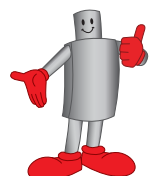
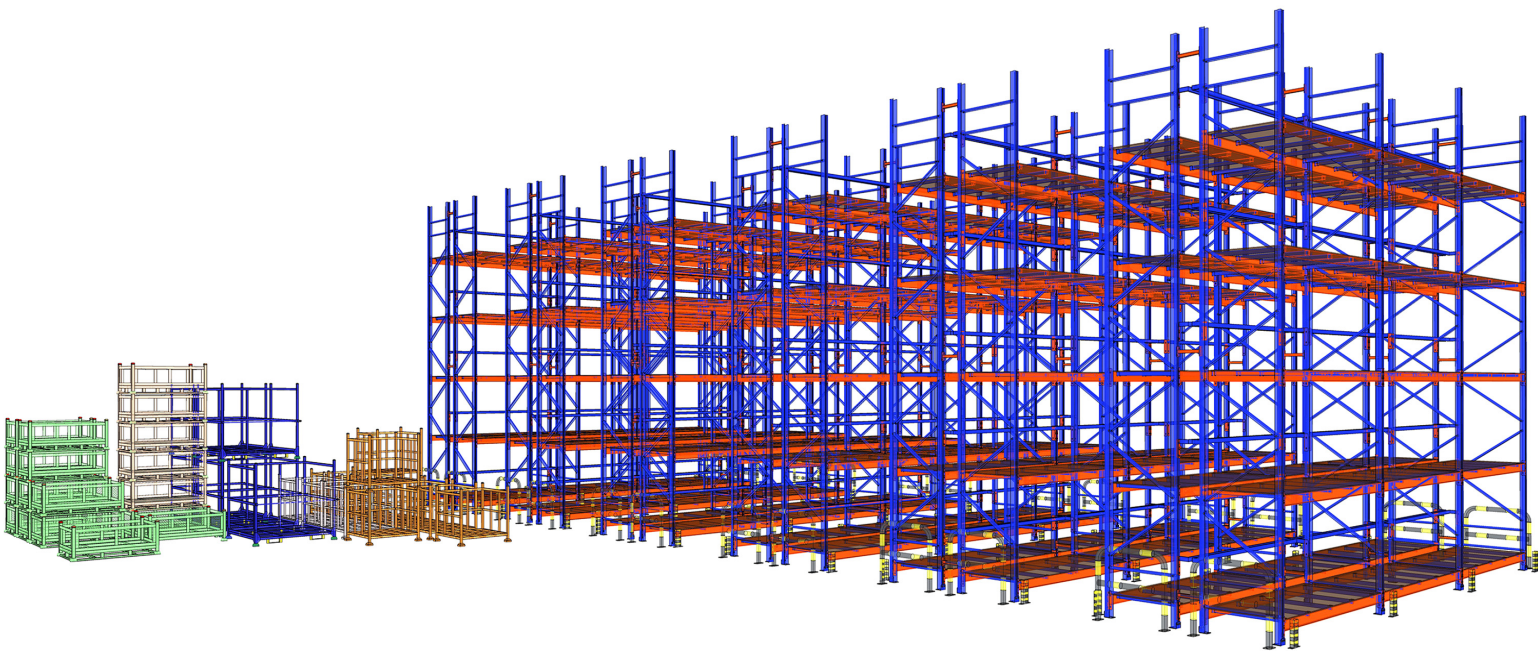


# ANNUAL REPORT 2015

Our services start before we sell.  
Customer satisfaction is our first priority.  
We build our reputation on quality.  
We build our future on your satisfaction.

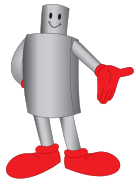




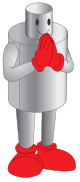
# INNOVATION FOR Material Handling Equipment







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## MESSAGE FROM THE CHAIRMAN

**CITY STEEL PCL.**  
*Metal TECHNOLOGY™*

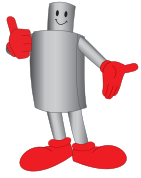
During the year 2014/2015, the Group had faced a volatile economic condition. In the first half of the fiscal year, the Group could generate more profits than the same period of the previous year. But during the second half of the fiscal year, the Group was affected by the global economic recession, which derived from a decline in economic condition in European countries, and a fragile recovery of the United States economy, as well as a worse-than-expected China economy. These factors contributed to a continuously decline in Thailand exports. Additionally, the negative effects of a sluggish domestic economy, a vague government's infrastructure investment projects, a high level of personal debt that diminishes the domestic consumptions, along with a lack of confidence of industrial sectors that stalls the private investments, had caused the Group's operating results in the second half of the year to be lower than anticipated.

However, the Group had closely monitored the economic situation and had constantly adjusted operating strategies to cope with the weakening economic condition. There was an improvement in management and production processes to make those operations become more efficient, which would help reducing costs and expenses during the economic downturn. Because of these adjustments, the Group's operating results slightly decreased when compared to a decrease in total revenues. As a result, the Group's net profit margins slightly increased from those of the previous year.

As the Group had employed prudent business policies and determined to manage the operations carefully, the Group was able to overcome obstacles and challenges that had encountered in the past years. The Group still determines to hold on to these principles and policies in order to move forward to become a leader in the manufacturing and sales of metal products industry by manufacturing and providing high quality products and services to satisfy our customers. In addition, the Group has determined to implement the Anti-Corruption policies and to operate businesses with social responsibilities, which the Group strongly believed that they are the important foundations for sustainable growth.

Finally, we would like to thank all of our staffs for the commitment and dedication. Also, we would like to express our gratitude to our shareholders, customers, business alliances and partners, and all relevant parties for your well supports over the years. The Group will strive to efficiently operate the businesses and manage the operations according to the Good Corporate Governance practices by operating with transparency, fairness, and concerns of the interests of all the stakeholders. These principles are important factors that will foster the Group toward sustainable growth in the future.

Mr. Charoenpong Ongwongsakul  
Chairman of the Board of Directors



## GENERAL INFORMATION

**CITY STEEL** PCL.  
Metal **TECHNOLOGY**™

Company Name	:	City Steel Public Company Limited (“The Company”)
Symbol	:	CITY
Type of Business	:	Holding Company, invests in 4 subsidiaries, which are Siam ISO Pro Company Limited, Mark Worldwide Company Limited, City Steel Products Company Limited, and CT Universal Company Limited
Head Office’s Address	:	88/3 Moo 4, Bypass Road, Nongmadaeng, Muang, Chonburi, 20000
Branch 1’s Address	:	120 Moo 3, Sukhumvit Road, Bansuan, Muang, Chonburi, 20000
Registered Number	:	0107547000931
Registered Capital	:	THB 300,000,000
Paid Up Capital	:	THB 300,000,000
Share Type	:	Common share 300,000,000 shares
Par Value	:	THB 1 each
Website	:	<a href="http://www.citysteelpcl.com">http://www.citysteelpcl.com</a>
E-mail Address	:	<a href="mailto:city@wkpgroup.com">city@wkpgroup.com</a> , <a href="mailto:ir@wkpgroup.com">ir@wkpgroup.com</a>
Telephone Number	:	(038) 782-064-68
Fax Number	:	(038) 782-069-70



## DETAILS OF SUBSIDIARIES



### SIAM ISO PRO COMPANY LIMITED

Type of Business	:	Merchandising industrial materials and machinery, investing, and overseeing new business expansion
Head Office's Address	:	88/2 Moo 4, Bypass Road, Nongmairdaeng, Muang, Chonburi, 20000
Registered Number	:	0205546002113
Registered Capital	:	THB 154,000,000
Paid Up Capital	:	THB 112,000,000 (As at July 31, 2015)
Share Type	:	Common share 15,400,000 shares
Par Value	:	THB 10 each
E-mail Address	:	isopro@wkpgroup.com
Telephone Number	:	(038) 782-064-68
Fax Number	:	(038) 782-069-70



### MARK WORLDWIDE COMPANY LIMITED

Type of Business	:	Manufacturing and sales of metal products
Head Office's Address	:	41/58-61 Moo 1, Bypass Road, Bansuan, Muang, Chonburi, 20000
Branch 1's Address	:	120, 122/8 Moo 3, Sukhumvit Road, Bansuan, Muang, Chonburi, 20000
Branch 2's Address	:	88/5 Moo 4, Bypass Road, Nongmairdaeng, Muang, Chonburi, 20000
Registered Number	:	0205544011158
Registered Capital	:	THB 295,000,000
Paid Up Capital	:	THB 280,200,000 (As at July 31, 2015)
Share Type	:	Common share 29,500,000 shares
Par Value	:	THB 10 each
E-mail Address	:	mark@wkpgroup.com
Telephone Number	:	(038) 287-111
Fax Number	:	(038) 289-151-3



### CITY STEEL PRODUCTS COMPANY LIMITED

Type of Business	:	Manufacturing and sales of metal products
Head Office's Address	:	88/20 Moo 10, Bypass Road, Napa, Muang, Chonburi, 20000
Registered Number	:	0205552013105
Registered Capital	:	THB 270,000,000
Paid Up Capital	:	THB 247,050,000 (As at July 31, 2015)
Share Type	:	Common share 27,000,000 shares
Par Value	:	THB 10 each
E-mail Address	:	citypro@citysteelpcl.com
Telephone Number	:	(038) 782-064-68
Fax Number	:	(038) 782-069-70

### CT Universal Company Limited

Type of Business	:	Merchandising industrial and consumer products as well as investing in new businesses.
Country of Registration	:	Hong Kong SAR
Registered Capital	:	USD 3,000,000

### References

Share Registrar	:	Thailand Securities Depository Company Limited The Stock Exchange of Thailand Building 62 Ratchadaphisek Road, Klongtoey, Bangkok, 10110 Telephone Number : (02) 229-2800 Fax Number : (02) 359-1259
Auditor	:	Ms. Wannisa Ngambuathong Certified Public Accountant No. 6838 Dharmniti Auditing Company Limited 267/1 Pracharaj Sai 1 Road, Bangsue, Bangkok, 10800 Telephone Number : (02) 587-8080 Fax Number : (02) 586-0301, (02) 587-2018, (02) 587-5475 Website : <a href="http://www.dharmniti.co.th">http://www.dharmniti.co.th</a> E-mail Address : center@dharmniti.co.th

## FINANCIAL HIGHLIGHTS

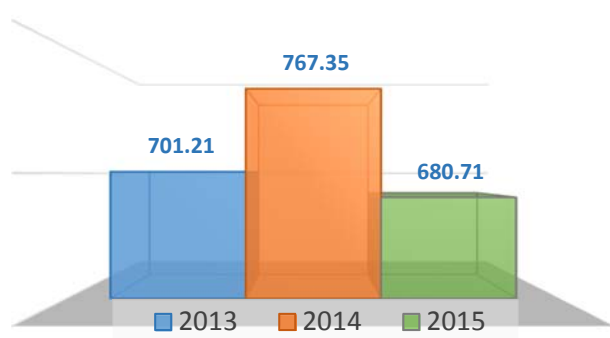
Financial Performance of the Group for the accounting period ended July 31,

	Unit	2013	2014	2015
Total Revenue	(THB Million)	701.21	767.35	680.71
Gross Profit	(THB Million)	176.21	203.81	184.15
Net Profit	(THB Million)	125.24	148.58	138.08
Total Assets	(THB Million)	1,114.09	1,246.69	1,314.28
Total Liabilities	(THB Million)	24.40	54.81	32.68
Total Shareholders' Equity	(THB Million)	1,089.69	1,191.88	1,281.60
Paid Up Capital	(THB Million)	300.00	300.00	300.00

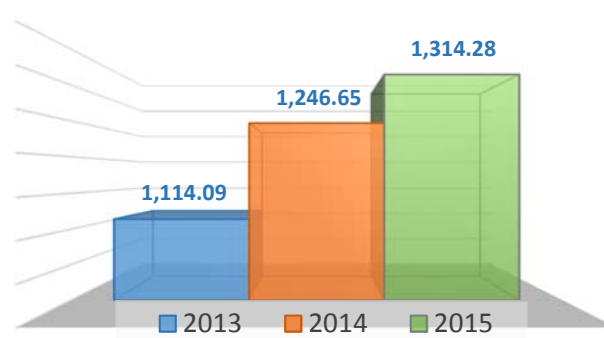
Financial Ratios of the Group for the accounting period ended July 31,

	Unit	2013	2014	2015
Gross Profit Margin	(%)	25.31	26.77	27.42
Net Profit Margin	(%)	17.86	19.36	20.28
Return on Equity	(%)	11.92	13.02	11.17
Return on Assets	(%)	11.56	12.59	10.78
Liquidity Ratio	(Times)	22.78	13.03	24.01
Debt to Equity Ratio	(Times)	0.02	0.05	0.03
Dividend Payout Ratio	(%)	34.59	38.33	32.31

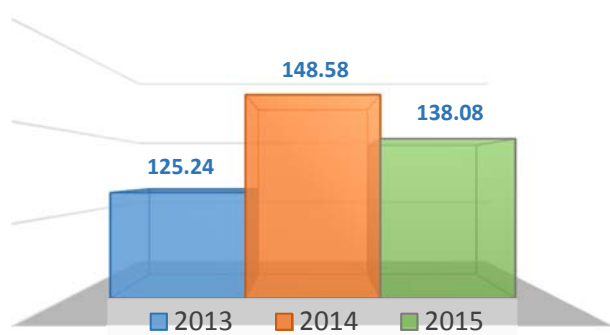
**TOTAL REVENUE**



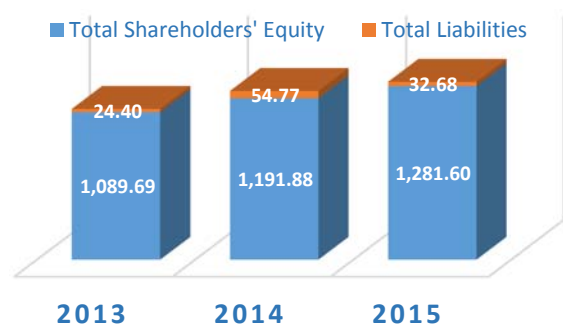
**TOTAL ASSET**



**NET PROFIT**



**TOTAL LIABILITIES & SHAREHOLDERS' EQUITY**





# OVERVIEW, POLICY, AND NATURE OF BUSINESS

## BUSINESS OVERVIEW

City Steel Public Company Limited was established on August 7, 1995 with registered capital of THB 1 Million and had objective to manufacture and sell metal products. Presently, City Steel Public Company Limited has registered capital of THB 300 million and is listed in the Stock Exchange of Thailand in “Steel” sector. The Company now becomes a holding company that invests in 3 direct subsidiaries includes Siam ISO Pro Company Limited, Mark Worldwide Company Limited, and City Steel Products Company Limited as well as 1 indirect subsidiary which is CT Universal Company Limited that is registered in Hong Kong SAR.

In the 2014/2015, the Group operates in only one operating segment that is manufacturing and sales of metal products. The Group divides marketing and production teams into 2 operating units: (1) Manufacturing and sales of metal structures, storage systems and material handling equipment, and other metal products, and (2) Manufacturing and sales of metal materials, metal parts, and fabricated metal parts, as well as providing metal processing services. Additionally, to fulfill various customer needs, the Group also offers industrial materials and machinery for the customers as well.

The Group provides various kinds of products and services to serve different needs and demands of customers. The products are custom-made with high quality and by high technology and high precision machines to assure quality of the products. Apart from that, the Group also emphasizes on exceptional customer services and on time delivery.

Currently, the Group's total production capacities are 39,500 tons per year. There are 4 production facilities, located in Chonburi. The first factory has production capacity of 9,000 tons per year while the second factory and the third factory have production capacity of 7,000 tons per year, and 2,000 tons per year, respectively. All of these 3 production facilities are operated under Mark Worldwide with the total capacity of 18,000 tons per year. The fourth factory has been operated under City Steel Products with production capacity of 21,500 tons per year.

## BACKGROUND AND MAJOR MILESTONES



## Year 2010

- Started production of City Steel Products Company Limited (BOI Privilege).

## Year 2011

- City Steel Products Company Limited increased registered capital to THB 270 million.

## Year 2012

- Earned "SET AWARDS", Best Company Performance Awards for listed companies with market capitals not exceed THB 10,000 million, Group 4.

## Year 2014

- Established "CT Universal Company Limited" in Hong Kong SAR on January 15, 2014 with registered capital of USD 3 million, with objectives to facilitate the Group future expansion plan, merchandise industrial materials and consumer products as well as investing in new businesses.

## Year 2009

- Established "City Steel Products Company Limited" on September 7, 2009 with registered capital of THB 100 million.

## Year 2007

- Started production of Mark Worldwide Company Limited (BOI Privilege).

## Year 2006

- Increased registered capital to THB 300 million.
- Approved as a registered company by the Stock Exchange of Thailand.
- Started trading in the stock market on February 23, 2006.

## Year 2004

- Granted international standard ISO9001:2000 certification.
- Started service of steel service center (Branch 1).
- Started production of Siam ISO Pro Company Limited (BOI Privilege).
- Increased registered capital to THB 200 million.
- Transformed into a Public Company on October 5, 2004.

## Year 1995

- "City Steel Company Limited" established on August 7, 1995 with registered capital of THB 1 million.
- Started production of storage system, material handling equipment, and metal products.

## Year 2002

- Granted international standard ISO9002:1994 certification.
- Increased registered capital to THB 31 million.

## Year 2003

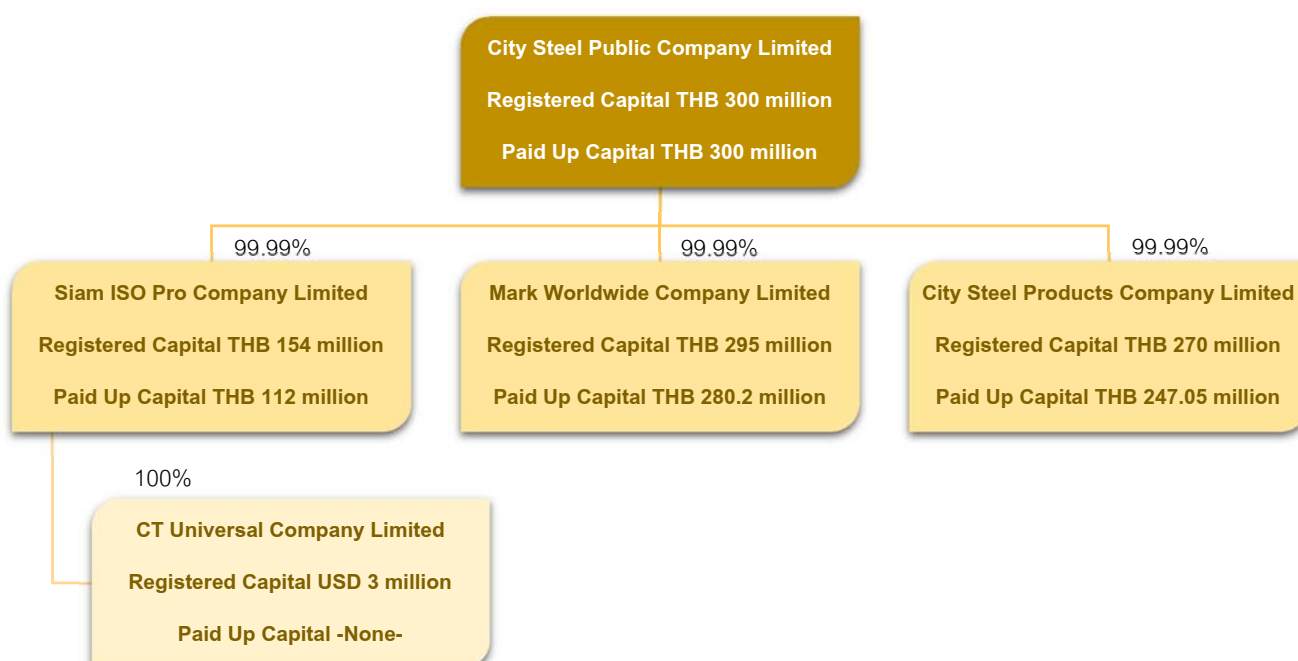
- Granted a brand "Thailand's Brand" from Department of Export Promotion.
- Increased registered capital to THB 59 million.

## DETAILS OF THE SUBSIDIARIES AND THEIR BUSINESS OPERATIONS

City Steel Public Company Limited is the Holding Company, invests in subsidiaries that have objectives of manufacturing and sales of metal products and merchandising industrial materials and consumer products. As at July 31, 2015, details of the subsidiaries were as follows:

Company Name	Nature of Business	Percentage of Shareholding
<b>1. Manufacturing and Sales of Metal Products</b>		
♦ Mark Worldwide Co., Ltd.	Manufacturing and sales of metal materials, metal parts, and fabricated metal parts, as well as providing metal processing services.	The Company hold 99.99% in the subsidiary.
♦ City Steel Products Co., Ltd.	Manufacturing and sales of metal structures, storage systems and material handling equipment, and other metal products.	The Company hold 99.99% in the subsidiary.
<b>2. Merchandising industrial materials.</b>		
♦ Siam ISO Pro Co., Ltd.	Merchandising metal products, industrial materials and equipment as well as investing in new businesses and overseeing business expansion.	The Company hold 99.99% in the subsidiary.
♦ CT Universal Co., Ltd.	Merchandising industrial materials and consumer products as well as investing in new businesses.	The subsidiary, Siam ISO Pro Co., Ltd. holds 100% in CT Universal Co., Ltd.

