,837,990.85	2,718,400.55

	Consolidated Financial Statements		Separate Financial Statements	
	As at	As at	As at	As at
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
	Baht	Baht	Baht	Baht
Other Liabilities (Accrued Expenses) (Continue)				
Related parties				
Million Miles Co., Ltd.	-	2,000.00	-	2,000.00
Millcon Thiha GEL Limited	21,881.28	-	-	-
R.S.P. Steel Co., Ltd.	44,776.00	45,776.00	36,776.00	34,776.00
Builk Asia Co., Ltd	42,800.00	42,800.00	42,800.00	42,800.00
Shareholders	-	3,114,647.77	-	3,114,647.77
Total	<u>6,775,837.15</u>	<u>5,927,889.36</u>	<u>976,133,889.64</u>	<u>5,916,889.36</u>
Other liabilities (Paid-up share)				
Subsidiaries				
Suntech Metals Co., Ltd.	-	-	165,410.95	-
Associated				
Builk One Group Company Limited	-	8,680,150.00	-	8,680,150.00
Total	<u>-</u>	<u>8,680,150.00</u>	<u>165,410.95</u>	<u>8,680,150.00</u>

As at 31 December 2017 and 31 December 2016, the whole short-term loans to subsidiary company are in form of at call of contract with interest rate at 0.50% per month, equally.

As at 31 December 2017, the whole short-term loans to associated company are in form of at call of contract with interest rate at 5.25% per annum.

As at 31 December 2017, the whole short-term loans to joint ventures are in form of at call of contract with interest rate at 10% per annum.

As at 31 December 2017 and 31 December 2016, the whole long-term loans to subsidiary company are in form of promissory notes, due at 28 June 2019 with interest rate at 5.25% per annum, equally for two periods.

As at 31 December 2017 and 31 December 2016, the whole short-term loans from subsidiary company are in form of at call of contract with no interest rate, equally for two periods.



#### 34.4 Key Management Personnel Compensation

	Consolidated Financial Statements		Separate Financial Statements	
	For the year end	For the year end	For the year end	For the year end
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
	Baht	Baht	Baht	Baht
Short-term benefits	55,982,003.66	52,966,863.19	38,364,177.66	36,508,032.19
Post-employment benefits	615,522.00	573,830.00	615,522.00	573,830.00
Total	<u>56,597,525.66</u>	<u>53,540,693.19</u>	<u>38,979,699.66</u>	<u>37,081,862.19</u>

#### 35. Non-cash flow transactions

Consist of:

	Consolidated Financial Statements		Separate Financial Statements	
	For the year end		For the year end	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
	Baht	Baht	Baht	Baht
Gain (losses) on actuarial	1,905,288.08	2,712,647.04	1,837,553.74	1,056,407.24
Transfer short-term loans to related parties to long-term loan	-	-	-	233,090,111.00
Transfer asset-held-for-sale to be an investment property	-	509,751,150.17	-	509,751,150.17
Transfer investment in subsidiary to be an investment in joint venture	-	-	-	1,418,956,805.41
Purchase of fixed assets with credit	-	1,778,469.56	4,524,376.23	134,920.56
Purchase of fixed assets with Finance leases	-	-	2,960,000.00	-
Investment property sales on credit	37,772,025.00	-	13,183,320.87	-
Transfer test run product to assets	-	165,175,998.39	-	-
Transfer capitalized interest to be property, plant and equipment	-	2,395,859.32	-	-
Transfer advance payment for shares to be an investment in an associated	-	3,468,750.00	-	3,468,750.00
Investment in associated which not paid up	-	8,680,150.00	-	8,680,150.00
Advances to subsidiary and trade accounts payable decreased by offsetting debt	-	-	-	6,615,725.05

	Consolidated Financial Statements		Separate Financial Statements	
	For the year end		For the year end	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
	Baht	Baht	Baht	Baht
Advances to related party				
decreased by offsetting debt	-	-	11,641,375.00	-
Dividend received	1,149,639,527.36	-	1,149,639,527.36	-
Accrued dividend	-	-	3,103,682.82	3,105,158.82

### 36. Guarantees

#### 36.1 Guarantee contract

Guarantee contracts as at 31 December 2017 and 2016 comprise the following:

	Consolidated Financial Statements		Separate Financial Statements	
	As at	As at	As at	As at
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
	Baht	Baht	Baht	Baht
Guarantee of Subsidiary				
Companies's liabilities	173,739,881.45	38,334,380.06	173,739,881.45	38,334,380.06
Guarantee of Join Venture				
Companies's liabilities	10,000,000.00	-	10,000,000.00	-
Guarantee of related				
Companies' liabilities	6,072,500.00	-	6,072,500.00	-

The Company has guaranteed of credit facilities include overdraft, letter of credit, trust receipt, promissory note, forward contracts, with financial institutions to two subsidiaries of the total amount of Baht 525 million. The facility is fully guaranteed and there is land and machinery of subsidiaries company, company and one of company's committee.