The Group's shareholding structure as at July 31, 2015 is presented below:





## PRODUCTS AND SERVICES

The Group manufactures and sells metal structures, storage systems and material handling equipment, fabricated metal parts, other metal products, as well as provides metal processing services to both domestic and overseas customers under the brand “CITY STEEL”. Although, the Group has the same executive management teams, it divides its operation into business units. Each unit has its own marketing and production teams but still keep up the same level of quality and standard for all products and services. The products are custom-made with specific shapes, sizes, and usage purposes as requested by customers and will be produced once received the orders from the customers (Made to Order). In the year 2014/2015, the Group separated the operation into 4 business units as follows:



1. **Manufacturing and sales of metal products** This business unit produces and sells products in 3 categories as follows:

### 1.1 Metal Structures and Metal Fabrication

The products in this category are large-scale storage systems that used in factories or superstores. Product sizes and types are varied according to customers' requirements such as racking systems, mezzanine platforms, and shelving systems. In addition, this category also consists of metal fabrication that can be used as construction structures such as post, beam, panel, roof, and stair structures.



Racking System

Mezzanine Platform



Shelving System

Constructional Products

1.2 Storage System and Material Handling Equipment can be classified into 2 categories as follows:

➤ Storage System

In this category, the products are small-scale storage systems that specifically made in different types, sizes, and usage purposes depend on requests of customers such as mobile shelving systems, cabinet, and locker.



Mobile Shelving

Cabinet & Locker

➤ Material Handling Equipment

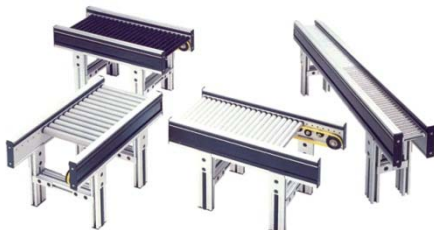
Material handling equipment are commonly used in transferring and handling processes in the production lines or assembly lines in the factories, and can be used in superstores, seaports or other places that required a carrying of products from place to place. Examples of material handling equipment are cart & dolly, pallet, conveyor system, and dock equipment.



Cart and Dolly



Pallet



Conveyor System



Dock Equipment

### 1.3 Other Metal Products

Other metal products are produced for a wide variety of usage purposes for example furniture, signage, and decorating and constructional products, etc.



2. Manufacturing and sales of semi products and rendering of world class steel service. This business unit can be classified into 2 categories as follows:

#### 2.1 Manufacturing and sales of fabricated metal parts and rendering one stop metal processing services

In this category, the Company manufactures and sells semi products which are used as parts of customers final products and also provides first class metal processing services including laser cutting, shearing, bending, forming, punching, stamping, and finishing.

#### 2.2 Metal Trade

The Company also merchandises metal materials as an additional service for customers. Normally, steel and other metal materials sold to customers are purchased from major local suppliers except for the materials that are not available in the country will be imported from international suppliers. Major metal materials sold include hot rolled steel plate, checkered plate, galvanized steel sheet, zinc sheet, furniture steel pipe, stainless steel square pipe, cold rolled steel plate, square steel pipe, stainless steel pipe, stainless steel sheet, etc.



### 3. Supporting Business

Supporting business unit is responsible for every supporting activity within the organization including accounting and finance department, human capital management function, administration, and corporate communication.



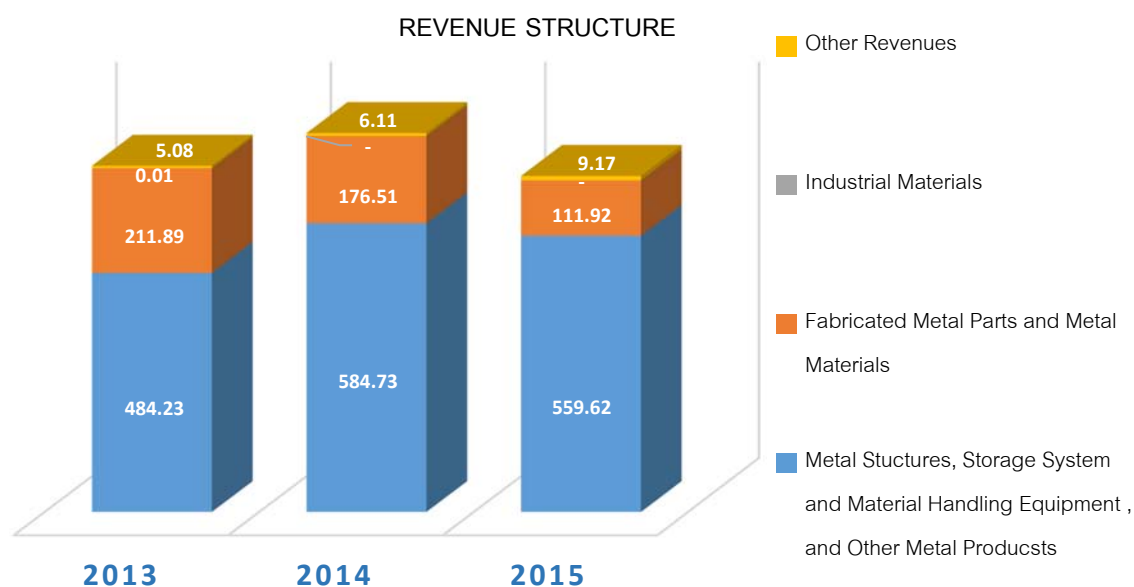
### 4. Investment

Investment unit is accountable for investment in new business and oversee business expansion of the Group.



## The Group's Revenue Structure

Revenue Sources	Generated by	2012/2013 (Aug '12 – Jul '13)		2013/2014 (Aug '13 – Jul '14)		2014/2015 (Aug '14 – Jul '15)	
		THB million	%	THB million	%	THB million	%
		<b>Domestic Revenues</b>					
1. Manufacturing and Sales of Metal Products							
♦ Manufacturing and sales of metal structures, storage systems and material handling equipment, and other metal products	The Group	476.94	68.02	574.52	74.87	548.81	80.62
♦ Manufacturing and sales of fabricated metal parts and sales of metal materials	The Group	211.89	30.22	176.51	23.00	111.92	16.44
2. Merchandising industrial materials							
♦ Merchandising industrial materials and equipments	The Group	0.01	0.00	-	0.00	-	0.00
<b>Total Domestic Revenues</b>		<b>688.84</b>	<b>98.24</b>	<b>751.03</b>	<b>97.87</b>	<b>660.73</b>	<b>97.06</b>
<b>Overseas Revenues</b>							
1. Manufacturing and Sales of Metal Products							
♦ Manufacturing and sales of metal structures, storage systems and material handling equipment, and other metal products	The Group	7.29	1.04	10.21	1.33	10.81	1.59
♦ Manufacturing and sales of fabricated metal parts and sales of metal materials	-	-	-	-	-	-	-
2. Merchandising industrial materials							
♦ Merchandising industrial materials and equipments	-	-	-	-	-	-	-
<b>Total Overseas Revenues</b>		<b>7.29</b>	<b>1.04</b>	<b>10.21</b>	<b>1.33</b>	<b>10.81</b>	<b>1.59</b>
Other Revenues	The Group	5.08	0.72	6.11	0.80	9.17	1.35
<b>Total Revenues</b>		<b>701.21</b>	<b>100.00</b>	<b>767.35</b>	<b>100.00</b>	<b>680.71</b>	<b>100.00</b>



## PRODUCTION FACILITIES

As at July 31, 2015, the Group has operated in 6 business locations as follows:

### 1. CITY STEEL PCL.

- Locates at 88/3 Moo 4 Bypass Road, Nongmaidaeng, Muang, Chonburi
- Office building with approximated area of 576 Sq.M.
- Type of ownership : Rental

### 2. SIAM ISO PRO CO., LTD.

- Locates at 88/2 Moo 4 Bypass Road, Nongmaidaeng, Muang, Chonburi
- Office building with approximated area of 96 Sq.M.
- Type of ownership : Rental

### 3. MARK WORLDWIDE CO., LTD.

- Locates at 41/58-61 Moo 1 Bypass Road, Bansuan, Muang, Chonburi
- Factory and office building with approximated area of 8 Rai and 69 Sq.Wah
- Type of ownership : Proprietary right of Mark Worldwide

### 4. MARK WORLDWIDE CO., LTD. (BRANCH 1)

- Locates at 120, 122/8 Moo 3 Sukhumvit Road, Bansuan, Muang, Chonburi
- Factory and office building with approximated area of 1,680 Sq.M.
- Type of ownership : Rental

### 5. MARK WORLDWIDE CO., LTD. (BRANCH 2)

- Locates at 88/5 Moo 4 Bypass Road, Nongmidaeing, Muang, Chonburi
- Factory with approximated area of 8,208 Sq.M.
- Type of ownership : Rental

### 6. CITY STEEL PRODUCTS CO., LTD.

- Locates at 88/20 Moo 10 Bypass Road, Napa, Muang, Chonburi
- Factory and office building with approximated area of 23 Rai.
- Type of ownership : Proprietary right of City Steel Products.

## INDUSTRY CONDITION AND COMPETITION

Manufacturing of metal products and rendering steel processing services is the industry that requires a plenty of efforts, knowledge, competencies, skills, and experiences. Furthermore, to maximize customers' satisfaction and keep up with different needs and demands of customers, a modification of machines to create new products and an employing of new technology in production processes to enhance production efficiency, improve product quality, reduce material wastes, and trim down production costs are crucial criteria. Research and development of new products to meet customers' requirements, on time delivery, and pre-sales and post-sales customer services are also the significant factors that needed to emphasize in order to succeed in this industry.

With more than 20 years of experiences along with knowledge and skills in this industry, the Group is not only able to manufacture various types of products but also able to provide a variety of services which contribute to customers' satisfaction and ultimately create trust and confidence among customers. The key success factors of the Group can be summarized as follows:

### Quality

The Group has a policy to manufacture excellent quality products that need to be tidy and durable by employing quality control in every production process.

### Cost

The Group efficiently manages production costs by minimizing wastes in all production processes and maximizing benefits of raw materials uses.

### Delivery

The Group emphasizes on on-time delivery of products.

### Innovation / Design

The Group provides consultations, advices, and recommendations together with discusses with customers to find out customers' needs and then creates the engineering designs of the products to meet those needs.

### Service

The Group determines to offer the best customer services both before and after sales of products, for example providing consultations before selling the products, installing the products at customers' facilities, and inspecting functionality of the products after installation.

### Brand

The Group strives to create brand awareness and recognition from customers for the Group's products that manufactures and sells under the brand "CITY STEEL"



**CUSTOMER CATEGORIES AND PROSPECTS**

Presently, the Group has both domestic and overseas customers, but most of the customers are domestic customers.

1) Domestic Customers

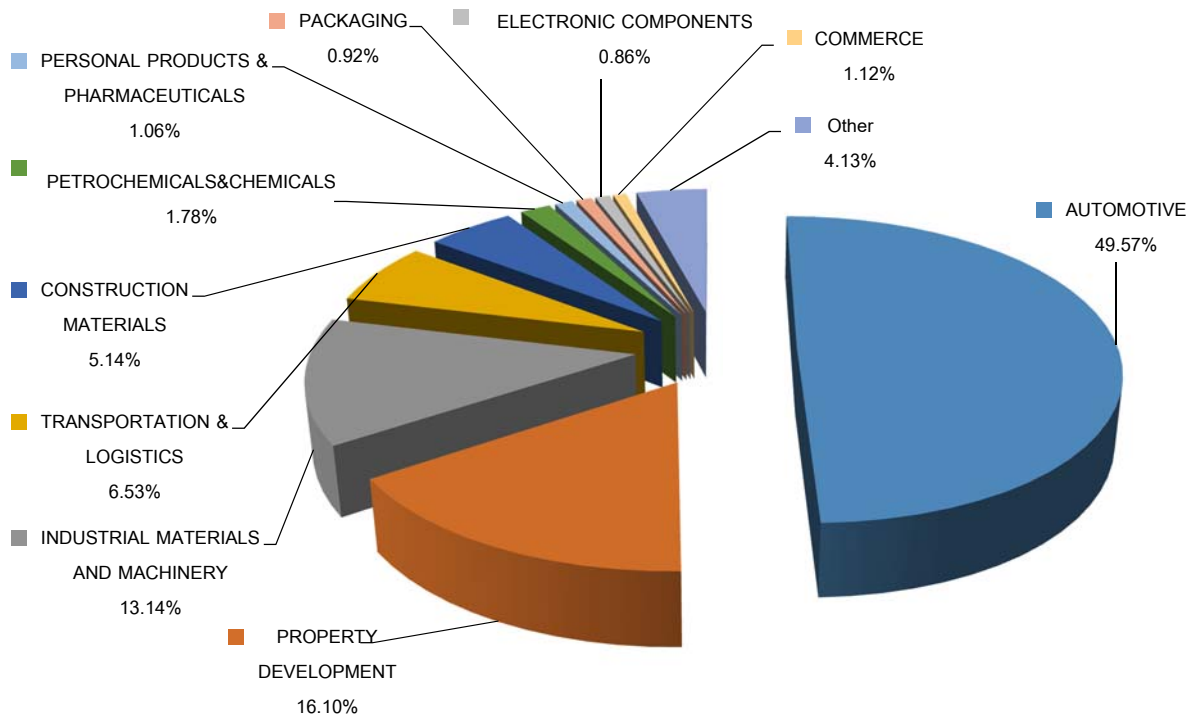
Domestic customers are users who use and employ all metal related products and services. The majority of customers are industrial users with medium to large in corporate sizes, which reside in every region of Thailand. Although, customers are located around the country, the Group is able to deliver and install the products to every customer. The Group maintains good relationships with customers, which resulted in repeated order from most of the customers.

As at July 31, 2015, the Group’s customer base is well diversified with more than 3,000 companies in 25 industrial sectors including; Agricultural Business, Food and Beverage, Fashion, Home & Office Products, Personal Products & Pharmaceuticals, Banking, Finance

& Securities, Insurance, Information & Communication Technology, Automotive, Industrial Materials & Machinery, Paper & Printing Materials, Petrochemicals & Chemicals, Packaging, Construction Materials, Property Development, Energy & Utilities, Mining, Commerce, Health Care Services, Media & Publishing, Professional Services, Tourism & Leisure, Transportation & Logistics, and Electronic Components.

2) Overseas Customers

The Group’s overseas customers mainly are industrial users in automotive industry and other industries as well as distributors. Major exporting markets are Australia, New Zealand, Japan, Malaysia, South Korea, China, India, Vietnam, Taiwan, and countries in the European Union. The Group foresees the potential of foreign markets that have high purchasing power and attempts to expand to those markets.



## RISK FACTORS

Risk factors that may influence the operations, financial status, and financial performance of the Group can be classified as follows:

### **Risk associated with fluctuations of raw material prices.**

Major materials used to produce the Group's products are metal material including hot-rolled steel plates, cold-rolled steel plates, profiled steel, as well as stainless steel and aluminum. These metal prices are directly related to demands of metal consumers and supplies of producers around the world and other related factors such as foreign exchange rate, import duty, and surcharge. In the year 2013/2014 the metal materials used in the Group's production accounted for 63.33 percent of cost of goods sold, whereas in the year 2014/2015 accounted for 57.98 percent. Therefore, changes in the metal prices will directly affect the Group's cost of goods sold, revenues, and operating profits.

However, the Group uses cost-plus pricing strategy to set up a selling price for each projects. Additionally, the Group closely monitors the changes in metal prices to assess situations and trends in order to manage inventory levels and determine order quantities. Due to cost-plus pricing strategy and proper inventory management system, the Group has been able to maintain the profit margin. Thus, the fluctuations of raw material prices do not have significant effects to the Group's operating results.

### **Risk associated with economic conditions.**

As majority of the Group's products are capital goods, demands for the products will arise only when there are new investments. Customers will order the products when they want to expand, restore, improve, or relocate their factories. If economy is on an upward

trend, the factories or capacities expansion will increase, which will result in an increase in demands for the Group's products. On the other hand, if the economy is in recession, investment in production facilities or capacities expansion will decline and will cause a decrease in demands for the capital goods.

However, as the Group has varieties of products and services and continues developing and offering new products, the Group is able to provide products and services to meet the demands of both existing and new customers, which help the Group maintains and expands the customer base to cover all industrial sectors. Currently, the Group has a customer base of over 3,000 customers diversify in 25 industries so if a particular industry incurs a contraction, the Group will be able to provide products and services to other growing industries. This customer diversification policy will be able to minimize the risk associated with economic recession.

### **Risk associated with dependence of domestic market.**

Presently, the Group's major revenues mainly derive from domestic sales. The proportion of domestic sales in 2012/2013, 2013/2014, and 2014/2015 are 98.95%, 98.96%, and 98.39, respectively. According to these figures, the proportion of domestic customers was very large. So, if the domestic economy declines, the Group's revenues and profits will be negatively affected. However, the Group has strived to expand to overseas markets by increasing overseas distribution channels through direct selling to end users, distributing through agents, contacting via subsidiaries or branches of multi-national corporations located in Thailand, as well as participating in trade exhibitions. The Group will operate with caution and emphasize in the countries that the economies are still growing. The Group anticipates that an increase in

oversea distribution channels will be able to expand its customer base in foreign markets, which can minimize the risk of relying on domestic market.

**Risk associated with uncertainty of revenue.**

As the nature of the Group's business, the type of sales is a project sale, which occurs from time to time, without a long-term contract with a customer. Thus, the Group's revenues seem to be non-continuous. The process starts when customer sends in a product or service inquiry. Then the Group will provide consulting services and all the information related to a customer's inquiry. Engineering team will do numbers of calculations concerning the strength of the steel structure and its loading capacity. The quotation will be prepared later on for customer to do the cost comparison. Then the production process will start only after receiving of customer's confirmed purchased order. According to this selling process, the Group has to deal with an uncertainty in revenue.

In addition, most of the Group's products, for example storage shelf, conveyor, pallet, display stand, and so on, are used as equipment for customer's operation, not as direct material, which will be used in the production process. Therefore, the product's useful life is quite long by nature. The customers will purchase the Group's products only when they have a new construction project or expansion. Each purchase is difficult to predict and comes from time to time, resulting in lack of continuing purchase.

The Group has minimized the effect of uncertainty of revenue by introducing a variety range of products and services, which can meet the demands from several industries. The Group continuously does research and development for both existing and new products to

cope up with changes and different needs and requirements of each customers.

**Risk associated with granting lines of credit to customers.**

As at July 31, 2015 the Group's accounts receivable was THB 64.46 million, which equaled to 9.60% of sales and service revenues, with average collection period of 37.83 days. According to these figures, the Group has exposed to the collection risk of the accounts receivable and may incur some collection expenses if the Group's customers have problems in operating their businesses, and consequently affect the Group's operating profits and financial status.

Nevertheless, the Group regularly monitors quality of each account receivable and has a strict policy in granting the lines of credit to each customer. The management teams will consider credit terms for customers together and approve in written documents. In considering of granting credit terms, the management teams will consider several factors including customers' nature of businesses, financial positions, ordering amounts, and past payment histories, as well as having customers' company visits and speaking with executive management in order to gain confidence in approving the credit terms and minimize the risk associated with granting credit terms to customers.

**Risk associated with entry of potential newcomer.**

The Group manufactures and sales structural steel, material handling and storage system equipment, processed steel and providing full-range steel service in the eastern region of Thailand. The Group's customers are located throughout the country but located intensely around eastern region of Thailand, Bangkok and Bangkok metropolitan areas. Most of the Group's competitors are small size companies spreading around the community.



Some are large, but do not manufacture full product ranges or provide full-range steel services as the Group does. Hence, the Group is considered as the industry leader.

As the nature of steel-processing industry, it does not require large amount of investment. Therefore, new competitor has a chance to enter the industry. The emergence of a high potential competitor with modern technology and good management may affect the Group's market shares.

However, to survive and prosper in this business, it requires experiences and it takes times to gain customers' reliability. It needs expertise, product development, and production process development in order to achieve higher efficiency. Through several years, the Group has established a good relationship with customers by emphasizing on the product design and development that meet customers' needs, on-time delivery, and before and after sales services. This has impressed the Group's customers and make customer base to grow along with an increasing number of repeated orders.

**Risk associated with exchange rate.**

The Group has imported goods from and exported products to overseas in foreign currencies, which exposes the Group to foreign exchange risk. The Group has managed the foreign exchange risk by closely monitoring the exchange rate and purchasing a forward contract or making an early payment based on a suitable level of cash flow.

In the future, the Group still has to import some goods from overseas and export to overseas customers. Therefore, the mentioned foreign exchange risk management policy will be employed, which will depend on situation and appropriateness.

**Risk associated with major shareholders holding shares more than 50%.**

As at October 14, 2015, Phongratanadechachai family held 72.92% of the Company's issued and paid-up capital, which will enable the Phongratanadechachai family to take control over most of the resolutions of shareholders' meeting. The resolutions include the appointment of directors and other agenda that required majority votes of shareholders, except for the matters that required by law or company's articles of association that required the votes of three-fourth of the shareholders' meeting. Therefore, other shareholders might not be able to collect sufficient votes to examine and counter balance in the agenda that the major shareholders would propose.

## SHAREHOLDER'S STRUCTURE

List of major shareholders as at October 14, 2015

Name of Shareholders	Number of Shares (Shares)	Percentage of Shares Holding (%)
1. Phongratanadechachai Family Group <sup>/1</sup>		
» WKP Asset Plus Company Limited <sup>/2</sup>	166,500,000	55.50
» Mr. Komgrich Phongratanadechachai	7,709,625	2.57
» Mr. Wibool Phongratanadechachai	7,500,000	2.50
» Mrs. Kheng Phongratanadechachai	7,500,000	2.50
» Mr. Satit Phongratanadechachai	7,500,000	2.50
» Miss Suputra Phongratanadechachai	7,500,000	2.50
» Mrs. Orawan Phongratanadechachai	7,500,000	2.50
» Mr. Bundit Phongratanadechachai	7,047,100	2.35
Total	218,756,725	72.92
2. Mr. Muangthong Sathiensakphong	5,243,100	1.75
3. Mr. Phaosingh Nuengjumnong	5,205,000	1.74
4. Mr. Surachet Kamolmongkolsuk	2,878,700	0.96
5. Mr. Santi Temkulkiat	2,500,000	0.83
6. Mr. Rungroj Napa-umporn	1,800,000	0.60
7. Major Thikamporn Chomdech	1,606,100	0.54
8. Mr. Phaphong Pramroj	1,359,100	0.45
9. Mrs. Daeng Temkulkiat	1,300,700	0.43
10. Mrs. Nawarat Suluckanatinasu	1,170,000	0.39
Total	241,819,425	80.61

**Remarks** <sup>/1</sup> WKP Asset Plus Company Limited, Mr. Komgrich Phongratanadechachai, Mr. Wibool Phongratanadechachai, Mrs. Kheng Phongratanadechachai, Mr. Satit Phongratanadechachai, Miss Suputra Phongratanadechachai, Mrs. Orawan Phongratanadechachai, and Mr. Bundit Phongratanadechachai are categorized under the same group of persons in accordance with the Notification of Capital Market Supervisory Board No. Tor Chor, 7/2552 Re: Acting in concert as a result of the nature of a relationship or behavior and requirements under Sections 246 and 247.

<sup>/2</sup> WKP Asset Plus Co., Ltd. is fully owned by Phongratanadechachai Family.

## DIVIDEND POLICY

The Company has a policy to pay not more than 40% of its net profit after tax and legal reserve as dividends. However, the dividend payout maybe changed according to future investment plans and any other actions that deemed necessary and appropriate. The changes in dividend payments should be under the condition that those actions must be taken for the best interests of shareholders, such as the provision for loan repayment, the new investment in business expansion, or in the case of any adverse change that might affect the Company's cash flow. The Board of Directors is authorized to consider the dividend payment, however, the resolution of dividend payment must be proposed for the approval of shareholders' meeting except for the case of interim dividend payment as the Board of Directors has the authority to approve before informing the interim payment to the subsequent shareholders' meeting.

For the Subsidiary Companies, the Board of Directors of the subsidiaries will consider their policy year by year. However, the resolution of dividend payment must be proposed for the approval of shareholders' meeting of the subsidiaries. The dividend maybe changed according to operating performance, financial position, and investment plan of the Company or the Group.

The Company paid dividend for 2013/2014 operation performance at THB 0.16 per share or equal to 32% of net profit after tax and legal reserve.

Previous dividend payments were presented as follows:

	2009/2010	2010/2011	2011/2012	2012/2013	2013/2014
Earnings Per Share (THB)	0.22	0.27	0.46	0.42	0.50
Dividend Per Share (THB)	0.08	0.10	0.16	0.16	0.16
Dividend Payout Ratio (%)	36.36%	37.04%	34.78%	38.10%	32.00%

## MANAGEMENT STRUCTURE

Management structure of the Company consists of 3 Committees including The Board of Directors, Executive Directors, and Audit Committee which have duties and responsibilities as follows:

### The Board of Directors

- Executive Directors 3 members
- Independent Directors 3 members

As of July 31, 2015, the Board of Directors consisted of 6 members as listed below:

1. Mr. Charoenpong Ongwongsakul  
Chairman of the Board of Directors
2. Mrs. Boontip Changnil Director
3. Mrs. Panida Chaiheng Director
4. Mr. Anutara Tantraporn Director
5. Mr. Patarathorn Thatsanasuwan Director
6. Mr. Harirak Chamarakula Director

### Authorized Directors

The authorized directors are Mr. Charoenpong Ongwongsakul, Mrs. Boontip Changnil, and Mrs. Panida Chaiheng. The two directors out of three co-sign with the Company seal.

### Roles and Responsibilities of the Board of Directors

The Board of Directors has duties as representatives of shareholders and has authorities as follows:

1. To perform their duties with honesty, integrity and prudence in accordance with laws, the Company's objectives, and articles of association, as well as the resolutions of shareholders' meetings, and carefully protects the Company's interests.
2. To set out the direction of the Company's operations and supervise the management team to act in accordance with plans which are set out efficiently

and effectively, and thereby maximize the economic value and wealth of the Company and its shareholders.

3. To monitor the executives as such they efficiently operate according to the Company's policies. Also, to ensure that the executives disclose all material issues that affect the Company's operations as well as connected transactions, which shall be comply with the rules and regulations of the Security Exchange Commission.
4. To effectively implement the internal control and internal audit systems, and set up the internal control and audit department to perform the control and audit operation as well as coordinate with Audit Committee.
5. To appoint an Executive Director or Managing Director or other authorized persons who have to manage under the Board of Directors' control. The appointment must be resolved by the resolution of the Board of Directors in the meeting that attended by Independent Directors or Audit Committee. If any particular Independent Director or Audit Committee oppose or do not agree with the appointment of the Executive Directors, the opinion of the Independent Director or Audit Committee must be clearly stated in the minutes of meeting. The appointment must specify scope of duties and responsibilities of the authorized directors. In addition, the appointment must not allow the appointed person to have full authority to authorize the transactions that he/she has or may have conflict of interests with the Company or subsidiaries.



6. To conduct business operation ethically and with honesty and integrity, as well as pay sufficient attention to the business that they are the committee and have intention to continuously run the operation.
7. To be responsible, protect the benefits and rights of all shareholders and ensure that the Company's information is disclosed to the shareholders in accurate, complete, proper, and transparent manner.
8. To consider and approve business plan, annual expenditure including acquisition or disposal of assets, which exceeding the power of Executive Directors, including approve joint venture plan to expand business and approve loan except the loans for operating cash flow which approved by Executive Director.

However, that above authorization must comply with rules, regulations, and resolutions that approved by the Board of Directors and must not authorize the transactions that may have conflict of interests with the Company or subsidiaries. In addition, the transactions must be presented to the Board of Directors for their considerations. The Board of Directors have authorized the Authorized Directors to perform general operating tasks except for the following tasks that must be authorized by the Shareholders' meeting.

1. The transaction that are required by law to receive the Shareholders' Meeting approval such as transfers or dispose of operations, increase capital, merger and acquisition, etc.
2. The transactions that might lead to any conflict of interests as well as are required by laws and/or regulations of the Stock Exchange of Thailand to receive the Shareholders' Meeting approval.

The transactions as specified below should be approved by the Board of Directors' Meeting and the

Shareholders' Meeting with not less than three-fourth of the voting right of the Shareholders who are present at the meeting and have the right to vote.

1. To sale or transfer the whole or any significant parts of the Company.
2. To purchase or acquire business of other companies or private companies.
3. To engage in, amend or cancel the rental agreement of the whole or any significant business of the Company, to assign others to manage the Company and to merge the Company with others with a purpose of profit sharing.
4. To amend the Company's memorandum of association.
5. To increase or decrease registered capital.
6. To liquidate the Company.
7. To issue bonds.
8. To merge the Company with other company.

#### Criteria and Procedures of Directors and Executives Nomination

The Board of Directors shall consist of not less than 5 members. Not less than half of the number of such directors must reside within the Kingdom of Thailand. According to the Company's Articles of Association, at the annual general meeting of shareholders, one-third of the directors shall leave. If one-third is not a round number, the number closest thereto shall be the applicable number. The departed directors may be re-elected. However, the directors shall be a qualified person with experiences and possess no characteristic prohibited by law. The Directors shall be elected at a shareholders meeting in accordance with the criteria and procedures as follows:

1. Each shareholder has one vote for one share.
2. Each shareholder may exercise all the votes he or she has under the criteria No. 1 to elect one or

several persons as director or directors, but the shareholder may not split his or her votes between any directors or any group of directors.

3. Person who receives the highest vote arranged in order from higher to lower, in a number equal to that of the number of directors to be appointed, are elected to be the directors of the Company. In the event of a tie at a lower place, which would make the number of directors greater than the elected position, the Chairman of the meeting would have a casting vote.

If a Director's position becomes vacant due to reasons other than completion of term, the remaining Director will select a qualified candidate who possesses no forbidden characteristic as a replacement at the following Board of Directors' Meeting. To become a

new director, the candidate shall be voted by not less than three-fourth of the remaining directors. An exception exists if the said directorial position has a period of less than 2 months to completion of term. In addition, the replacement director may serve only the period remaining to completion of the director whom he or she replaced.

In the shareholders meeting, shareholders may have a resolution to discharge any directors before completion of terms. In such case, the votes of not less than three-fourth of the shareholders who attend the meeting and have the rights to vote with shares counted not less than one-half of total shares hold by shareholders who attend the meeting and have the rights to vote are required.

#### Attendance of Director Meeting for the year 2014/2015

Name of Director	Position	No. of Attendance / Total Meeting (Times)
1. Mr. Charoenpong Ongwongsakul <sup>/1</sup>	Director / Chairman of the Board of Directors and Chairman of the Executive Directors	4 / 4
2. Mrs. Boontip Changnil <sup>/2</sup>	Director and Executive Director	1 / 1
3. Mrs. Panida Chaiheng <sup>/2</sup>	Director and Executive Director	1 / 1
4. Mr. Anutara Tantrapom <sup>/3</sup>	Director / Independent Director and Chairman of the Audit Committee	4 / 4
5. Mr. Patarathorn Thatsanasuwan	Director / Independent Director and Audit Committee	4 / 4
6. Mr. Harirak Chamarakula <sup>/4</sup>	Director / Independent Director and Audit Committee	1 / 1
7. Mr. Wibool Phongratanadechachai <sup>/5</sup>	-	3 / 3
8. Mr. Komgrich Phongratanadechachai <sup>/5</sup>	-	3 / 3
9. Mr. Satit Phongratanadechachai <sup>/5</sup>	-	3 / 3

Name of Director	Position	No. of Attendance / Total Meeting (Times)
10. Miss Suputra Phongratanadechachai <sup>/5</sup>	-	3 / 3
11. Mr. Manop Chivatanasontorn <sup>/6</sup>	-	2 / 3

- Remarks**
- <sup>/1</sup> Mr. Charoenpong Ongwongsakul has been appointed as the Chairman of the Board of Directors on June 12, 2015.
- <sup>/2</sup> Mrs. Boontip Changnil and Mrs. Panida Chaiheng have been appointed as the Company Directors on March 14, 2015.
- <sup>/3</sup> Mr. Anutara Tantraporn has been appointed as the Chairman of the Audit Committee on June 12, 2015.
- <sup>/4</sup> Mr. Harirak Chamarakula has been appointed as the Independent Director and the Audit Committee on June 12, 2015.
- <sup>/5</sup> Mr. Wibool Phongratanadechachai, Mr. Komgrich Phongratanadechachai, Mr. Satit Phongratanadechachai, and Miss Suputra Phongratanadechachai has resigned from the position of the Company Directors and Executive Directors since April 1, 2015.
- <sup>/6</sup> Mr. Manop Chivatanasontorn has resigned from the position of the Company Director and the Independent Director since June 5, 2015.

#### Board of Directors Remuneration

Name of Director	Year 2012/2013		Year 2013/2014		Year 2014/2015	
	Amount (THB)	Remuneration	Amount (THB)	Remuneration	Amount (THB)	Remuneration
1. Mr. Charoenpong Ongwongsakul <sup>/1</sup>	-	-	-	-	-	-
2. Mrs. Boontip Changnil <sup>/1</sup>	-	-	-	-	-	-
3. Mrs. Panida Chaiheng <sup>/1</sup>	-	-	-	-	-	-
4. Mr. Anutara Tantraporn	43,500.00	Meeting	58,000.00	Meeting	62,000.00	Meeting
5. Mr. Patarathorn Thatsanasuwan	56,700.00	Meeting	58,000.00	Meeting	58,000.00	Meeting
6. Mr. Harirak Chamarakula <sup>/2</sup>	-	-	-	-	14,500.00	Meeting
7. Mr. Wibool Phongratanadechachai <sup>/3</sup>	72,000.00	Meeting	74,000.00	Meeting	55,500.00	Meeting
8. Mr. Komgrich Phongratanadechachai <sup>/3</sup>	-	-	-	-	-	-
9. Mr. Satit Phongratanadechachai <sup>/3</sup>	-	-	-	-	-	-
10. Miss Suputra Phongratanadechachai <sup>/3</sup>	-	-	-	-	-	-
11. Mr. Manop Chivatanasontorn <sup>/4</sup>	72,000.00	Meeting	74,000.00	Meeting	37,000.00	Meeting

- Remarks**
- <sup>/1</sup> Mr. Charoenpong Ongwongsakul, Mrs. Boontip Changnil, and Mrs. Panida Chaiheng are the Executive Managements. They will not receive director remuneration, they will only receive remuneration as the Executive Managements.
- <sup>/2</sup> Mr. Harirak Chamarakula has been appointed as the Independent Director and the Audit Committee on June 12, 2015.
- <sup>/3</sup> Mr. Wibool Phongratanadechachai, Mr. Komgrich Phongratanadechachai, Mr. Satit Phongratanadechachai, and Miss Suputra Phongratanadechachai has resigned from the position of the Company Directors and Executive Directors since April 1, 2015.
- <sup>/4</sup> Mr. Manop Chivatanasontorn has resigned from the position of the Company Director and the Independent Director since June 5, 2015.

### Audit Committee

As at July 31, 2015, the Audit Committee consists of 3 Independent Directors as below:

1. Mr. Anutara Tantraporn  
Chairman of the Audit Committee
2. Mr. Pattarathon Thatsanasuwan Audit Committee
3. Mr. Harirak Chamarakula Audit Committee

The Audit Committee who has experiences in reviewing of the Company's financial statements is Mr. Harirak Chamarakula who presently resides in the position of Senior Operations Manager – Motors, AXA Assistance Co., Ltd.

### Roles and Responsibilities of the Audit Committee

The Audit Committee of the Company has the scope of duties and responsibilities according to rules and regulations of Security Exchange Commission and Stock Exchange of Thailand, and shall report the following duties and responsibilities to the Board of Directors.

1. To review and ensure that the financial statements are accurately and adequately disclose by cooperating with the Company's external auditor and executive who is responsible for the quarterly and annually financial statement. Also, to recommend the external auditor to review or audit any transactions deemed significant during the auditing period.
2. To review internal control system and internal audit system to ensure appropriateness and effectiveness by cooperating with external auditor and internal auditors. Moreover, to review an independence of the internal audit department and consider rotating or discharge chief of the internal audit department as well as other departments that responsible for internal audit activities.
3. To review and ensure whether the Company's operations comply with the rules and regulations of the

Security Exchange Commission and the Stock Exchange of Thailand, as well as relevant laws.

4. To consider, select and nominate the independent external auditor and propose the auditor's remuneration to the Board of Directors for the approval of the Shareholders' Meeting by considering the reputation, resources, capacity, as well as the experience of such external auditor.
5. To ensure the accuracy and completeness of the disclosure of connected transactions or transactions that may lead to any conflict of interests.
6. To prepare report on the activities of the Audit Committee and disclose such reports in the annual report of the Company. The report to be signed by the Chairman of the Audit Committee shall contain the following information.
  - ▶▶ Opinion on the accuracy, completeness and reliability of the preparation process and the disclosure of information in the financial reports of the Company
  - ▶▶ Opinion on the sufficiency of the internal control system of the Company
  - ▶▶ Opinion on the compliance with the Securities and the Stock Exchange Acts, regulations of the Stock Exchange of Thailand, or any other laws relating to the business of the Company.
  - ▶▶ Reasons to support the qualifications of the auditors of the Company for being appointed for another term
  - ▶▶ Opinion on transactions that may have conflict of interests
  - ▶▶ Number of Audit Committee meetings and attendance of each member of Audit Committee
  - ▶▶ Overall opinion or notices from performing duties according to the Charter



- » Any other reports deemed necessary for shareholders and general investors within the scope of duties and responsibilities as assigned by the Board of Directors of the Company and/or with the aim of complying with the law.
7. To perform any other operation assigned by the Board of Directors and deemed appropriate by the Audit Committee. For instant, reviewing the policy of financial management and risk management, reviewing the compliance with the business ethics of executives, collaborating with the Company's executives to review any important reports to be disclosed to the public as required by laws, such as the reports and analyses of management, and so on.
  8. The Audit Committee may seek the independent opinions from outside counselor as deemed necessary on the Company's expense.

Characteristics and criteria for the selection of Independent Director and Audit Committee

The Company does not set up a Nomination Committee for Audit Committee selection. Nevertheless, the Company has established guidelines and criteria for such selection process. The Board of Directors will determine qualified persons to become its members, based on their abilities, experiences, vision, and reliability. The Audit Committee is appointed by the resolution from the Shareholders' Meeting, with 2-year term. The Audit Committee whose tenure has ended maybe reinstated. The Independent Director and Audit Committee should possess the following characteristics.

1. Independent Directors should be at least one third of all directors but not less than 3 persons.
2. Independent Directors are required to follow these guidelines.

- 1) Hold not more than 1% of all voting shares in the Company, parent company, subsidiaries, associates, or entities that may have conflict of interest.
- 2) Must not be an executive director, a former executive director, an employee, a consultant earning monthly salary, or person who has control over the Company, parent company, subsidiaries, associates, or entities that may have conflict of interest.
- 3) Must not be a person who has either genetic or legal relationships in terms of parents, siblings, spouses, and spouses of the children of the Company's executives, major shareholders, and persons who have control over the Company and subsidiaries.
- 4) Must not have business relationships with the Company, parent company, subsidiaries, associates, or entities that may have conflicts in a way that preventing him/her to express an independent judgment, as well as not be or used to be a major shareholder.
- 5) Must not be or used to be an auditor of the Company, parent company, subsidiaries, associates, entities that may have conflict of interest, or major shareholder.
- 6) Must not render or used to render professional service including financial advisory that receive annual service fees of more than THB 2 Million from the Company, parent company, subsidiaries, associates, or entities that may have conflict of interest.
- 7) Must not be a director who has been appointed to represent the Company's directors, major

shareholders, or shareholders who are related to the major shareholders of the company.

- 8) Must not possess any characteristics that preventing from expressing opinion regarding the Company's operation independently.

#### **Executive Directors**

As at July 31, 2015, the Executive Directors consisted of 3 members as follows:

1. Mr. Charoenpong Ongwongsakul  
Chairman of the Executive Director
2. Mrs. Boontip Changnil                      Executive Director
3. Mrs. Panida Chaiheng                      Executive Director

#### Executive Director's Roles and Responsibilities

1. Has authority to order, plan, and manage the Company operation according to the policy settled by the Board of Directors.
2. Determine the strategy of the Group's operations.
3. Determine business plans, investment guidelines, and fund raising solutions according to the Group's policies.
4. Approve any agenda prior to submitting to the Board of Directors.
5. Hire, appoint, transfer, discharge, determine wages, provide pensions, and raise monthly salaries, remunerations, and bonuses of the position of department managers or above.