The Company has loans' guaranteed under syndicate loan agreement for a joint venture company with its holding portion at 50%.

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.

#### 36.2 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	As at	As at	As at
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
In respect of electricity usage (Baht)	110,805,800.00	109,893,700.00	7,874,800.00	6,962,700.00
In respect of purchase of gas-petroleum (Baht)	27,000,000.00	27,000,000.00	7,000,000.00	7,000,000.00
In respect of purchase of goods and services				
- Thai Baht (Baht)	1,500,000.00	-	-	-
- Dollar (USD)	1,465,000.00	-	1,465,000.00	-
Guarantees the use of untreated water	353,000.00	353,000.00	-	-
Aval note (Baht)	1,485,173,550.00	852,247,113.46	849,000,000.00	300,000,000.00

### 37. 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	As at	As at	As at
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
Operating Lease Commitments (Baht)	28,825,516.46	47,513,005.23	43,111,264.06	28,074,582.03
Capital Expenses (Baht)	-	481,643.19	-	-
Letter of Credit for Purchase of				
Goods Commitments				
- Thai Baht (Baht)	-	466,875,434.92	-	-
- Dollar (USD)	8,189,600.00	-	-	-
Shipping guarantee Commitments	5,334,227.70	2,006,428.53	3,145,650.00	573,804.52
- Dollar (USD)				
Service Contract Commitments (Baht)	-	5,675,763.60	-	5,675,763.60

### 38. Lawsuits

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 and appeal court has decided to dismiss the case by denying to revoke the

settlement agreement. And later on 24 November 2016, the plaintiff has filed to the Supreme Court for his appeal.  
As at 31 December 2017, the case is in the proceeding of the Supreme Court.

### 39. Promotional privileges

The Company received promotional privileges from the Board of Investment as follow:

Millcon Steel Public Company Limited ( "The Company") and Millcon Burapa Co., Ltd. ( "Subsidiary") was granted the promotional certificates from the Board of Investment 2 promotional certificates on investment promotion act B.E. 2520. Under these privileges, the Company had received exemption from import duty on machinery and raw materials or necessary supplier imported from oversea for export production and exemption from corporate income tax for a period of 5-13 years from the date of commencement of earning promoted revenue, as follow:

<u>Certificate No.</u>	<u>Date</u>	<u>Promoted activity types</u>	<u>Commenced date</u>	<u>Expire date</u>
			<u>of revenues generated</u>	
9021(2)/2554	21 April 2011	Section2.13 Steel Bar	15 June 2013	15 June 2018
1653/2539	26 May 2010	Section2.15 Wire rod, Steel bar, Billet	26 March 2012	26 March 2025

### 40. Reclassification of accounts

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

	CONSOLIDATED FINANCIAL STATEMENTS			SEPARATE FINANCIAL STATEMENTS		
	As		As	As		As
	previously reported	Reclassified	currently reported	previously reported	Reclassified	currently reported
	<u>'000 Baht</u>	<u>'000 Baht</u>	<u>'000 Baht</u>	<u>'000 Baht</u>	<u>'000 Baht</u>	<u>'000 Baht</u>
<b>STATEMENTS OF FINANCIAL POSITION</b>						
<b>As at 1 January 2016</b>						
<b>CURRENT ASSETS</b>						
Cash and cash equivalents	468,684	(183,960)	284,724	364,031	(183,961)	180,070
Restricted deposits at financial institutions	433,404	176,767	610,171	393,204	176,767	569,971
Current investments	-	7,194	7,194	-	7,194	7,194
Trade and other current receivables	-	3,086,960	3,086,960	-	1,829,160	1,829,160
Trade accounts and notes receivable	2,650,620	(2,265,620)	-	1,219,559	(1,219,559)	-