6. Consider and set welfare of employees to be consistent with situations, customs, and relevant laws.

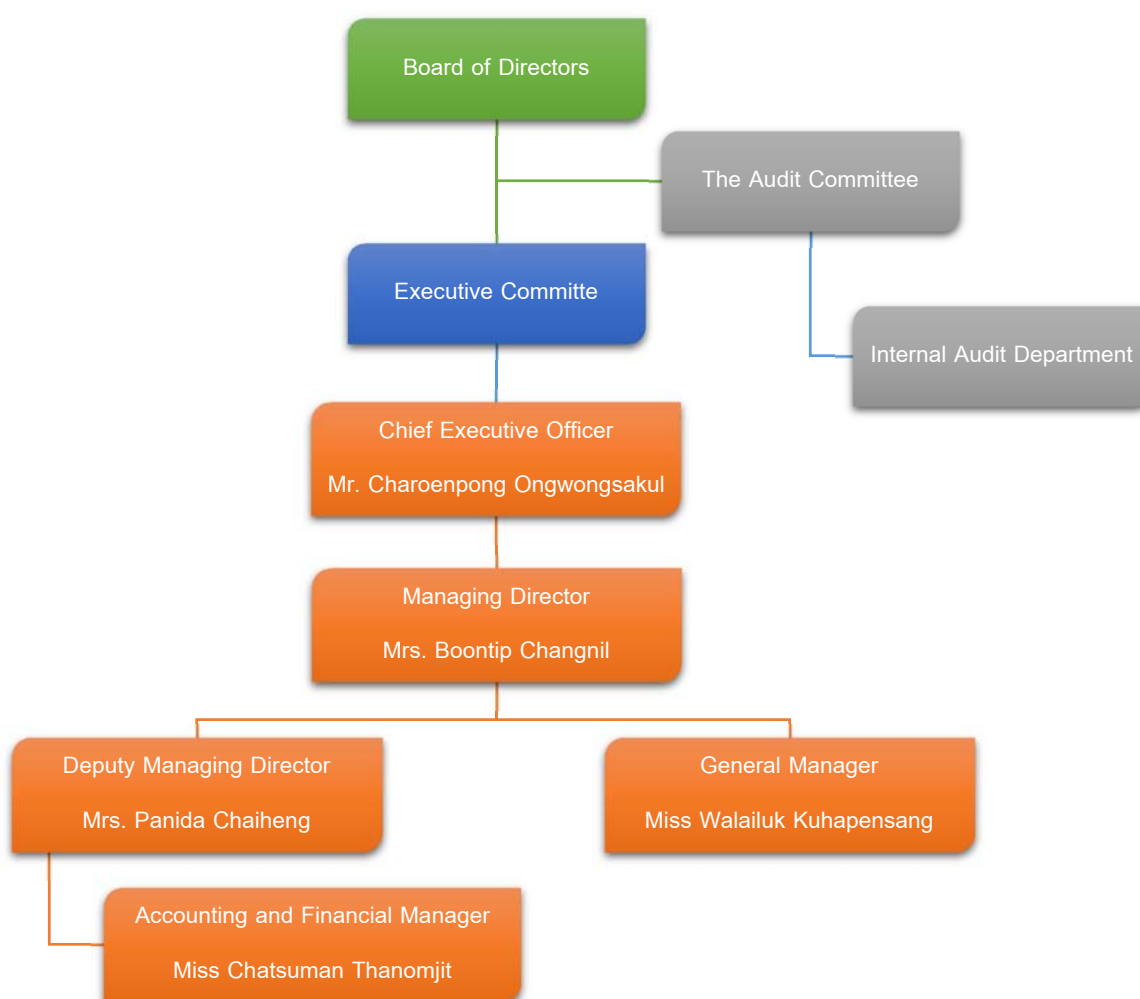
7. Approve the investment, purchasing and disposing of the Group's assets as well as sourcing and procurement, borrowing, lending activities, and engaging in business contracts or undertaken in legal act, which related to normal business and objectives of the Group under the authority levels stated in the Company's Codes of Conduct.

The Executive Director also has the authority to make decisions relating to any normal business transactions of the Company, which does not include approval of transactions that may cause a conflict of interest with the Company or its subsidiary according to the Stock Exchange of Thailand's regulations. The Executive Director is required to obtain approval from the Board of Directors or Shareholders for connected transactions in accordance with the Company's Articles of Association or relevant laws, except for normal business transactions already covered by existing guidelines approved by the Board.

### Management Team

- |                    |              |                                  |
|--------------------|--------------|----------------------------------|
| 1. Mr. Charoenpong | Ongwongsakul | Chief Executive Officer          |
| 2. Mrs. Boontip    | Changnil     | Managing Director                |
| 3. Mrs. Panida     | Chaiheng     | Deputy Managing Director         |
| 4. Miss Walailuk   | Kuhapensang  | General Manager                  |
| 5. Miss Chatsuman  | Thanomjit    | Accounting and Financial Manager |

Organization Chart as of July 31, 2015



### Company Secretary

The Board of Directors has appointed Mrs. Parichard Phongratanadechachai to serve as a company secretary since June 11, 2008. The company secretary must perform her duty with due care, responsibility, and honesty as well as strictly follows regulations, company objectives, and the Board of Directors and shareholders' resolutions. Duties and responsibilities of the company secretary include preparing and maintaining all meeting documents, directors register, and reports on conflict of interest of the directors, organizing directors and shareholders' meetings, coordinating with the directors, other internal departments, and external regulators. In addition, the company secretary also responsible for providing information regarding relevant laws and regulations, taking care of investor relation and corporate social responsibility activities, and other duties required by the Capital Market Supervisory Board and the Company.

### Executive Director Remunerations

The Group's executive director remunerations consisted of salary and bonus with details as follows:

	Year 2012/2013		Year 2013/2014		Year 2014/2015	
	Persons	Amount (THB Million)	Persons	Amount (THB Million)	Persons	Amount (THB Million)
Total Salary	6	7.23	6	7.26	8	7.52
Total Bonus	6	0.76	6	0.76	8	0.79
Total	6	8.00	6	8.02	8	8.31

## Details of the Directors and Executives

Mr. Charoenpong Ongwongsakul Age 37

Chairman of the Board of Director  
Chief Executive Officer  
Authorized Directors

### Academic Qualifications

- ♦ B.Eng. : Electrical Engineering, King Monkut's University of Technology

### Thai Institute of Director Association (IOD)'s Seminar Courses

- ♦ Director Accreditation Program (DAP) 61/2007

### Number of Shares Holding

- ♦ 900,000 shares equal to 0.30%

### Family Relationship Between Directors and Executives

- ♦ None

### Previous Work Experiences During Last 5 Years

- ♦ 2015 – Present Chairman of the Board of Director, City Steel PCL.
- ♦ 2015 – Present Director and Chief Executive Officer, City Steel PCL.
- ♦ 2005 – 2015 Director and Deputy Managing Director, City Steel PCL.

### Director Positions Hold in Other Organizations

Listed Company : -None-

Non-Listed Company :

- ♦ 2015 – Present Director, Siam ISO Pro Co., Ltd. (Subsidiaries)
- ♦ 2015 – Present Director, Mark Worldwide Co., Ltd. (Subsidiaries)
- ♦ 2015 – Present Director, City Steel Products Co., Ltd. (Subsidiaries)

Other entities that may have a conflict of interest : -None-

### Records of Legal Dispute within Last 10 years

- ♦ None

Mrs. Boontip Changnil Age 40

Company Director  
Managing Director  
Authorized Directors

### Academic Qualifications

- ♦ BBA : Management, Accounting, Phuket Rajabhat University

### Thai Institute of Director Association (IOD)'s Seminar Courses

- ♦ Director Accreditation Program (DAP) 120/2015

### Number of Shares Holding

- ♦ 15 shares equal to 0.00%

### Family Relationship Between Directors and Executives

- ♦ None

### Previous Work Experiences During Last 5 Years

- ♦ 2015 – Present Director and Managing Director, City Steel PCL.
- ♦ 2006 – 2015 General Manager – Supporting Function and Accounting and Financial Manager, City Steel PCL.

### Director Positions Hold in Other Organization

Listed Company : -None-

Non-Listed Company :

- ♦ 2015 – Present Director, Siam ISO Pro Co., Ltd. (Subsidiaries)
- ♦ 2015 – Present Director, Mark Worldwide Co., Ltd. (Subsidiaries)
- ♦ 2015 – Present Director, City Steel Products Co., Ltd. (Subsidiaries)

Other entities that may have a conflict of interest : -None-

### Records of Legal Dispute within Last 10 years

- ♦ None



Mrs. Panida Chaiheng

Age 33

Company Director  
Deputy Managing Director  
Authorized Directors

**Academic Qualifications**

- ♦ High Vocational Certificate, Business Administration, Business Computer, Eastern Technology College

**Thai Institute of Director Association (IOD)'s Seminar Courses**

- ♦ Director Accreditation Program (DAP) 120/2015

**Number of Shares Holding**

- ♦ None

**Family Relationship Between Directors and Executives**

- ♦ None

**Previous Work Experiences During Last 5 Years**

- ♦ 2015 – Present Director and Deputy Managing Director, City Steel PCL.
- ♦ 2011 – 2015 Human Resources Manager and Assistant Financial Manager, City Steel PCL.
- ♦ 2009 – 2011 Human Resources Manager, City Steel PCL.

**Director Positions Hold in Other Organizations**

Listed Company : -None-

Non-Listed Company :

- ♦ 2015 – Present Director, Siam ISO Pro Co., Ltd. (Subsidiaries)
- ♦ 2015 – Present Director, Mark Worldwide Co., Ltd. (Subsidiaries)
- ♦ 2015 – Present Director, City Steel Products Co., Ltd. (Subsidiaries)

Other entities that may have a conflict of interest : -None-

**Records of Legal Dispute within Last 10 years**

- ♦ None

Mr. Anutara Tantraporn

Age 44

Independent Director  
Chairman of the Audit Committee

**Academic Qualifications**

- ♦ M.A. : Animation & Interactive Multimedia, Visual Communication, RMIT University, Australia
- ♦ Grad. DIP : Animation & Interactive Multimedia, Visual Communication, RMIT University, Australia
- ♦ Cert. DIP : Computer Aided Art & Design, School of Arts and Design, RMIT University, Australia

**Thai Institute of Director Association (IOD)'s Seminar Courses**

- ♦ Director Accreditation Program (DAP) 61/2007

**Number of Shares Holding**

- ♦ None

**Family Relationship Between Directors and Executives**

- ♦ None

**Previous Work Experiences During Last 5 Years**

- ♦ 2015 –Present Independent Director and Chairman of the Audit Committee, City Steel PCL.
- ♦ 2006 – 2015 Independent Director and Audit Committee, City Steel PCL.
- ♦ 2010 – Present Executive Director, Hastin Kindergarten
- ♦ 2009 – Present Vice President – ICT, Phraram 3 Honda Cars Co., Ltd.

**Director Positions Hold in Other Organizations**

Listed Company : -None-

Non-Listed Company : -None-

Other entities that may have a conflict of interest : -None-

**Records of Legal Dispute within Last 10 years**

- ♦ None

Mr. Pattarathon Thatsanasuwan

Age 40

Independent Director

Audit Committee

**Academic Qualifications**

- ♦ LL.B. : Law, Ramkhamhaeng University
- ♦ B.Sc. : Science, Chandrakasem Rajabhat University

**Thai Institute of Director Association (IOD)'s Seminar Courses**

- ♦ Director Accreditation Program (DAP) 61/2007

**Number of Shares Holding**

- ♦ None

**Family Relationship Between Directors and Executives**

- ♦ None

**Previous Work Experiences During Last 5 Years**

- ♦ 2006 – Present Independent Director and Audit Committee, City Steel PCL.
- ♦ 2006 – Present Partner, Lawyer, and Attorney at Law, PTM and Associate Limited Partnership Law Office
- ♦ 2010 – 2014 Consultant and Partner, Beyond 99 Insurance Broker Co., Ltd.
- ♦ 2010 – 2014 Consultant, Thai Fitting Home Group Co., Ltd.

**Director Positions Hold in Other Organizations**

Listed Company : -None-

Non-Listed Company : -None-

Other entities that may have a conflict of interest : -None-

**Records of Legal Dispute within last 10 years**

- ♦ None

Mr. Harirak Chamarakula

Age 43

Independent Director

Audit Committee

**Academic Qualifications**

- ♦ MBA : Business Administration, Shenandoah University, USA.
- ♦ B.Eng. : Mechanical Engineering, Kasetsart University
- ♦ BBA : General Management, Sukhothai Thammathirat University

**Thai Institute of Director Association (IOD)'s Seminar Courses**

- ♦ Director Accreditation Program (DAP) 120/2015

**Number of Shares Holding**

- ♦ None

**Family Relationship Between Directors and Executives**

- ♦ None

**Previous Work Experiences During Last 5 Years**

- ♦ 2015 – Present Independent Director and Audit Committee, City Steel PCL.
- ♦ 2015 – Present Senior Operations Manager – Motor, AXA Assistance Co., Ltd.
- ♦ 2014 – 2015 CRM and Service Marketing Manager, MG Sales (Thailand) Co., Ltd.
- ♦ 2013 – 2014 ASEAN Customer Assistance Center Manager, Ford Operations (Thailand) Co., Ltd.
- ♦ 2010 – 2012 Technical Complaint Management Senior Manager, Mercedes-Benz (Thailand) Co., Ltd.

**Director Positions Hold in Other Organizations**

Listed Company : -None-

Non-Listed Company : -None-

Other entities that may have a conflict of interest : -None-

**Records of Legal Dispute within last 10 years**

- ♦ None

Miss Walailuk Kuhapensang

Age 51

General Manager

**Academic Qualifications**

- ◆ Upper Secondary School, Metropolis Non-Formal Education Center

**Thai Institute of Director Association (IOD)'s Seminar Courses**

- ◆ Director Accreditation Program (DAP) 27/2004

**Number of Shares Holding**

- ◆ 15 shares equal 0.00%

**Family Relationship Between Directors and Executives**

- ◆ None

**Previous Work Experiences During Last 5 Years**

- ◆ 2015 – Present General Manager, City Steel PCL.
- ◆ 2006 – 2015 General Manager – Core Function, City Steel PCL

**Director Positions Hold in Other Organizations**

Listed Company : -None-

Non-Listed Company : -None-

Other entities that may have a conflict of interest : -None-

**Records of Legal Dispute within last 10 years**

- ◆ None

Miss Chatsuman Thanomjit

Age 32

Accounting and Financial Manager

**Academic Qualifications**

- ◆ B.A. : Accounting, Sripatum University

**Thai Institute of Director Association (IOD)'s Seminar Courses**

- ◆ None

**Number of Shares Holding**

- ◆ None

**Family Relationship Between Directors and Executives**

- ◆ None

**Previous Work Experiences During Last 5 Years**

- ◆ 2015 – Present Accounting and Financial Manager, City Steel PCL.
- ◆ 2013 – 2015 Deputy Accounting and Financial Manager, City Steel PCL.
- ◆ 2010 – 2012 Assistant Accounting and Financial Manager, City Steel PCL.

**Director Positions Hold in Other Organizations**

Listed Company : -None-

Non-Listed Company : -None-

Other entities that may have a conflict of interest : -None-

**Records of Legal Dispute within last 10 years**

- ◆ None

Mrs. Parichard Phongratanadechachai

Age 34

Company Secretary

**Academic Qualifications**

- ♦ BBA : Management, Accounting, Rajabhat Rajanagarindra University

**Thai Institute of Director Association (IOD)'s Seminar Courses**

- ♦ None

**Number of Shares Holding**

- ♦ None

**Family Relationship Between Directors and Executives**

- ♦ None

**Previous Work Experiences During Last 5 Years**

- ♦ 2008 – Present Company Secretary, City Steel PCL.

**Director Positions Hold in Other Organizations**

Listed Company : -None-

Non-Listed Company : -None-

Other entities that may have a conflict of interest : -None-

**Records of Legal Dispute within last 10 years**

- ♦ None

**Remarks**

All directors and executives have never committed or been charged for the wrongdoing according to the Securities and Exchange Act B.E.2535 or Derivatives Act B.E.2546 in the following matters.

1) Fail to perform duty with responsibility, due care, and honesty.

2) Falsify information or disclosures that lead to misunderstanding or conceal significant information that may affect decisions of shareholders, investors, or relevant parties.

3) Involve or support unfair trading practices in securities or derivatives.



## Details of Subsidiaries' Directors

Directors	Subsidiaries			
	Siam ISO Pro Co., Ltd.	Mark Worldwide Co., Ltd.	City Steel Products Co., Ltd.	CT Universal Co., Ltd.
1. Mr. Charoenpong Ongwongsakul	A, B, /, //	A, B, /, //	A, B, /, //	-
2. Mrs. Boontip Changnil	C, /, //	C, /, //	C, /, //	-
3. Mrs. Panida Chaiheng	D, /, //	D, /, //	D, /, //	-
4. Mr. Komgrich Phongratanadechachai	-	-	-	/, //
5. Miss Suputra Phongratanadechachai	-	-	-	/, //
6. Mr. Anutara Tantraporn	-	-	-	-
7. Mr. Pattarathon Thatsanasuwan	-	-	-	-
8. Mr. Harirak Chamarakula	-	-	-	-

**Remarks**

A = Chairman of the Board of Directors

B = Chairman of the Executive Directors, Chief Executive Officer

C = Managing Director

D = Deputy Managing Director

E = Executives

/ = Directors

// = Executive Directors

## CORPORATE GOVERNANCE

### Corporate Governance Policy

The Board of Directors determines to follow the Code of Best Practices of director of listed company and also emphasizes on good Corporate Governance according to the guidelines of the Stock Exchange of Thailand by considering overall stakeholders and social responsibilities. In order to maintain a sustainable growth, the Company and the Board of Directors has determined the corporate governance policies as follows:

1. Operate clearly and verifiably, and adequately disclose important information to all related parties in a timely manner.

2. Manage carefully and responsibly with skill and efficiency to maximize shareholder wealth.

3. Implement appropriate and effective internal control systems, evaluate risk factors, along with regularly set strategies, make corrective actions, and monitor risk management.

4. Treat all shareholders and stakeholders equally and fairly.

5. Segregate clearly structures, duties, and responsibilities of each Board of Committee.

6. Monitor and encourage all directors, management, and employees to operate and do business ethically and fairly.

Apart from the mentioned policies, the Company has followed the Principles of Corporate Governance for listed company that proposed by the Stock Exchange of Thailand, which can be classified into 5 sections as follows:

#### **Section 1 Rights of shareholders**

As the Company realizes the important of the rights of shareholders, the Company shall avoid any actions that violates those rights. The Company also

emphasizes on fair and equal treatment of shareholder rights by implementing the following procedures.

#### » Shareholders' meeting

1. The Company has sent out the meeting invitation that consists of date, time, venue, and meeting agenda as well as other supporting informations for each agenda and procedures to attend the shareholders' meeting to all shareholders at least 7 days in advance of the scheduled meeting date. The Company has also published these information on the Company's website at [www.citysteelpl.com](http://www.citysteelpl.com), so that the shareholders can be equally access to the information.

2. Prior to every shareholders' meeting, the Company has given the opportunity for the shareholders to propose additional agenda, nominate qualified candidates to be elected as the Company's directors, and send their inquiries to the Company by indicated the procedures to propose additional issues on the Company's website and disclose via the Stock Exchange of Thailand disclosure channel.

3. In the event that the shareholders can not attend the meeting, the Company encourage the shareholders to use the proxy forms that has been distributed with the meeting invitation to cast their votes. The distributed proxy forms consist of both general and specific proxy forms which will allow shareholders to specify their votes in each meeting agenda. The Company has also proposed at least 1 independent director whom the shareholders can appoint as their proxy.

#### » Procedures on the shareholders' meeting date

1. In every shareholders' meeting, the Company has allocated adequate time for discussion and encouraged the shareholders to express opinions, give

recommendations, and ask related questions regarding the Company's operations during the meeting.

2. The Company has encouraged the use of voting cards in every shareholders' meeting. And for the agenda that contains several items such as appointment of directors, the Company has allowed the shareholders to vote for each director individually for transparency and for future reference.

3. The company has appointed the Company's auditor to be an independent representative of shareholders to count the votes and monitor the counting process for transparency, which has been announced at the beginning of the meeting and recorded in the minute.

» Preparation and disclosure of the minutes of shareholders' meetings

1. The Company has prepared the minutes of meetings with complete details including the voting procedures, list of individuals who attend the meeting, shareholders' questions, recommendations, and opinions, and resolutions and voting results, which has been recorded since the beginning of the meeting until the meeting has adjourned.

2. The Company has disclosed the meetings' resolutions through the Stock Exchange of Thailand and also made publicly available on the Company's website and neatly and safely keeps all the certified shareholders' minutes of meeting so the documents will be monitor easily.

## Section 2 Equitable treatment of shareholders

Apart from the shareholders' rights to vote in each meeting that mentioned in the Section 1, the Company has also emphasized on fair and equitable treatment of every shareholder including both executive and non-executive shareholders, and foreign shareholders

as well. In which, the Company has employed the following procedures.

» Disclosure of information before the shareholders' meeting

1. The Company has submitted the meeting schedule, meeting agenda, and directors' opinion on each agenda to the Stock Exchange of Thailand prior to the scheduled meeting date.

2. Every news and announcements that submitted to the Stock Exchange of Thailand have been prepared in both Thai and English versions. In addition, the meeting invitation, supporting documents for each meeting agenda, proxy forms, the minutes of meeting, as well as annual report, have also been translated into English so the shareholders can equally access to these information.

» Protection of minor shareholders

1. The Company has determined criteria and processes on allowing minority shareholders to propose additional agenda and to nominate candidates to be elected as directors in advance before the meeting date by announcing via the Stock Exchange of Thailand and posting on the Company's website. For the 2014 Annual General Meeting of Shareholders, there was neither additional agenda nor candidate proposed by the minority shareholders.

2. The executive shareholders have not added additional agenda without advance notice especially for the issue that required times to consider before making decision.

» Protection against abuse of inside information

The Company has a policy of controlling and supervising the use of its inside information to gain profits from trading of the Company's securities in advance. The information that have not been disclosed

to the public will be kept confidentially. Significant information necessary for work conduct will be provided to only relevant employees. In addition, the Company has prescribed measures of controlling and preventing its directors, executives, and employees from using the Company's secret information for their own benefits, and has imposed penalties for the employees who violate the rules, as well as has instructed everyone in the organization to abide by these rules.

» Conflicts of interest of directors

The Board of Directors is well informed of the transactions that may have conflict of interests before considering those transactions. If such transactions have to be done, the Board of Directors will consider those transactions carefully and properly by relying on the Company's benefits. In the case that the Company has any transactions that may cause conflict of interests, the Company will propose those transactions to the Audit Committee to verify and give opinions on those transactions, which then be consequently proposed to the Board of Directors. The Company will strictly conduct the transactions that may have conflict of interests according to rules and regulations of the Stock Exchange of Thailand. Furthermore, in considering the transactions that may have conflicts of interest, the directors who have conflicts of interest will not be allowed to participate and vote in those particular agenda.

**Section 3 Role of stakeholders**

The Company has emphasized in conducting business on the foundation of responsibility, transparency, integrity, and fair competition by treating all stakeholders with fairness and respecting the regulations and mutual agreement. The Company has determined and communicated policies and best practices and encouraged the Company's directors, management,

and employees to follow these policies with integrity by concerning all stakeholders as follows:

» Shareholders

Beside a fair and an equitable treatment of shareholder rights including the rights to attend and vote in the meeting, the rights to receive dividend, and other rights specified in Section 1 and 2, the Company has also determined to operate the business with full ability and with caution in order to generate good operating results and optimize the shareholders' wealth. The Company has also assigned a communication channel for the shareholders to interact with the Company via the investor relation department, who will provide information about the Company, reply to the shareholders' inquiries, acknowledge opinions and recommendations, and accept complaints. The investor relation department can be contacted at the phone number (038) 782-064-68 or [www.citysteelpcl.com](http://www.citysteelpcl.com) or [ir@wkpgroup.com](mailto:ir@wkpgroup.com).

» Customers

The Company determines to treat all customer with appropriateness, consideration, and responsibility by employing the following practices.

1. Manufacturing high quality products that meet customers' requirements at the reasonable price.
2. Rendering good services both before and after sales by providing advices, recommendations, and cooperation to create products that match the customers' requirements before selling those products to the customers, delivering products on time, assisting and helping, and inspecting the products after uses.
3. Pursuing continuous improvement to create variety of products to satisfy various demands of the customers.

4. Keeping customers' information including drawings and example products as secret and preventing the disclosure of these informations without consent of the customers.

» Employees

Employees are an important factor that contribute to the Company's success so the Company has determined to treat the employees with fairness and equality as well as ensure that every employee can have a good standard of living by establishing the following practices.

1. Respects every employee rights and equally treats every employee regardless of nationality, gender, age, educational background, or physical appearance, which the Company has hired employees with disabilities and provided them suitable duties.

2. Provides fair compensation and proper benefits as well as raises the compensations every year based on current situation, economic condition, and employees' performance evaluations.

3. Encourages the employees to participate in special activities and projects to promote collaboration and working efficiency.

4. Set up safety working environment and organizes orientation and training for the employees regarding safety working environment.

5. Promotes skills development by arranging in-house training for new employees in each department and outside training for particular skills as well as organizing a project for the employees to exchange their knowledges among one another so the employees will gain variety of knowledges from various departments.

6. Gives opportunities for the employees to express their opinions and recommendation that will be useful for organization development. Also accepts

complaints from the employees via "Smile Creating Unit".

7. Creates good corporate value for all employee by emphasizing on the philosophy of "Good person is important than everything". Also motivates every employee to perform their duties with integrity and cultivates employees to have mindset of anti-corruption by not allowing employees to give or accept bribes or any incentives since bribery is illegal and also imposes penalties in case of violation.

» Trading Partners and Creditors

In order to create and maintain long-term relationship with business partners, the Company has set up a policy to treat trading partners and creditors on a fairly cooperation basis by following trade rules, commercial terms, and contracts. The Company has established a policy in choosing suppliers by prohibiting the employees from accepting or requesting any incentives from the suppliers and must not involve in any transactions the may cause conflicts of interests. If any employees fail to follow this policy, certain penalties will be imposed.

» Competitors

The Company has committed to operate business bases on fair competition and will not do anything that may discredit or disgrace the competitors.

» Community, Society, and Environment

The Company is well aware of the significant of the development of the society and community and realizes of the duties and responsibilities to the neighbor community. Therefore, the Company has determined to avoid creating any troubles to the nearby community and provide cooperation to the community where the Company located. In addition, the Company has devoted to environment and energy conservation by



employing the philosophy of “Maximize benefits with highest efficiency” to motivate and cultivate the employees to conserve energy and use resources wisely and efficiently and has strictly followed the environmental laws and regulations.

Beside operating business according to the Corporate Governance Principles and responsible for all stakeholder, the Company has set a whistle-blowing policy by arranging communication channel for the stakeholders to suggest, complain, or inform of misconduct or inappropriate behavior or of unusual circumstances to independent directors. The stakeholders can contact the independent directors directly at the email address, [compliance@citysteelpl.com](mailto:compliance@citysteelpl.com) or by fax to internal audit department at (038) 214-534. Also, the Company has disclosed more information regarding treatment of stakeholders in the Corporate Social Responsibility Report that published on the Company's website at [www.citysteelpl.com](http://www.citysteelpl.com).

#### Section 4 Disclosure and transparency

The Company pays significant attention to the disclosure of both financial and non-financial information, which should be correct, complete, accurate, and in timely manner, which will benefit shareholders, investors, analysts, and other relevant parties. In order to achieve this objective, the Company has implemented the following actions.

1. The Company has ensured that the important informations including financial reports and non-financial informations are disclosed correctly, accurately, transparently, and on a timely basis according to the regulations of the Securities and Exchange Commission and the Stock Exchange of Thailand. These informations are disclosed through the Stock Exchange of Thailand and the Company's website so that everyone can easily and equally access to the informations.

2. The Company has disclosed several important informations in the Annual Report and the Annual Registration Statement (Form 56-1) including Corporate Governance Principles, Business Ethics, Risk Management Policy, Corporate Social Responsibility Policy, Shareholders structure, Structure of the Group and Nature of Businesses, as well as the Audited Financial Statements and Management Discussion and Analysis and other related informations. The Company believes that the disclosure of these informations will enable the investors to understand the changes that occurred each year and will be sufficient for decision making. These informations can be accessed through the Stock Exchange of Thailand's website and the Company's website where current and previous year Meeting Invitations and Minutes of Meeting have been posted as well.

3. The Company has arranged the investor relation unit to provide information about the Company and response to the investors' inquiries. The shareholders, investors, analysts, or other related departments can contact the investor relation at the phone number (038) 782-064-68 or the company website at [www.citysteelpl.com](http://www.citysteelpl.com) or email address at [ir@wkpgroup.com](mailto:ir@wkpgroup.com).

#### Section 5 Responsibilities of the Board

The Board of Directors plays an important role in corporate governance for the best interests of the Company and the shareholders. To accomplish this objective, the Company has determined details of roles, duties, and responsibilities of the Board of Directors as follows:

##### » The Leadership and Vision

Leadership and vision of the Board of Directors according to the best practices of good corporate governance are listed below:

1. The Board of Directors participates in the formulation (or provides its approval) of the vision, mission, strategies, business plans, goals, and budgets of the Company. They also oversees that management operates efficiently and effectively in accordance with the predetermined business plans and budgets, with a view to creating the highest economic values for the business, and the greatest degree of stability for shareholders.

2. The Board of Directors ensures that the Company has a system of internal controls, internal audit activities, and risk management measures. The Board of Directors monitors the progress of such activities on a regular basis through Audit Committee's Meetings and Board of Directors' Meetings.

3. The Board of Directors monitors management's operation to be consistent with the predetermined policies except for transactions that may have conflict of interests or transactions that required shareholders' opinion, according to regulations of the Security Exchange Commission and the Stock Exchange of Thailand.

4. The Board of Directors determines and provides a clear distinction between the roles, duties, and responsibilities of the Board of Directors, Audit Committee, and the Executive Management and regularly conveys that information to the Company's directors, management teams, and employees.

» Ethics of the Board of Directors

1. The Board of Directors should perform their duties in accordance with the statement of Business Conduct and hold on to the Business Ethics prescribed by the Company.

2. The Board of Directors should perform their duties in accordance with laws, purposes, and policies

of the Company, as well as resolutions of the shareholders' meeting, and safeguard the Company benefits.

3. The Board of Directors should perform their duties with responsibility and employing management skills and abilities to create prosperity and appropriate returns for the Company.

4. The Board of Directors should perform their duties with responsibility to the shareholders and stakeholders and appropriately and fairly treat all the stakeholders.

5. The Board of Directors should not take advantages by using the position in the Company, should not disclose the Company important information to outsiders, and should not exploit the undisclosed information for own benefits, as well as should not act in any way that may create conflict of interests.

» Balance of power by Non-Executive Director

The Company appoints director to avoid allowing one person or group of people with authority to make decisions alone. These directors judge the effectiveness of management and build examination mechanisms and counterbalances. The Board of Directors in the Company consists of 6 directors who are

- Executive Directors            3    members
- Non-Executive Directors    3    members

There are 3 independent directors or equal to 50% of all directors.

» Segregation of Duties

The Company clearly divided scopes, roles, and responsibilities between the Chairman of the Board of Directors and the Chief Executive Officer (CEO). In addition, the Company has 3 Independent Directors, which facilitates a suitable balance and monitor management operation. Moreover, the Company has Internal Audit Department, which report directly to the Audit Committee

and responsible for controlling and auditing the operation of the Company in accordance with its policy.

» Serving of Director Position

The Company has set a policy regarding the holding of director positions in other companies to be conform to the Best Practices set by the Stock Exchange of Thailand, which allow the Company's director to hold directors position in other listed companies for not more than 5 companies. Additionally, the Company has defined the duration of being the Company's independent directors of not exceed 9 years.

» Directors and Executives Remuneration

The remuneration of directors and executives shall be set at an appropriate amount, which is in the same level of the industry, and sufficient to motivate and maintain qualified personnel. The remuneration of the directors shall be paid as meeting allowance according to the number of attendance, which shall be approved by Shareholders Meeting.

» Directors Meeting

It is the Company policy to hold a directors meeting at least 4 times a year and additional meeting may be held if appropriated. In each meeting, the agenda must be stated clearly and appointment letter shall be distributed 7 days prior to the meeting so that there is sufficient time for the directors to study all information before attending the meeting.

» Sub-Committee

The Board of Directors has appointed 3 Audit Committees who are independent directors to assist in monitoring the Company's operations. Scopes of work and authorities of the Audit Committee has been stated under "Roles and responsibilities of the Audit Committee" section in this report. Although the Company has not assigned the remuneration committee, the Company has

established procedures in considering suitable remuneration by comparing with remuneration data of similar-sized company in the same industry together with the Company operating result.

» Report of the Board of Directors

The Board of Directors has to take responsibility for financial statements and information disclosed in the annual report. The financial statements are presented in accordance with generally accepted accounting principles and Thai Accounting Standard by employing proper accounting policy on a consistency basis. In addition, important information is adequately disclosed in the Notes to Financial Statements.

The Board of Directors arranges the Audit Committee to review the Company's Financial Statements in terms of accuracy and adequacy, as well as the Company's internal control and internal audit system in terms of sufficiency and appropriateness. The Audit Committee that consisted of non-executives directors is responsible for the quality of financial reports and internal control systems.

The Audit Committee has an opinion that, the Company sufficiently and properly maintains internal control system and acceptable risk management, which in turn ensure that the financial statements are presented fairly and accurately.

» Self-assessment of the Board of Directors

The Company conducts the board self-assessment to evaluate the performance of the board as a whole and on an individual basis every year by using the board self-assessment form of the Stock Exchange of Thailand as a guideline for the evaluation. The board self-assessment will allow all members of the board to consider the board's performance and solve any problems or obstacles occurred during the year as well as allow

each member of the board to express the opinions toward the board's performances as a whole in order to help improve and develop efficiency of the directors' performances.

» Directors' Development

• Directors' Orientation

For new directors, the Company will arrange an orientation program to inform of the Company's business policies and other relevant information and distribute a listed company director's handbook, which includes the following information.

- 1) The Public Company Act
  - 2) Securities and Exchange Act
  - 3) Company Registration Certificate
  - 4) Company Articles of Association
  - 5) Guidelines for Directors of Listed Companies
  - 6) Recent Annual Report
- Directors' Training

The Company encourages the directors to attend or participate in training courses that relevant to the development of the director in performing their duties with the Thai Institute of Directors (IOD) or other institutions. All directors had participated in the training courses with the Thai Institute of Directors in the previous years.

• Succession Planning

The Company has assigned the executive directors to be responsible for formulating the succession plan in order to ensure that the Company has recruited and prepared qualified employees to fill in the positions that important to the Company's operations.

**Supervision of the operation of subsidiary companies**

Since the Company is a holding company that invests in 4 subsidiaries in the proportion of 99.99% and 100%, the Company has appointed representatives to become the subsidiaries' directors and executives. The

appointed representatives have responsibilities to perform their duties for the best interest of the subsidiaries and the Company. In considering important matters, the representatives must be approved by the Company's Board of Directors in order to vote in the matters that have the same significant level as the issues that must be approved by the Company's Board of Directors. The appointment of the representatives to be the directors of the subsidiaries is based on the proportion of the Company's ownership in the subsidiaries.

The Company has enforced the same regulations regarding related party transactions, acquisition and disposal of assets, and other significant transactions on the subsidiaries as well as the disclosure of these transactions. The Company has also demands the subsidiaries to collect and record accounting transactions on a timely basis as the Company has to use this information in preparing consolidated financial statements.

**Supervision of the Usage of Inside Information**

The Company has a policy of controlling and supervising the use of its inside information to gain profit from trading of the Company's securities in advance. Significant information shall be informed only to the Company's executives while only some parts of the information necessary for work conduct will be provided to the Company's employees. In addition, the Company prescribed measures of controlling and preventing its directors, executives, and employees from using the Company's secret information for their own benefits. Employees found breaking of the Company's regulations would be subjected to penalties that are clearly specified. Details of the regulation concerning the inside information usages are as follow:

1. Directors, executives, and employees of the Company must keep the Company's secret and/or the Company's inside information.

2. Directors, executives, and employees of the Company must not disclose the Company's secret and/or inside information for their own or for other person benefits either directly or indirectly and whether they gain earnings in return or not.

3. Directors, executives, and employees of the Company must not buy, sell, transfer, or receive the transfer of Company's securities by using Company's secret and/or inside information. They must not engage in any legal activities by using Company's secret and/or inside information that may cause damage to the Company either directly or indirectly. Closed relatives of the Directors, Executives, and employees of the Company are also subjected to this regulation. (Closed relative means person who related by blood, by marriage, and by legal registration such as father, mother, spouse, child, brother, sister, uncle, and aunt including spouse of these persons.)

4. Directors, executives, and employees of the Company must not buy, sell, transfer, or receive transfer of Company's securities for the period of 1 month before the Company's financial statement and other relevant information are disclosed to the public and 24 hours after those information are disclosed.

The Company has set disciplinary penalty for person who violates the above regulation. The penalty shall vary as deem appropriate and ranging from spoken warning, written warning, putting on probation, work suspension, discharging, or ceasing of employment without compensation.

In addition, the Company has informed the executives about their duties to report the changes in holding of the Company's securities to the Securities and Ex-

change Commission according to Section 59 of the Securities and Exchange Act B.E.2535 within 3 days after the changes in securities holding. Also, the executives have to inform the company secretary to record the changes and summarize securities holding of each individuals, which will be presented to the Board of Directors in the next meeting. The Company also has informed about penalties for violating these regulations.

#### **Internal Control and Internal Audit System**

The Company has emphasized on effective internal control systems in both management and operation levels, so responsibilities and authorities of employees and executives has been clearly defined in written documents. The Company has employed control system on the use of assets and segregate duties between operators, controllers, and evaluators. Internal control has been applied to financial system in order to determine authority levels in approval of financial transactions.

The Company has set up an internal audit department to perform internal audit duty, which emphasizes on risks management and business operation. The internal audit department has objectives to create efficiency in business operation and ensure the Audit Committee and executives that the Company has reliable system in generating important information. The internal auditor also has responsibilities to monitor the use of the Company's assets and assess the internal control systems to ensure that the Company has implemented appropriate internal controls and the employees have performed their duties according to the stated internal control systems

In the Board of Directors meeting No.3/2015 on September 26, 2015, the Company's directors together with 3 Audit Committees had evaluated the internal



control system according to the guidelines of The Committee of Sponsoring Organizations of the Treadway Commission (COSO) revised 2013, by making inquiries to executives and internal audit department and reviewing the self-assessment form. The Board of Directors has concluded that the Company has a sufficient and appropriate internal control system. The Company has assigned adequate personnel to carry out controlling and auditing duties effectively. There is a supervision of subsidiaries' operations, and mechanism to prevent unauthorized use of the Company's assets by the directors or executives, as well as an appropriate policy for related party transactions. For other related internal control

systems, the Board of Directors has considered that the Company has adequate internal controls as well.

Besides assessing the sufficiency of the internal controls, the Audit Committee has also reviewed the financial statements for the year ended July 31, 2015, and has commented that the financial statements has been accurately presented and conform with generally accepted accounting principles.

Miss Wannisa Ngambuathong, the Company's auditor from Dharmniti Auditing Company Limited, who has audited the Company's financial statements, has also evaluated the effectiveness of the Company's internal controls and found no significant weakness in the Company's internal control systems.

## CORPORATE SOCIAL RESPONSIBILITY

The Company realizes the important of Corporate Social Responsibility (CSR), so the Company has set corporate directions and goals toward a good CSR practices by committing to operate the businesses under a good Corporate Governance Principles, with transparency, and abide by laws and regulations. Additionally, the Company devotes to establish good and long-term relationships with customers, avoids violation of human rights, workers' rights, and intellectual property rights, as well as promotes anti-corruption values. The Company strongly believes that maintaining good relationships with all stakeholders is a significant foundation toward a sustainable growth. In order to implement the CSR campaign effectively, the Company has defined CSR policies and activities as follows:

### 1. Good Corporate Governance

The Company is committed to competently and thoroughly operate the businesses and taken into account of the interest of all stakeholders by treating every group of stakeholders fairly and equally.

### 2. Fair Business Practices

The Company encourages fair business practices by avoiding or not supporting intellectual property infringement as well as respecting and following laws and regulations.

### 3. Respect Human Rights

The Company respect human rights and promotes equality by not discriminating in recruitment, not enforcing labor, and operating according to labor laws.

### 4. Employees Involvement

The Company encourages employees to participate in the Company's activities and assigns a communication channel to inform the employees of the Company's

information as well as allows the employees to express their opinion through this channel.

### 5. Fair Employee Treatment

The Company is committed to fair treatment of employees regarding the determination of compensation and benefits, safety and working environment, along with development opportunity and career advancement.

### 6. Responsibility toward Customers

The Company determines to manufacture good quality products that meet customers' requirements at reasonable prices by emphasizing on providing greatest customer satisfaction.

### 7. Community Development

The Company is well aware of duties and responsibilities to society and communities by not causing any troubles to nearby communities and providing supports and assistance to surrounded communities.

### 8. Environmental Management

The Company creates core value of environmental protection and cultivates employees to aware of environmental preservation, energy conservation, and sustainable uses of resources.

### Implementation of Corporate Social Responsibility in Business Processes

#### ➤ CSR implementation on environment and safety aspects

» The Company concerns about safety standard for both the Company's personnel and outside contractors who have to work in the Company. The Company has adjusted working environment in order to reduce accidents, also set a safety policy and created a goal to reduce accidents and injuries, which must not exceed

10 accidents per year and announced this policy and objective to all employees and contractors.

» The Company arranges safety training for new employees and assigns supervisors or group leaders to evaluate risks associated with their duties in order to determine solutions to correct these risks and safety issues. In addition, the Company also provides personal safety equipment for every employee that suitable to their tasks.

» The Company's businesses are environmental friendly, since they produce no harmful waste and do not use any chemicals in the production processes. Therefore, the Company can assure that the operating processes will not negatively affect the surrounded environment.

» The Company adopts the philosophy of "Maximize benefits with highest efficiency" to motivate and cultivate the employees to conserve energy and use resources wisely and efficiently and arranges a course to educate the employees about environment and effects on the environment. The Company also promotes energy and resource saving activities including uses both sides of paper, turns off and unplugs electric appliances after use, turns off air conditions at least 10 minutes before lunch break and before leaving the office in the evening, as well as tightly closes water faucet and water valves on the long holidays. Furthermore, the philosophy of "Maximize benefits with highest efficiency" has also been used as a criterion in evaluating the executives and employees' performances.

➤ CSR implementation on social aspect

» Personnel development and concern of human rights

Personnel is one of key factors for corporate's success, therefore the Company emphasizes to develop

the employees skills and respect their human rights by implementing the following activities.

Employee development

The Group's employee development policy aims to improve knowledge and abilities of employees in both technical and professional skills. Employee development will not only enhance employees' abilities but also help the Company to retain talented personnel to work for the Company for the long run as well as provide career advancement for the employees. In the past years, the Company has conducted training programs as follows:

1. Arranges in house training, which is the training designed for the newcomers, who will be trained by experienced personnel in each particular department.

2. Arranges outside training on a regular basis, which focuses on specific knowledge and technical skills that suit the tasks in each particular department such as computer training, production technology training, etc.

The Group's has set up a knowledge exchange project that is called "Learning and Teaching Organization Program". In this project, the experienced employees in each function will act as teachers to communicate their experiences and knowledge to students who are the employees from other functions. This project will facilitate the employees to understand the operation of other departments, and also help in developing additional skills, as well as promote good working relationship and enhance effectiveness of internal communication.

Fair treatment of employees

Apart from basic salary that the employees will received from their operations, the Company has also arranged other welfare and benefits as additional incentives for the employees. Moreover, the Company manages to increase the employees' compensations

every year by using criteria based on monthly performance evaluation. The amounts of increased compensations are determined every year according to the Company's policy, which has to be corresponded with situations and economic conditions.