	CONSOLIDATED FINANCIAL STATEMENTS			SEPARATE FINANCIAL STATEMENTS		
	As		As	As		As
	previously reported	Reclassified	currently reported	previously reported	Reclassified	currently reported
	<u>'000 Baht</u>	<u>'000 Baht</u>	<u>'000 Baht</u>	<u>'000 Baht</u>	<u>'000 Baht</u>	<u>'000 Baht</u>
Advances to suppliers for purchases of goods	-	-	-	89,056	825,418	914,474
Advances to related parties	341	(341)	-	1,349,825	(1,349,825)	-
Current tax assets	-	1,307	1,307	-	-	-
Other current assets	470,516	(470,516)	-	117,135	(117,135)	-
<b>NON-CURRENT ASSETS</b>						
Other non-current assets	12,308	33,209	45,517	5,021	31,941	36,962
<b>CURRENT LIABILITIES</b>						
Trade and other current payables	-	893,845	893,845	-	961,657	961,657
Trade accounts payable	691,681	(691,681)	-	901,546	(901,546)	-
Accounts payable for purchase of fixed assets	209	(209)	-	-	-	-
Other current liabilities	201,955	(201,955)	-	60,111	(60,111)	-
<b>STATEMENTS OF FINANCIAL POSITION</b>						
<b>As at 31 December 2016</b>						
<b>CURRENT ASSETS</b>						
Cash and cash equivalents	563,986	(110,197)	453,789	439,138	(76,219)	362,919
Restricted deposits at financial institutions	507,056	101,556	608,612	446,856	67,579	534,435
Current investments	-	8,641	8,641	-	8,641	8,641
Trade and other current receivables	-	2,276,743	2,276,743	-	1,463,611	1,463,611
Trade accounts and notes receivable	1,963,216	(1,963,216)	-	1,168,034	(1,168,034)	-
Advances to suppliers for purchases of goods	497,517	95,396	592,913	474,101	69,783	543,884
Advances to related parties	15,325	(15,325)	-	195,212	(195,212)	-
Current tax assets	-	3,468	3,468	-	1,176	1,176
Other current assets	399,838	(399,838)	-	199,638	(199,628)	-
<b>NON-CURRENT ASSETS</b>						
Other non-current assets	11,936	2,772	14,708	5,148	28,303	33,451
<b>CURRENT LIABILITIES</b>						
Trade and other current payables	-	1,169,712	1,169,712	-	582,704	582,704
Trade accounts payable	914,282	(914,282)	-	520,463	(520,463)	-
Advances from customers for sales of goods	1,339,970	40,872	1,380,842	-	-	-

	CONSOLIDATED FINANCIAL STATEMENTS			SEPARATE FINANCIAL STATEMENTS		
	As		As	As		As
	previously reported	Reclassified	currently reported	previously reported	Reclassified	currently reported
	<u>'000 Baht</u>	<u>'000 Baht</u>	<u>'000 Baht</u>	<u>'000 Baht</u>	<u>'000 Baht</u>	<u>'000 Baht</u>
Accounts payable for purchase of						
fixed assets	-	-	-	144	(144)	-
Other current liabilities	296,302	(296,302)	-	62,097	(62,097)	-
<b>STATEMENTS OF COMPREHENSIVE INCOME</b>						
<b>For the year ended 31 December 2016</b>						
Cost of sales and services	(17,596,490)	(146,183)	(17,742,673)	-	-	-
Cost of shutdown	(146,183)	146,183	-	-	-	-
Dividend income	-	-	-	-	4,000	4,000
Other income	-	-	-	65,032	(8,979)	56,053
Other expenses	-	-	-	(9,170)	4,979	(4,191)

#### 41. Other Information

On 28 April 2017, the annual general meeting of shareholders for 2016 has passed the resolution to approve the Company and its Subsidiary, Saharuum Construction Material Co., Ltd. ("Saharuum") entering into the Sale and Purchase Agreement for land, building and machines with R.S.P. Steel Co., Ltd. ("RSP"). A selling price of the agreement will not exceed of Baht 204,000,000. RSP is the juristic person which connected with the company. Currently, it is in progress in buying.

#### 42. Event after reporting period

The Board of Directors Meeting of Millcon Steel Plc. ("the Company") No. 2018/1 held on February 27, 2018 had resolved and approved to establish the Joint Venture Company between the Company and PT. Artha Metal Sinergi under the name of PT. Artha Millcon International which located at Republic of Indonesia, the ratio of joint-invested is equally (50:50 for each party, to conduct of distribution steel products and to study Indonesia market which is a fastest-growing country as well as large market, and has the largest population in Southeast Asia.

#### 43. Approval of the financial statements

The financial statements have been approved for issuance by MILLCON STEEL PUBLIC COMPANY LIMITED's board of directors on 27 February 2018.