» Responsibility towards customers

The Company has established good and long-term relationships with every group of customers by providing exceptional services based on the Company's principle of "Our services start before we sell". The Company approaches customers to give advices and receive products requirements, then collaboratively develop the products that truly meet the requirements of the customers.

» Fair business practices

The Company has a policy to respect intellectual property and copyrights by avoiding and not supporting any actions that appear to violate the copyrights and intellectual property rights of other entities, which reflects the Company's intention of fair business practices. The Company respects and obeys the intellectual property laws and regulations by using only legal information technology and software.

**Implementation of Corporate Social Responsibility for community development**

» Collaboration in developing community and society

The Company recognizes the importance of community and social development, in conjunction with the operations of the Company. During the past year,

the Company has organized community and society development activities as follows:

1. Awards annual scholarship to children in the community, who have good educational performances and good behaviors.

2. Supports the Cooperative Education Programs of several universities. For the Cooperative Education Program, the students have to apply for practical training with the Company, and to complete the training, the students have to submit work related projects to the universities. The Company has supported the projects by arranging area, allocating resources and equipment, providing guidance and advices, and funding the projects to help the students to accomplish their tasks.

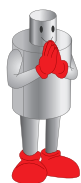
3. Restores public roads in the community where the Company situated for the convenience and safety of the community.

4. Dredge waterway in the community prior to rainy season to help drain excess water and prevent flood.

Beside the policies and activities stated in this Annual Report, the Company has prepared the 2015 Corporate Social Responsibility Report that contained information about policies and activities of the Company and subsidiaries regarding social responsibility and anti-corruption practices. The CSR Report has been posted on the Company's website so that all the stakeholders can easily and equally access to this information at [www.citysteelpcl.com](http://www.citysteelpcl.com).

## ANTI-CORRUPTION POLICY

The Company is committed to conducting business with transparency and within legal framework, ethical principles, and guidelines of good Corporate Governance, as well as supporting the fight against fraud and corruption in all forms. The Company is well aware that fraud and corruption can create adverse effects to the development of economy, society, and national security. The Company determines to operate the businesses with honesty and integrity and in accordance with laws and regulations, which applies to all business activities and decisions. The core value of anti-corruption has been established and communicated to all staffs, which help cultivating and creating the sense of anti-corruption among the employees. The Company strictly prohibits the employees or their representatives to give or receive bribes or other incentives in any forms, to or from other parties. Besides giving and accepting bribes are considered as a crime and illegal, the Company has also imposed penalties in case of the violation. Also, the Company has joined and become a member of “Partnership Against Corruption for Thailand” (PACT). The Company has disclosed more information about anti-corruption in the Corporate Social Responsibility Report, which is published on the company’s website at [www.citysteelpl.com](http://www.citysteelpl.com).



## REPORT OF THE AUDIT COMMITTEE

The Audit Committee of City Steel Public Company Limited consisted of 3 Independent Directors which are Mr. Anutara Tantraporn, the Chairman of the Audit Committee, and 2 other members, Mr. Pattarathon Thatsanasuwan, and Mr. Harirak Chamarakula, who has been appointed as the audit committee on June 12, 2015. The Company's Audit Committee holding the position for 2 years.

During the year 2014/2015, the Audit Committee had performed their duties independently and held 4 meetings with Internal Audit Manager in order to consider several relevant issues as follows;

1) Reviewed the Company's financial statements and consolidated financial statements on quarterly basis and financial statements for the year 2014/2015 in terms of correctness, accuracy, and adequate disclosure. According to their review, the financial statements and the notes to financial statement were presented fairly and adequately and conform to generally accepted accounting principles.

2) Evaluated suitability and efficiency of the Company's internal control systems and internal audit procedures, which include the internal control of overall operations, financial activities, and compliance, as well as risk management policies. As to their reviews, the Company's internal control systems and internal audit procedures were appropriate, adequate, and efficient.

3) Monitored the Company to operate according to the Securities and Exchange Act, The Stock Exchange of Thailand's rules and regulations, and the applicable laws. Base on their reviews, the Company had properly operated according to the relevant laws and regulations.

4) Considered and selected the Company's auditors and proposed a nomination of Dharmniti Auditing Company Limited to be the Company's auditor for the year 2015/2016 and reviewed its relevant remuneration. The Audit Committee also held the meeting with the Auditor in order to be informed of the Auditor's opinions regarding the Company's internal control as well as financial statements.

5) Reviewed the connected transactions between the Company and its subsidiaries and related parties. Based on the reviews, the connected transactions were correctly and adequately disclosed. Also business terms and conditions were appropriate and benefited the Company.

6) Reviewed the operation of the Audit Committee by compared with the Best Practices provided by the Securities and Exchange Commission and the Stock Exchange of Thailand. According to the reviews, the



Audit Committee had performed their duties efficiently and complied with the Best Practices. In addition, the Audit Committee also reviewed and assessed the operation of the Company's internal audit department, which the Audit Committee considered as appropriate and consistent with the proposed auditing plan.

7) Reviewed the Company's codes of conduct and business ethics as to their appropriateness and to meet the benchmark of the industry and principles of good corporate governance, which during the year 2014/2015, the Audit Committee had focused on the Anti-Corruption and Corporate Social Responsibility policies.

8) Conducted the Audit Committee meetings for 4 times during the year 2014/2015, which attendance detail of each committee could be presented as follows;

1. Mr. Anutara Tantraporn	Chairman of the Audit Committee	Attended 4 times (4/4)
2. Mr. Pattarathon Thatsanasuwan	Audit Committee	Attended 4 times (4/4)
3. Mr. Harirak Chamarakula	Audit Committee	Attended 1 times (1/1)

In conclusion, during the year 2014/2015, the Audit Committee had employed their knowledge, competencies, and performed their duties independently and with due care to review information regarding financial reports and internal audits. The Audit Committee also encouraged the Company to perform its operation in accordance with Corporate Governance Policy and to employ suitable internal control systems by considering benefits of all stakeholders and the social as a whole. Additionally, the Audit Committee had given the management team valuable advices and suggestion regarding risk management and internal control systems in order to help fostering the Company's future business plans as well as prevention and possible solutions for the Company's relevant risk factors.



Mr. Anutara Tantraporn

Chairman of the Audit Committee

## RELATED PARTY TRANSACTIONS

### 1. SIAM C.T.P INDUSTRIAL COMPANY LIMITED

#### Type of Business

Manufacturing and sales of metal automotive accessories

#### Address

88 Moo 4 Bypass Road, Nongmadaeng, Muang, Chonburi, 20000

#### Relationship

- » Phongratanadechachai family is the major shareholders of Siam C.T.P. Industrial Co., Ltd. with 100% proportion of total share.
- » Mrs. Kheng Phongratanadechachai and Mr. Bundit Phongratanadechachai, the major shareholders of the Company, are the directors of Siam C.T.P. Industrial Co., Ltd.

#### Transaction Details

Mark Worldwide Co., Ltd. has purchased electricity from Siam C.T.P. Industrial Co., Ltd. Actual volume of electricity used is calculated from the meter volume at the power generator, and rate for electricity expenses is the rate that Provincial Electricity Authority charges to Siam C.T.P. Industrial Co., Ltd. plus margin.

#### Transaction Amounts

Year 2014/2015 amount THB 1.22 million

Year 2013/2014 amount THB 1.43 million

#### Audit Committee's Opinion and Necessity and Appropriateness of the Related Party Transactions

These transactions were appropriately and fairly determined in both commercial terms and pricing policy, and generate benefits to the Company.

### 2. WKP ASSET PLUS COMPANY LIMITED

#### Type of Business

Property Development

#### Address

88 Moo 4 Bypass Road, Nongmadaeng, Muang, Chonburi, 20000

#### Relationship

- » Phongratanadechachai family is the major shareholders of WKP Asset Plus Co., Ltd. with 100% proportion of total shares.
- » Mr. Komgrich Phongratanadechachai and Miss Suputra Phongratanadechachai, the major shareholders of the Company, are the directors of WKP Asset Plus Co., Ltd.
- » WKP Asset Plus Co., Ltd. is the parent company of the Company, holds 166.5 million shares, accounted for 55.50% of the Company's registered capital.

Details of related party transactions between WKP Asset Plus Co., Ltd. and the Company and subsidiaries were presented as follows:

**(1) THE COMPANY**

**Transaction Details**

The Company has rented office buildings from WKP Asset Plus Co., Ltd. with total area of 576 square meters. Rental period is 3 years from August 1, 2013 to July 31, 2016. Rent expenses were similar to market price of other properties in the same area.

**Transaction Amounts**

Year 2014/2015    amount    THB 0.04 million

Year 2013/2014    amount    THB 0.04 million

**(2) SIAM ISO PRO COMPANY LIMITED**

**Transaction Details**

Siam ISO Pro Co., Ltd. has rented office buildings from WKP Asset Plus Co., Ltd. with total area of 96 square meters. Rental period is 3 years from August 1, 2013 to July 31, 2016. Rent expenses were similar to market price of other properties in the same area.

**Transaction Amounts**

Year 2014/2015    amount    THB 0.01 million

Year 2013/2014    amount    THB 0.01 million

**(3) MARK WORLDWIDE COMPANY LIMITED**

**Transaction Details**

Mark Worldwide Co., Ltd. has rented office buildings and factories (Branch 1) with total area of 1,680 square meters and factories (Branch 2) with total area 8,208 square meters from WKP Asset Plus Co., Ltd. Rental period is 3 years from August 1, 2013 to July 31, 2016. Rent expenses were similar to market price of other properties in the same area.

**Transaction Amounts**

Year 2014/2015    amount    THB 0.59 million

Year 2013/2014    amount    THB 0.59 million

**Audit Committee's Opinion and Necessity and Appropriateness of the Related Party Transactions**

These transactions were appropriately and fairly determined in both commercial terms and pricing policy, and generate benefits to the Company.

### Measurement or Procedure for the Approval of Connected Transaction

The Company has set up policies concerning related transactions with persons who may have conflicts of interests by classified into 2 categories as follows:

(1) Related transactions on the normal cause of business are transactions that occurred regularly under the common commercial terms, which will be done at fair value and reasonable price, and should be verifiable and generate benefits for the Company. For this type of related transactions, the Audit Committee allows the Company to do without prior approval. However, the internal auditor must summarize all the related transactions and report to the Audit Committee for consideration every quarter.

(2) Related transactions outside normal business practices are transactions that occurred occasionally. The Company will ask the Audit Committee to review and provide opinions on the appropriateness of such transactions in term of necessity and price. In case that Audit Committee has no experiences or expertise on any connected transactions, the Company would seek independent counselor or authorized auditor to give the opinion on such transactions and propose to the Board of Directors or shareholders' meeting as deemed necessary. In the voting process, the persons who may have conflict of interest shall not have the rights to vote for those particular transactions. The Company shall disclose the connected transactions in the note to audited financial statements.

The Audit Committee together with Executive Management have reviewed connected transactions based on the appropriateness and concluded that the connected transactions occurred during the year 2014/2015 were reasonable and appropriate in both pricing policies and business terms and create benefits to the Company.

### Policy and Future Trend of Connected Transaction

In the future, the Company may have connected transactions if it seemed appropriate. However, the Company shall abide by the rules and regulations of the Securities and Exchange Act, The Stock Exchange of Thailand's rules and regulations and other applicable laws. Additionally, the Company shall disclose any connected transactions in the notes to audited financial statements according to generally accepted accounting principles and present in the annual report as well.

In order to comply with the Securities and Exchange Act (No.4) B.E.2551 which effective on August 31, 2008, the Company has proposed for approval of the principles of connected transaction from the Board of Directors. The connected transactions include the transaction between the Company and subsidiaries and directors, executive managements, and related parties regarding normal business transactions or supported normal business transactions under general business terms. The Board of Directors has allowed the management to approve the transactions if such transactions meet the terms and conditions of the principles that have already been approved by the Board of Directors.

# MANAGEMENT DISCUSSION AND ANALYSIS

## OPERATING RESULTS AND FINANCIAL POSITION ANALYSIS

### Operating Results

#### Operating Results Overviews

The Group's revenues primarily derived from the manufacturing and sales of metal products and can be classified by characteristics and usages of the products into 2 categories which are 1) Metal Structures, Storage Systems and Material Handling Equipments, and Other Metal Products and 2) Metal Parts and Fabricated Metal Products as well as One-Stop Steel Processing Services. The Group also generated some revenues for sales of Industrial Materials and Equipments used in factories.

The Group's total revenues in 2012/2013, 2013/2014, and 2014/2015 were THB 701.21 million, THB 767.35 million, and THB 680.71 million, respectively. Total revenues increased by 9.43% in 2013/2014 and decreased by 11.29% in 2014/2015. During the year 2014/2015, the Group's total revenues decreased by THB 86.64 million due to a weakening economic condition. The recession adversely affected manufacturing and industrial segments especially the automotive and construction sectors, caused them to cutback their production capacities and reduce their employment. Moreover, an ambiguousness in government's infrastructure investment projects and a decline in businesses and consumers confidences caused the private sectors to spend more thoroughly and delay their investment, which consequently reduced demands for the Group's products.

The Group's expenses consisted of the followings:

» Cost of sales and services were THB 519.92 million, THB 557.43 million, and THB 487.39 million in

2012/2013, 2013/2014, and 2014/2015 attributable to 74.15%, 72.64%, and 71.60% of total revenues.

» Selling expenses were THB 8.40 million in 2012/2013, THB 9.64 million in 2013/2014, and THB 7.31 million in 2014/2015, equaled to 1.20%, 1.26%, and 1.07% of total revenues respectively.

» Administrative expenses were THB 38.36 million, THB 42.49 million, and THB 39.34 million which equaled to 5.47%, 5.54%, and 5.78% of total revenues in 2012/2013, 2013/2014, and 2014/2015.

» Director and management remuneration were THB 8.10 million, THB 8.12 million, and THB 7.36 million in 2012/2013, 2013/2014, and 2014/2015 which equaled to 1.16%, 1.06%, and 1.08% of total revenues.

Net incomes for the accounting period 2012/2013, 2013/2014, and 2014/2015 were THB 125.24 million, THB 148.58 million, and THB 138.08 million accounted for 17.86%, 19.36%, and 20.28% of total revenues.

#### Revenues

The Group's total revenues for the last three years classified by products characteristics and usages were as follows:

» Revenues from manufacturing and sales of Metal Structures, Storage Systems and Material Handling Equipments, and Other Metal Products made up the highest portion of total revenues compared to revenues from other categories, which equaled to 69.06%, 76.20%, and 82.21% of total revenues in 2012/2013, 2013/2014, and 2014/2015.

» Revenues from manufacturing and sales of Metal Parts and Fabricated Metal Products and

rendering of World Class Steel Services accounted for 30.22%, 23.00%, and 16.44% of total revenues in 2012/2013, 2013/2014, and 2014/2015.

» Revenues from sales of Industrial Materials and Equipments for the year 2012/2013, 2013/2014, 2014/2015 were less than 0.01% of total revenues as the Group had focused to sell more of Metal Structures and Storage Systems and Material Handling Equipments.

Almost all revenues from these 3 activities derived from domestic sales. The export revenues were originated from sales of Metal Structures, Storage Systems and Material Handling Equipment, and Other Metal Products. Export revenues were relatively low compared to revenues from products sold domestically. Export revenues were THB 7.29 million, THB 10.21 million, and THB 10.81 million or equaled to 1.05%, 1.34%, and 1.61% of total revenues in 2012/2013, 2013/2014, and 2014/2015, respectively.

In the year 2013/2014, after the end of a prolonged political rallies and uncertain political conditions that started since the end of 2013 and continued to the beginning of 2014, the domestic economy began to recover. Moreover, the government's stimulus policies to develop fundamental infrastructures and transportation systems, the acceleration of approval process for promoted projects, the reduction of processing time to issue the industrial certificates, as well as the repayment of rice-pledging project, had contributed to a recovery in domestic economy. An investment in industrial sector to support the opening of the AEC was another factor that contributed to the economic recovery, which helped in boosting demands for the Group's products. Because of these factors, the Group's sales and services revenues had increased by THB 65.11 million or 9.35% to THB 761.24 million in the year 2013/2014.

Even though, during the year 2013/2014, the economy started to recover from the government stimulus policies, it lasted only for a short period of time, then the economy began to slow down until got into a recession state in the year 2014/2015. A fragile recovery of The United States' economy, Greece's debt crisis and sluggish European economy, together with a declining China's economy, had created huge pressure on the expansion of the domestic economy. Apart from the global economic difficulties, domestic political factors also deteriorated the private sectors' confidences to invest and expand their businesses, resulted in a decrease in demand for capital goods and the Group's products.

The worsening of China's economy had severely affected demand for steels in China, which resulted in an oversupply of steels in global market, created price competition, caused a decline in global steel price, and subsequently impacted steel price in Thailand. Since major materials used to manufacture the Group's products are steels and as the Group's employs cost plus margin pricing strategy in determining the products selling price, once the steel price decrease, then the Group's sales revenues will reduce correspondingly.

From the weakening of demands for the Group's products along with the decrease in steel price, the Group's sales and services revenues had declined by THB 89.70 million from THB 761.24 million in the year 2013/2014 to THB 671.54 million in the year 2014/2015 or equaled to a decrease of 11.78% in sales and services revenues.

#### Cost of Sales and Services and Gross Profits

The Group's cost of sales and services comprised of cost of raw materials and supplies, cost of merchandised products, labor cost, and overheads that included depreciation of plants, machines, tools, and equipment used in production. For the year 2014/2015, cost of



sales and services were THB 487.39 million decreased by THB 70.04 million or 12.56% from THB 557.43 million in 2013/2014, which corresponded with a decrease in sales and services revenues.

However, if compare the proportion of cost of sales and services to total revenues, the proportion of the year 2014/2015 was slightly decreased from the previous period. The proportion of cost of sales and services to total revenues for the year 2014/2015 was 71.60% decreased from 72.64% in the year 2013/2014 due to an improvement in cost management and a drop in steel price.

As a result of the decrease in sales and services revenues and the expansion of domestic economy, the Group's gross profits had decreased from THB 203.81 million in the year 2013/2014 by THB 19.66 million or 9.65% to THB 184.15 million in the year 2014/2015. Anyhow, because of the efficiency in cost management and vigilant operating strategies, the Group's gross profit margin for the year 2014/2015 were 27.42%, slightly increase from 26.77% in the year 2013/2014.

#### Selling and Administrative Expenses and Finance Cost

For the period 2014/2015, the Group's selling expenses were THB 7.31 million with the proportion to total revenues of 1.07%, decrease from the selling expenses in the year 2013/2014 that had expenses of THB 9.64 million and the proportion to total revenues of 1.26%. The decrease in selling expenses in the year 2014/2015 was corresponded with a decrease in total revenues. For the administrative expenses, the Group had spent THB 39.34 million in the year 2014/2015 decreased by 7.41% or THB 3.15 million from THB 42.49 million in 2013/2014. Whereas, the proportion of administrative expenses to total revenues increased from 5.54% in 2013/2014 to 5.78% in 2014/2015, as

parts of the administrative expenses are fixed costs which including depreciation expenses of office building and vehicles used in the business. Director and management remuneration for the year 2014/2015 were THB 7.36 million, reduced from THB 8.12 million in the year 2013/2014, which was due to the reorganization of management structure in 2014/2015.

For finance cost, during past years, since the Group utilized funds from shareholder's equity and retained earnings from operation to finance daily business activities and invest in expansion of production capacities, the Group did not have short-term or long-term loans from financial institutions and other sources of funds. Therefore, the Group did not incur any finance cost. However, in the year 2013/2014 and 2014/2015, the Group incurred a finance cost which related to discounted interests on the obligations of employee benefits plan amounted to THB 0.03 million in each year, which was due to the adoption of Thai Accounting Standard 19 (TAS19), Employee Benefits. The TAS19 requires the Group to determine and record the obligation of employee benefits and the finance cost related to those benefits.

#### Net Profits

For the period 2012/2013, 2013/2014, and 2014/2015 the Group's net profits were THB 125.24 million, THB 148.58 million, and THB 138.08 million. The Group's net profits increased by 18.64% in 2013/2014, and decreased by 7.07% in 2014/2015. The decrease in net profits in the year 2014/2015 mainly resulted from a decrease in sales and services revenues as an effect of a worsening economic condition and a drop in steel price. However, due to an efficient management and a well preparation in handling economic difficulties, the Group was able to maintain the net profit margin for the year 2014/2015 to be at 20.28% of total revenues which

was higher than the profit margin of 19.36% in the year 2013/2014.

### Financial Position

#### Assets

As at 31 July 2015, the Group's total assets were THB 1,314.28 million, which primarily consisted of properties, plants, and equipment accounted for THB 480.68 million or equal to 36.58% of total assets. Major parts of properties, plants, and equipment derived from investment in factories, office buildings, and machines of subsidiaries. Additionally, cash and cash equivalents amounted to THB 581.62 million accounted for 44.26% of total assets. The Group's cash and cash equivalents were relatively high as a proportion of total assets since the Group needed to maintain these cash and cash equivalents as working capital. As sales increase, the Group will need more cash flows to operate the business, which including purchasing more goods and materials and incurring more accounts receivable. The remaining cash and cash equivalents will also be reserved for the Group's future investment.

In the year 2014/2015, the Group's total assets increased by THB 67.63 million or increased by 5.42% compared to those in the accounting period 2013/2014 that as at July 31, 2014 had a value of THB 1,246.65

million. The increase in the Group's total assets mainly derived from an increase in cash and cash equivalents that originated from net profits and cash flows from operating activities that accumulated over the year.

#### Quality of Assets

##### » Trade Accounts Receivable – Net

The Group employs very cautious credit policies and considers many criteria in order to grant a line of credit to customers. The criteria include past business transactions with the customers, the customers' financial positions, project quantities and amounts, repetition of orders, and current economic situation. For new customers the Group may request deposits of 30% to 40% of the project amounts. Normally, the Group grants credit term of 30 days for general customers and credit term of 30 – 90 days for major customers who have long-term relationship with the Group.

As at July 31, 2014, the Group's outstanding trade accounts receivables were THB 76.66 million, and as at July 31, 2015 were THB 64.46 million, which decreased by THB 12.20 million or equal to 15.91%. All of the outstanding balances of trade accounts receivables were not yet due and less-than-3-month overdue, which conformed to the Group's credit policies. The trade accounts receivables aging schedules as at July 31, 2014 and 2015 were presented as follows:

(Unit : THB thousand)

Trade accounts receivable	As at July 31, 2014	As at July 31, 2015
Current receivables	60,210	47,043
Past due less than 3 months	16,452	17,417
Past due 3 months to 6 months	-	-
Less: Allowance for doubtful accounts	-	-
Trade accounts receivables – net	76,662	64,460

Because of most of the Group's customers are medium to large companies or multinational corporations who have strong financial positions as well as the Group's cautious credit policies by screening each customer's financial positions before granting credits and requesting deposits from some of new customers, all trade accounts receivables could be collected. Therefore, the Group did not set any provision for doubtful accounts both in 2013/2014 and 2014/2015. However, the Group had a portion of overdue trade accounts receivables. The trade accounts receivables that past due less than 3 months were resulted from the customers' billing and payment policies that set the payment dates after the actual due dates.

» Inventory

As the Group adopts just-in-time strategy and does not have policy to keep raw materials for speculative

purpose, the Group's inventory balance was relatively low and raw materials will be kept for the average of 8 – 10 weeks. However, amounts and quantities of inventory kept by the Group also depend on orders from customers and overall market situation.

As at July 31, 2015, the Group's inventory balance was THB 15.40 million, which decreased from the balance as at July 31, 2014 of THB 19.79 million by THB 4.39 million or 22.18%. A reduction in total inventory level mainly caused by an efficiency in production processes and inventory management as well as a decrease in raw materials prices. According to that, the Group had purchased raw materials at the quantities needed to use in production processes in order to reduce cost of inventory management.

The Group's inventory balances as at July 31, 2014 and July 31, 2015 were presented below:

(Unit : THB thousand)

Inventory	As at July 31, 2014	As at July 31, 2015
Finished products	646	-
Work in process	1,018	1,740
Raw materials and supplies	18,130	13,663
<b>Total</b>	<b>19,794</b>	<b>15,403</b>

The Group did not set provision for allowance from declining in value of inventory since all of the products were custom-made products that would be delivered to the customers once the products finished. Also, raw materials and supplies were made of metal that rarely decline in economic value so it was considered that there was no decline in value of inventory.

» Unused Assets

The Group had unused assets with net book value as at July 31, 2015 of THB 39.59 million, which was office building under construction of City Steel Products Co., Ltd.

The Group also has investment property that is plots of land of Siam ISO Pro Co., Ltd., which currently have not been used in business operation and their usage purposes have not yet been identified. As at July 31, 2014 the investment property was THB 18.10 million. During the year 2015, Siam ISO Pro Co., Ltd. had purchased additional land amounted to THB 70.00 million therefore as at July 31, 2015 the Group's investment property was THB 88.10 million. For the plot of land that had original cost of THB 18.10 million, this plot of land

had fair value of THB 26.20 million, which appraised by independent appraiser using market approach method.

#### Liquidity

For the period 2014/2015 the Group's net cash flows from operating activities were THB 193.11 million, reduced by THB 85.62 million or equal to 30.72% compare to the year 2013/2014 that had operating cash flows of THB 278.73 million. A decline in cash flows from operating activities was mainly due to a drop in incomes before tax and a decrease in trade accounts payable and advanced deposits received for goods from customers.

The Group's liquidity ratios equaled to 22.78 times, 13.03 times, and 24.01 times and quick ratios equaled to 21.20 times, 12.60 times, and 23.48 times in 2012/2013, 2013/2014, and 2014/2015, respectively. According to these numbers, the Group's liquidity is financially sound. The Group has strong financial condition and does not have any problems regarding liquidity.

Since the Group has high liquidity, the Group purchases most of raw materials and supplies in cash in order to get cash discounts. As employing this policy, the Group's average payment period was quite low, equaled to 13.37 days in 2013/2014 and 18.29 days in 2014/2015. For average age of inventory, the Group's average age of inventory in 2014/2015 equaled to 13 days, which marginally decrease from 17.40 days in 2013/2014. In addition, the Group's average collection period slightly decreased from 43.11 days in 2013/2014 to 37.83 days in 2014/2015. The average collection period figures were considered as normal since the Group's credit terms for most customers were 30-60 days.

The Group had cash outflows from investing activities of THB 19.70 millions in the year 2014/2015 as the Group had received proceeds from sales of available-

for-sales securities and had redeemed the matured short-term investments with the total values of THB 58.08 million, then used these cash flows to purchase the investment property amounted to THB 70.00 million. Additionally, the Group also used cash flows in the construction of the subsidiary's office building.

The Group's net cash flows used in financing activities for the year 2014/2015 were THB 48.00 million, which were the amounts of annual dividend payment to the shareholders.

#### Suitability of Capital Structures

As at July 31, 2015, shareholders' equity of the Group was THB 1,281.60 million increased from July 31, 2014 that had shareholders' equity amount of THB 1,191.88 million by THB 89.72 million or equal to 7.53%. An increase in shareholders' equity was mainly due to an increase in retained earnings. The Group's debt to equity ratios were minimal, equaled to 0.05 times in the year 2013/2014 and 0.03 times 2014/2015 since the Group's sources of funds for business expansion largely came from an issuance of additional shares and earnings from operation. Furthermore, as the Group had a good amount of cash on hand available and made payment of accounts payable in cash in order to get cash discounts, the current liabilities of the group were relatively low.

#### Liabilities

Almost all of the Group's liabilities were short-term liabilities consisted of trade accounts payable, advanced deposits received for goods, corporate income tax payable, and other current liabilities including accrued expenses to be paid for normal business operation. In the year 2014/2015, the Group's short-term liabilities were THB 30.85 million decreased by THB 22.13 million from THB 52.98 million in the year 2013/2014

due to a decrease in advanced deposits received for goods from customers.

The major sources of funds for business expansion derived from internal sources. Therefore, The Group did not have any long-term loans from external sources or short-term borrowings from financial institution. Nonetheless, during the year 2013/2014 and 2014/2015, the Group did have non-current liabilities of THB 1.79 million and THB 1.83 million. The non-current liabilities were deferred tax liabilities and employee benefits obligation that is severance payment to employees upon retirement under the Company's article and labor law. The Group had adopted the deferred tax liabilities according to the Thai Accounting Standard 12 (TAS12), Income Tax and had determined employee benefits according to Thai Accounting Standard 19 (TAS19), Employee Benefits.

#### **Factors or Events That May Affects Future Financial Position and Operating Results**

As the Group's major products including Metal Structures, Storage Systems and Material Handling Equipment are capital goods, demands for these products will be arisen only when customers expand their businesses, increase production capacities, or change production processes. Therefore, the Group's operating results will fundamentally rely on the expansion of the customers and overall economy. If the economy is on an upward trend, the Group's operating results will be enhanced in relation to the growing economy. On the other hand, if the economy shrinks or slows down, the Group's business will be adversely affected accordingly. The Group has closely monitored economic situation and several factors that might have impacts on the

economy in order to adapt business strategies to cope with the recent situations.

Additionally, fluctuation of steel price is also one of the factors that have influences on the Group's operating results since the main materials used in manufacturing the Group's products are steel and metal, which accounted for 57.93% of cost of goods sold in the year 2014/2015. As the Group employs cost-plus pricing policy to calculate the selling price, if the steel price goes up, cost of sales will increase and subsequently drive up the sales revenues. Contrary, if the steel price decreases, cost of sales and revenues will decline correspondingly. Therefore, the Group has to regularly observe the trend of steel price along with other related factors including economic condition, domestic and global demands and supplies of steel, government policies regarding import duty and anti-dumping, temporarily stop production of domestic steel manufacturers, as well as unpredictable natural disasters in order to assess situation and adapt business policies to respond with the particular situation.

#### **Auditor Remuneration**

##### **Audit Fees**

During the year 2014/2015, the Company and its subsidiaries paid audit fees to Dharmniti Auditing Company Limited at the amount of THB 1,225,000.

##### **Other Non-Audit Fees**

During the year 2014/2015, the subsidiary paid other non-audit fees regarding special purpose audit fees for the audit of the operation according to the conditions of the Board of Investment (BOI) to the Company's auditor at the amount of THB 45,000.



## REPORT OF THE BOARD OF DIRECTOR'S RESPONSIBILITIES FOR FINANCIAL STATEMENTS

The Board of Directors is responsible for the preparation and presentation of the Company's financial statements and consolidated financial statements of the Company and subsidiaries, which have been prepared in accordance with financial reporting standards and in conformity with the generally accepted accounting principles. The Board of Directors has chosen appropriate accounting policies and carried out these policies with consistency as well as adequately disclosed significant information in the notes to financial statements. The Company's external auditor has reviewed and audited the financial statements and expressed an unqualified opinion in the auditor's report

The Board of Directors also has responsibilities in monitoring risk management and internal control systems to ensure that accounting transactions have been recorded accurately, completely, and on timely basis. Also, the Board of Directors has appointed an Audit Committee consisting of independent directors, to take care of the quality of the financial statements and the internal control systems in order to ensure that the financial statements are free from material misstatement, whether due to fraud or error. The Audit Committee's opinion on internal control systems has been disclosed in the Report of the Audit Committee, which is part of this annual report.

The Board of Directors is confident that the Company's internal control systems are appropriate, which can assure that the Company's financial statements and the consolidated financial statements of the Company and subsidiaries fairly represent the financial positions, operating results, and cash flows in all material aspects.

Mr. Charoenpong Ongwongsakul

Chairman of the Board of Directors





# REPORT OF THE INDEPENDENT AUDITOR

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

I have audited the accompanying consolidated financial statements of City Steel Public Company Limited and its subsidiaries, which comprise the consolidated statement of financial position as at July 31, 2015, and the consolidated statement of comprehensive income, consolidated statement of changes in shareholders' equity and consolidated statement of cash flows for the year then ended, and the separate financial statements of City Steel Public Company Limited, which comprise the statement of financial position as at July 31, 2015, and the statement of comprehensive income, statement of changes in shareholder's equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

## Management's Responsibility for the Financial Statements

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

## Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

  
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## Opinion

In my opinion, the consolidated financial statements of City Steel Public Company Limited and its subsidiaries and the separate financial statement of City Steel Public Company Limited referred to above present fairly, in all material respects, the financial position as at July 31, 2015, and the financial performance and cash flows for the year then ended in accordance with the Financial Reporting Standards.



(Miss. Wannisa Ngambuathong)

Certified Public Accountant

Registration No. 6838

Dharmniti Auditing Company Limited

Bangkok, Thailand

September 26, 2015

2015/969/1126

## THE STATEMENTS OF FINANCIAL POSITION

CITY STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES, AS AT JULY 31, 2015

(Unit : Baht)

ASSETS	Note	Consolidated financial statements		Separate financial statements	
		As at July 31		As at July 31	
		2015	2014	2015	2014
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	6	581,621,724	456,210,603	15,498,180	13,917,652
Short-term investment	7	20,000,000	50,000,000	-	-
Investments in available-for-sale securities	8	58,133,986	84,631,630	-	-
Trade accounts receivable	9				
Related parties	5	-	-	3,473,188	3,549,586
Other parties		64,460,519	76,661,863	2,831,290	352,298
Inventories	10	15,403,490	19,793,902	-	-
Other current assets					
Advance paid for goods		-	2,106,000	-	-
Input tax refundable		105,768	161,691	-	-
Others		923,355	934,803	275,044	629,652
<b>TOTAL CURRENT ASSETS</b>		<b>740,648,842</b>	<b>690,500,492</b>	<b>22,077,702</b>	<b>18,449,188</b>
<b>NON-CURRENT ASSETS</b>					
Restricted deposits at financial institutions	11	2,470,687	2,446,544	1,863,316	1,843,670
Investments in subsidiaries	12	-	-	623,869,860	623,869,860
Investment property	13	18,100,000	18,100,000	-	-
Advance for machinery		2,125,000	125,000	-	-
Property, plant and equipment	14	480,683,381	535,223,155	2,466,260	2,693,429
Intangible assets	15	222	222	211	211
Deferred tax assets	16	237,057	240,366	155,710	169,970
Other non-current asset		13,000	13,000	-	-
<b>TOTAL NON-CURRENT ASSETS</b>		<b>573,629,347</b>	<b>556,148,287</b>	<b>628,355,357</b>	<b>628,577,140</b>
<b>TOTAL ASSETS</b>		<b>1,314,278,189</b>	<b>1,246,648,779</b>	<b>650,433,059</b>	<b>647,026,328</b>

Notes to financial statements form an integral part of these statements.

## THE STATEMENTS OF FINANCIAL POSITION (CONT.)

CITY STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES, AS AT JULY 31, 2015

(Unit : Baht)

LIABILITIES AND SHAREHOLDERS' EQUITY	Note	Consolidated financial statements		Separate financial statements	
		As at July 31		As at July 31	
		2015	2014	2015	2014
<b>CURRENT LIABILITIES</b>					
Trade accounts payable					
Related parties	5	94,930	135,173	3,294,444	858,678
Other parties		23,992,351	25,293,782	15,287	48,322
Other current liabilities					
Advance received for goods		2,164,960	23,685,922	-	-
Corporate income tax payable		386,847	148,864	-	-
Others		4,206,443	3,715,872	825,738	913,214
<b>TOTAL CURRENT LIABILITIES</b>		<b>30,845,531</b>	<b>52,979,613</b>	<b>4,135,469</b>	<b>1,820,214</b>
<b>NON-CURRENT LIABILITIES</b>					
Deferred tax liabilities	16	784,449	880,039	-	-
Employee benefit obligations	17	1,051,259	913,276	401,536	344,999
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>1,835,708</b>	<b>1,793,315</b>	<b>401,536</b>	<b>344,999</b>
<b>TOTAL LIABILITIES</b>		<b>32,681,239</b>	<b>54,772,928</b>	<b>4,537,005</b>	<b>2,165,213</b>

Notes to financial statements form an integral part of these statements.

## THE STATEMENTS OF FINANCIAL POSITION (CONT.)

CITY STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES, AS AT JULY 31, 2015

(Unit : Baht)

LIABILITIES AND SHAREHOLDERS' EQUITY (CONT.)	Note	Consolidated financial statements		Separate financial statements	
		As at July 31		As at July 31	
		2015	2014	2015	2014
<b>SHAREHOLDERS' EQUITY</b>					
Share capital					
Registered					
300,000,000 ordinary shares of Baht 1 each		300,000,000	300,000,000	300,000,000	300,000,000
Issued and paid-up					
300,000,000 ordinary shares of Baht 1 each		300,000,000	300,000,000	300,000,000	300,000,000
Premium on ordinary shares		166,145,195	166,145,195	166,145,195	166,145,195
Difference on reorganization of entities					
under common control	2.3	(15,380,000)	(15,380,000)	-	-
Retained earnings					
Appropriated - statutory reserve		30,000,000	30,000,000	30,000,000	30,000,000
Unappropriated		797,499,566	707,417,464	149,750,859	148,715,920
Unrealized gain on remeasuring available for sale					
investment	8	3,332,189	3,693,192	-	-
Equity attributable to the equity of parent		1,281,596,950	1,191,875,851	645,896,054	644,861,115
Non-controlling interests		-	-	-	-
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>1,281,596,950</b>	<b>1,191,875,851</b>	<b>645,869,054</b>	<b>644,861,115</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>1,314,278,189</b>	<b>1,246,648,779</b>	<b>650,433,059</b>	<b>647,026,328</b>

Notes to financial statements form an integral part of these statements.

## THE STATEMENTS OF COMPREHENSIVE INCOME

CITY STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES, FOR THE YEAR ENDED JULY 31, 2015

(Unit : Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2015	2014	2015	2014
<b>REVENUES</b>					
Sales		663,244,382	751,679,293	53,786,205	30,659,669
Service income		8,297,984	9,562,334	-	191,040
Management income		-	-	12,921,500	12,701,400
Dividend income		-	-	48,194,389	49,409,996
Other income		9,172,638	6,109,118	7,101,571	14,048,906
<b>Total revenues</b>		<b>680,715,004</b>	<b>767,350,745</b>	<b>122,003,665</b>	<b>107,011,004</b>
<b>EXPENSES</b>					
Cost of sales and services		487,389,431	557,428,868	51,974,264	30,019,220
Selling expenses		7,310,791	9,642,074	137,763	204,188
Administrative expenses		39,334,770	42,490,512	13,137,515	18,408,146
Management benefit expenses		7,360,990	8,119,685	7,360,990	8,119,685
Finance cost		34,087	31,565	13,386	12,407
<b>Total expenses</b>		<b>541,430,069</b>	<b>617,712,704</b>	<b>72,623,918</b>	<b>56,763,646</b>
<b>Profit before income tax</b>		<b>139,284,935</b>	<b>149,638,041</b>	<b>49,379,747</b>	<b>50,247,358</b>
Income tax expenses	16	1,202,865	1,058,646	344,840	207,404
<b>Profit for the year</b>		<b>138,028,070</b>	<b>148,579,395</b>	<b>49,034,907</b>	<b>50,039,954</b>
<b>Other comprehensive income</b>					
Unrealized gain on remeasuring available for sale investments, net of tax		(361,003)	1,609,507	-	-
<b>Other comprehensive income for the year</b>		<b>(361,003)</b>	<b>1,609,507</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the year</b>		<b>137,721,067</b>	<b>150,188,902</b>	<b>49,034,907</b>	<b>50,039,954</b>
<b>Profit attributable to</b>					
Equity holder of parent (99.99%)		138,082,070	148,579,395	49,034,907	50,039,954
Non-controlling interests (0.01%)		-	-	-	-
		<b>138,082,070</b>	<b>148,579,395</b>	<b>49,034,907</b>	<b>50,039,954</b>

Notes to financial statements form an integral part of these statements.



## THE STATEMENTS OF COMPREHENSIVE INCOME (CON.)

CITY STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES, FOR THE YEAR ENDED JULY 31, 2015

(Unit : Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2015	2014	2015	2014
<b>Total comprehensive income attributable to</b>					
Equity holder of parent (99.99%)		137,721,067	150,188,902	49,034,907	50,039,954
Non-controlling interests (0.01%)		-	-	-	-
		<b>137,721,067</b>	<b>150,188,902</b>	<b>49,034,907</b>	<b>50,039,954</b>
<b>Basic earnings per share of parent company</b>					
Profit for the year (Baht per share)		0.46	0.50	0.16	0.17
Weighted average number of ordinary share(Share)		300,000,000	300,000,000	300,000,000	300,000,000

Notes to financial statements form an integral part of these statements.

# STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

CITY STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES, FOR THE YEAR ENDED JULY 31, 2015

(Unit : Baht)

	Consolidated financial statements							Non – controlling interests	Total
	Equity attributable to the equity holders of parent								
	Issued and paid-up share capital	Share premium	Difference on reorganization of entities under common control	Retained earnings		Unrealized gain on change in value of investments in available for sale securities - net tax	Total		
Appropriated – Statutory reserve				Unappropriated					
Ending balance, as at July 31, 2013	300,000,000	166,145,195	(15,380,000)	30,000,000	606,838,069	2,083,685	1,089,686,949	-	1,089,686,949
Change in shareholders' equity for the year									
Total comprehensive income for the year	-	-	-	-	148,579,395	1,609,507	150,188,902	-	150,188,902
Dividend paid	-	-	-	-	(48,000,000)	-	(48,000,000)	-	(48,000,000)
Ending balance, as at July 31, 2014	300,000,000	166,145,195	(15,380,000)	30,000,000	707,417,464	3,693,192	1,191,875,851	-	1,191,875,851
Change in shareholders' equity for the year									
Total comprehensive income for the year	-	-	-	-	138,082,070	(361,003)	137,721,067	-	137,721,067
Dividend paid	-	-	-	-	(47,999,968)	-	(47,999,968)	-	(47,999,968)
Balance, as at July 31, 2015	300,000,000	166,145,195	(15,380,000)	30,000,000	797,499,566	3,332,189	1,281,596,950	-	1,281,596,950

Notes to financial statements form an integral part of these statements.

## STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (CONT.)

CITY STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED JULY 31, 2015

(Unit : Baht)

	Note	Separate financial statements					Total
		Issued and paid-up share capital	Share premium	Retained earnings		Unappropriated	
				Appropriated- Statutory reserve			
Ending balance, as at July 31, 2013		300,000,000	166,145,195	30,000,000	146,675,966	642,821,161	
Change in shareholders' equity for the year							
Total comprehensive income for the year		-	-	-	50,039,954	50,039,954	
Dividend paid	19	-	-	-	(48,000,000)	(48,000,000)	
Ending balance, as at July 31, 2014		300,000,000	166,145,195	30,000,000	148,715,920	644,861,115	
Change in shareholders' equity for the year							
Total comprehensive income for the year		-	-	-	49,034,907	49,034,907	
Dividend paid	19	-	-	-	(47,999,968)	(47,999,968)	
Balance, as at July 31, 2015		300,000,000	166,145,195	30,000,000	149,750,859	645,896,054	

Notes to financial statements form an integral part of these statements.

## STATEMENTS OF CASH FLOWS

CITY STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES, FOR THE YEAR ENDED JULY 31, 2015

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
<b>Cash flows from operating activities</b>				
Profit before corporate income tax	139,284,935	149,638,041	49,379,747	50,247,358
Adjustments to reconcile to net cash provided by (used in) operating activities: -				
Depreciation and amortization	66,494,700	63,357,844	227,094	243,427
Loss (gain) on sales of fixed assets	(283,373)	(144,859)	-	-
Loss on write-off fixed asset	164	-	74	-
Gain on sales of investments in available-for-sale securities	(2,031,330)	-	-	-
Loss on unclaimed withholding tax	590,341	214,440	590,341	199,469
Employee benefit obligations	103,896	74,268	43,151	27,751
Dividend income from investments in subsidiaries	-	-	(48,194,389)	(49,409,996)
Interest income	(5,923,038)	(5,878,831)	(134,513)	(133,031)
Finance cost	34,087	31,565	13,386	12,407
Profit from operating activities before changes in operating assets and liabilities	198,270,382	207,292,468	1,924,891	1,187,385
(Increase) decrease in operating assets				
Trade accounts receivable	12,201,344	29,066,611	(2,402,594)	2,910,195
Inventories	4,390,412	14,286,748	-	783,861
Other current assets	2,168,932	(369,599)	4,994	2,759
Other non-current assets	-	200,000	-	-
Increase (decrease) in operating liabilities				
Trade accounts payable	(1,341,674)	9,443,813	2,402,731	(9,958,921)
Other current liabilities	(21,030,391)	20,524,390	(87,476)	61,808
Cash received from (used in) operating activities before corporate income taxes	194,659,005	280,384,431	1,842,546	(5,012,913)
Income taxes paid	(1,552,816)	(1,651,760)	(571,306)	(780,210)
<b>Net cash flows provided by (used in) operating activities</b>	<b>193,106,189</b>	<b>278,732,671</b>	<b>1,271,240</b>	<b>(5,793,123)</b>

Notes to financial statements form an integral part of these statements.

## STATEMENTS OF CASH FLOWS (CON.)

CITY STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES, FOR THE YEAR ENDED JULY 31, 2015

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
<b>Cash flows from investing activities</b>				
Increase in deposits restricted at financial institutions	(24,141)	(33,530)	(19,646)	(27,822)
Proceeds from sales of fixed asset	423,374	144,860	-	-
Cash receipts from sale of available-for-sale-securities	28,077,720	-	-	-
Interest received	5,923,038	5,878,831	134,513	133,031
Dividend received	-	-	48,194,389	49,409,996
Cash receipts (paid) from short-term investment	30,000,000	(50,000,000)	-	-
Cash paid for purchases of investment properties	(70,000,000)	-	-	-
Cash paid for purchases of fixed assets	(12,095,091)	(31,282,343)	-	-
Cash paid for advance - machinery	(2,000,000)	(125,000)	-	-
<b>Net cash flows provided by (used in) investing activities</b>	<b>(19,695,100)</b>	<b>(75,417,182)</b>	<b>48,309,256</b>	<b>49,515,205</b>
<b>Cash flows from financing activities</b>				
Dividend paid	(47,999,968)	(48,000,000)	(47,999,968)	(48,000,000)
<b>Net cash flows provided by (used in) financing activities</b>	<b>(47,999,968)</b>	<b>(48,000,000)</b>	<b>(47,999,968)</b>	<b>(48,000,000)</b>
Net increase (decrease) in cash and cash equivalents	125,411,121	155,315,489	1,580,528	(4,277,918)
Cash and cash equivalents at beginning of the years	456,210,603	300,895,114	13,917,652	18,195,570
<b>Cash and cash equivalents at end of the years</b>	<b>581,621,724</b>	<b>456,210,603</b>	<b>15,498,180</b>	<b>13,917,652</b>
<b>Supplemental cash flows information: -</b>				
1. Cash and cash equivalents consisted of: -				
Cash on hand	701,109	647,404	75,156	69,971
Cash at bank - Saving account	478,754,886	401,913,468	8,533,039	13,472,996
- Current account	7,154,991	639,105	6,879,247	364,059
- Fixed deposit 3 months	95,010,738	53,010,626	10,738	10,626
	<b>581,621,724</b>	<b>456,210,603</b>	<b>15,498,180</b>	<b>13,917,652</b>

Notes to financial statements form an integral part of these statements.

## NOTES TO FINANCIAL STATEMENTS

CITY STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES, JULY 31, 2015

### 1. GENERAL INFORMATION

(a) Legal status and address

City steel Public Company Limited is a public company incorporated and domiciled in Thailand and its registered address is as follows:

88/3 Moo 4, Bypass Road, Tumbol Nongmaidaeng, Amphur Muang, Chonburi.

(b) Nature of the Company's business

The Company is principally engaged in the manufacture and sale of metal structures, storage system and material handling equipment, and fabricated metal parts, as well as the provision of one-stop metal processing services and the sale of metals.

(C) Major shareholder Name

WKP Asset Plus Company Limited, a company incorporated in Thailand.

### 2. BASIS FOR CONSOLIDATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1 The accompanying consolidated financial statements include the accounts of City Steel Public Company Limited and the following subsidiaries which are owned directly and indirectly by the Company which are incorporated in Thailand and in foreign country. And the percentage of total assets and total revenues of the subsidiaries included in the consolidated financial statement are as follows:

Company's name	Nature of business	Percentage of shareholding		Assets as a percentage to the consolidated total assets as at		Revenues as a percentage to the consolidated total revenues for the year ended	
		July 31 2015	July 31 2014	July 31 2015	July 31 2014	July 31 2015	July 31 2014
Siam ISO Pro Co., Ltd.	Sale of metal products and industrial materials and equipments	99.99	99.99	11.45	12.06	0.41	0.22
Mark Worldwide Co., Ltd.	Manufacture and sale of metal products	99.99	99.99	23.43	28.51	17.11	24.10
City Steel Products Co., Ltd.	Manufacture and sale of metal products	99.99	99.99	63.36	57.86	74.55	71.74
CT Universal Co., Ltd.	Has not started operation	100.00	100.00	-	-	-	-

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

2.3 The excess of the acquisition cost of the investment in subsidiary under common control over the fair value of the subsidiary's net assets as at the acquisition date is shown as a separate item in shareholders' equity under the caption "Difference on reorganization of entities under common control" in the consolidated financial statements.

### 3. BASIS FOR THE PREPARATION OF FINANCIAL STATEMENTS

#### 3.1 Basis for the preparation of financial statements

The financial statements have been prepared in accordance with the accounting standards prescribed by Thai Accounts Act enunciated under the Accounting profession Act B.E. 2547 by complying with Thai financial reporting standard for Publicly Accountable Entities. The presentation of the financial statement has been made in compliance with the Notification of the Department of Business Development, the compliance with the Notification of the Department of Business Development, the Ministry of Commerce, re : the financial statement presentation for public limited company, issued under the Accounting Act B.E. 2543.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the financial statements in Thai language version.

#### 3.2 Accounting standards effective for using in current year

The Federation of Accounting Professions (FAP) has issued Notifications to mandate the use of the accounting standards and financial reporting standards revised 2012, and the new issued of accounting standards interpretations and financial reporting standards interpretations of which they are effective for using in the periods beginning on or after January 1, 2014, as follows.

TAS 1 (revised 2012)	Presentation of Financial Statements
TAS 7 (revised 2012)	Statement of Cash Flows
TAS 12 (revised 2012)	Income Taxes
TAS 17 (revised 2012)	Leases
TAS 18 (revised 2012)	Revenue
TAS 19 (revised 2012)	Employee Benefits
TAS 21 (revised 2012)	The Effects of Changes in Foreign Exchange Rate
TAS 24 (revised 2012)	Related Party Disclosures
TAS 28 (revised 2012)	Investments in Associates
TAS 31 (revised 2012)	Interests in Joint Venture
TAS 34 (revised 2012)	Interim Financial Reporting
TAS 36 (revised 2012)	Impairment of Assets
TAS 38 (revised 2012)	Intangible assets
TFRS 2 (revised 2012)	Share-based Payment
TFRS 3 (revised 2012)	Business Combinations
TFRS 5 (revised 2012)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 8 (revised 2012)	Operating Segments



TFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4	Determining whether an Arrangement contains a Lease
TFRIC 5	Right to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7	Applying the Restatement Approach under TAS 29 Financial Reporting in Hyperinflationary Economics
TFRIC 10	Interim Financial Reporting and Impairment
TFRIC 12	Service Concession Arrangements
TFRIC 13	Customer Loyalty Programs
TFRIC 17	Distributions of Non-cash Assets to Owners
TFRIC 18	Transfers of Assets from Customers
TSIC 15	Operating Leases – Incentives
TSIC 27	Evaluating the Substance of Transactions in the Legal Form of a Lease
TSIC 29	Service Concession Arrangements: Disclosure
TSIC 32	Intangible Assets - Web Site Costs

The management of the Company and its subsidiaries has assessed the effects of the above and believes that these accounting standards do not have any significant impact on the financial statements for the current year.

#### 4. SIGNIFICANT ACCOUNTING POLICIES

##### 4.1 Recognition of revenues and expenditures

###### Sales of goods

Sales of goods are recognized when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales are the invoiced value, excluding value added tax, of goods supplied after deducting discounts and allowances.

###### Service revenue

Service revenue is recognized when services have been rendered.

###### Dividends

Dividends are recognized when the right to receive the dividends is established.

###### Other incomes

Other incomes are recognized on an accrual basis.

Expenditures are recognized on an accrual basis.

##### 4.2 Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, cash at bank, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.



#### 4.3 Trade accounts receivable

Trade accounts receivable are stated at the net realizable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experiences and analysis of debtor aging.

#### 4.4 Inventories

Inventories are stated at the lower of cost or net realizable value. Cost is calculated as follows:

Finished goods	: First in – First out
Work in process	: First in – First out
Raw materials and supplies	: First in – First out

The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The costs of conversion above include an appropriate share of production overheads based on normal production capacity.

The cost of purchase comprises both the purchase price and costs directly attributable to the acquisition of the inventory, such as import duties, transportation charges and other direct costs incurred in acquiring the inventories less all trade discounts, allowances or rebates.

The net realizable value of inventory is estimated from the selling price in the ordinary course of business less the estimated costs to complete production and the estimated costs to complete the sale.

#### 4.5 Investments

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

Subsidiaries are entities over which the Company has the power to control their financial and operating policies generally accompanying a shareholding of more than one-half of the voting rights. The financial statements of the subsidiaries are consolidated from the date the Company exercises control over the subsidiaries until the date that control power ceases.

Investments in subsidiaries are stated at cost net from allowance on impairment (if any) in the separate financial statements.

##### **Investments in debt securities and marketable equity securities**

1. Investments in securities held for trading are stated at fair value. Changes in the fair value of these securities are recorded as gains or losses in the statements of comprehensive income.

2. Investments in available-for-sale securities are stated at fair value. Changes in the fair value of these securities are recorded as a separate item in shareholder's equity, and will be recorded as gains or losses in the statement of comprehensive income when the securities are sold.

3. Investments in debt securities held to maturity are recorded at amortized cost by the effective rate method with the amortized amount presented as an adjustment to the interest income.



The fair value of marketable securities is based on the latest bid price of the last working day of the year. The fair value of debt instruments is determined based on yield rates quoted by the Thai Bond Market Association. The fair value of unit trusts is determined from their net asset value.

#### 4.6 Investment property

Investment property is stated at cost less accumulated depreciation and allowance on impairment (if any).

#### 4.7 Property, plant and equipment and Depreciation

Land is stated at cost. Plant and equipment are stated at cost less accumulated depreciation and allowance on impairment (if any).

Cost is initially recognized upon acquisition of assets along with other direct costs attributing to acquiring such assets in the condition ready to serve the objectives, including the costs of asset demolition, removal and restoration of the asset location, which are the obligations of the company.

Depreciation of plant and equipment is calculated by cost less residual value on the straight-line basis over the following estimated useful lives:

Buildings and complements	20	years
Machinery and equipment	5 – 10	years
Furniture and office equipment	3 – 5	years
Motor vehicles	5	years

The Company has reviewed the residual value and useful life of the assets every year.

The depreciation for each asset component is calculated on the separate components when each component has significant cost compared to the total cost of that asset.

Depreciation is included in determining income.

No depreciation is provided on land, construction in progress and equipment under installation.

Property, plant and equipment are written off at disposal. Gains or losses arising from sale or write-off of assets are recognized in the statement of comprehensive income.

#### 4.8 Intangible assets and Amortization

Intangible assets that are acquired by the Company with finite useful lives are stated at cost less accumulated amortization and allowance on impairment (if any). Intangible assets are amortized in the statement of comprehensive income on a straight-line basis over their estimated useful lives from the date that they are available for use. The estimated useful lives are as follows:

Software license	3 – 5	years
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#### 4.9 Related party transactions

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

#### 4.10 Foreign currencies

Foreign currency transactions are translated into Baht at the exchange rates ruling on the transaction dates. Outstanding assets and liabilities denominated in foreign currencies at the statement of financial position date are translated into Baht at the exchange rates ruling on the statement of financial position date.

Gains and losses on exchange are included in determining income.

#### 4.11 Impairment of assets

As at the statement of financial position date, the Company assesses whether there is an indication of asset impairment. If any such indication exists, the Company will make an estimate of the asset's recoverable amount. If the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognized in the statement of comprehensive income. In addition, impairment loss is reversed if there is a subsequent increase in the recoverable amount. The reversal shall not exceed the carrying value that would have been determined net of accumulated depreciation or amortization if the Company has never recognized the loss on impairment of assets. The recoverable amount of the asset is the asset's value in use or fair value less costs to sell.

#### 4.12 Employee benefits

Short-term employment benefits

The Company recognizes salary, wage, bonus and contributions to social security fund and provident fund as expenses when incurred.

Post-employment benefits (Defined contribution plans)

The Company and its employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company. The fund's assets are held in a separate trust fund and the Company's contributions are recognized as expenses when incurred.



#### Post-employment benefits (Defined benefit plans)

The Company has obligations in respect of the severance payments that it must pay to the employees upon retirement under the labor law and other employee benefit plans. The Company treats these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is calculated based on the actuarial principles by the management of the Company, using the projected unit credit method. Such estimates are made based on various assumptions, including discount rate, future salary increase rate, staff turnover rate, mortality rate, and inflation rate.

Actuarial gains and losses for post-employment benefits of the employees are recognized immediately in other comprehensive income in statement of comprehensive income as a part of retained earnings.

### 4.13 Corporate income tax

#### Income tax

Income tax comprises current income tax and deferred tax.

#### Current tax

The Company and its subsidiaries records income tax expense, if any, based on the amount currently payable under the Revenue Code at the income tax rates (20%) of profit before income tax, after adding back certain expenses which are non-deductible for income tax computation purposes, and less certain transactions which are exempted or allowable from income tax. And a subsidiary is exempted from corporate income tax on net profit from privileges of investment promotion certificate.

#### Deferred tax

Deferred tax assets and liabilities are provided on the temporary differences between the carrying amount and the tax bases of assets and liabilities at the end of the reporting period. Changes in deferred tax assets and liabilities are recognized as deferred tax income or deferred tax expense, which are recognized in the profit or loss except to the extent that it relates to items recognized directly in shareholders' equity or in other comprehensive income.

The deductible temporary differences are recognized as deferred tax assets when it is probable that the Company will have future taxable profit to be available against which the deferred tax assets can be utilized. The taxable temporary differences on all taxable items are recognized as deferred tax liabilities.

Deferred tax assets and liabilities are measured at the tax rates that the Company and its subsidiaries expect to apply to the period when the deferred tax assets are realized or the deferred tax liabilities are settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

At the end of each reporting period, the carrying amount of deferred tax assets are reviewed and reduced the value when it is probable that the Company will have no longer the future taxable profit that is sufficient to be available against which all or some parts of deferred tax assets are utilized.



Deferred tax assets and deferred tax liabilities are offset when there is the legal right to settle on a net basis and they relate to income taxes levied by the same tax authority on the same taxable entity.

Thus, the Company offsets deferred tax assets and deferred tax liabilities for presentation in the statement of financial position, rather than presenting them separately. The Company reclassified deferred tax assets and deferred tax liabilities items in the financial statements for the year ended July 31, 2014 in order to conform to the presentation in the financial statements for the year 2015.

#### 4.14 Use of accounting estimates

According to generally accepted accounting principles in Thailand, preparation of financial statements requires management to make estimates and assumptions, which will affect the reported amounts of revenues, expenses, assets and liabilities, and disclosure of contingent assets and liabilities. Actual results may differ from those estimates. Significant estimates and assumptions are as follows :

##### Allowances for doubtful accounts

Management provides adequate allowance for doubtful accounts for the estimated losses that may be incurred in the collection of receivables. The allowance is generally based on collection experiences and analysis of each debtor aging that is expected to have collection problem.

##### Allowances for inventory deterioration and negative net realizable value of inventory

Management determines an allowance for inventory deterioration for goods or materials that are obsolete, inactive, and decline in quality. The Company and its subsidiaries also determines an allowance for goods or materials that have selling price less than their actual cost by considering the future trend of their selling prices in the market.

##### Property, plant and equipment, and intangible assets

Management determines the estimated useful lives and residual values of the Company's property, plant and equipment, and intangible assets and will review the depreciation charge when useful lives and residual values are different from those previously estimated, or when obsolete assets are written off or disposed.

#### 4.15 Earnings per share

Basic earnings per share are calculated by dividing income for the year by the weighted average number of ordinary shares outstanding during the year.



## 5. RELATED PARTY TRANSACTIONS

Related parties are as follows:-

	Nature of business	Relationship
<b>Subsidiary Companies</b>		
Siam ISO Pro Co., Ltd.	Sale of metal products and industrial materials and equipments	The company holds 99.99% in the subsidiary
Mark Worldwide Co., Ltd.	Manufacture and sale of metal products	The company holds 99.99% in the subsidiary
City Steel Products Co., Ltd.	Manufacture and sale of metal products	The company holds 99.99% in the subsidiary
CT Universal Co., Ltd. (*Indirect subsidiary through Siam ISO Pro Co., Ltd.)	Has not started operation	The subsidiary company holds 100.00% in the subsidiary
<b>Related Companies</b>		
Siam C.T.P. Industry Co., Ltd.	Sale of metal automotive accessories	Common shareholders
WKP Asset Plus Co., Ltd.	Real Estate	Major shareholder

During the years, the Company and its subsidiaries had significant business transactions with related parties, which have been concluded on commercial terms and bases agreed upon in the ordinary course of businesses between the Company and those companies. Below is a summary of those transactions.

(Unit : Million Baht)

	For the years ended July 31,				Pricing Policies
	Consolidated financial statement		Separate financial statements		
	2015	2014	2015	2014	
<b>Transactions with related companies</b>					
Electricity expenses	1.2	1.4	-	-	Cost plus margin
Rental expenses	0.6	0.6	-	-	Based on contract
<b>Transactions with subsidiaries</b>					
Management income	-	-	12.9	12.7	Cost plus margin
Service income	-	-	6.0	12.6	Cost plus margin
Electricity income	-	-	1.0	1.3	Cost plus margin
Sales of raw material	-	-	-	0.8	Cost
Purchases of finished goods	-	-	51.4	28.7	Cost plus margin
Dividend income	-	-	48.2	49.4	By the amount declared



The balances of the accounts as at July 31, 2015 and 2014 between the Company and those related companies are as follows:

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	As at July 31, 2015	As at July 31, 2014	As at July 31, 2015	As at July 31, 2014
<b>Trade accounts receivable - related parties</b>				
Siam ISO Pro Co., Ltd.	-	-	5,136	8,988
Mark Worldwide Co., Ltd.	-	-	768,442	909,361
City Steel Products Co., Ltd.	-	-	2,699,610	2,631,237
<b>Total trade accounts receivable - related parties</b>	<b>-</b>	<b>-</b>	<b>3,473,188</b>	<b>3,549,586</b>
<b>Trade accounts payable - related parties</b>				
Mark Worldwide Co., Ltd.	-	-	208,008	19,902
City Steel Products Co., Ltd.	-	-	3,086,436	838,776
Siam C.T.P. Industry Co., Ltd.	94,930	135,173	-	-
<b>Total trade accounts payable - related parties</b>	<b>94,930</b>	<b>135,173</b>	<b>3,294,444</b>	<b>858,678</b>

## 6. CASH AND CASH EQUIVALENTS

This account consisted of:

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	As at July 31, 2015	As at July 31, 2014	As at July 31, 2015	As at July 31, 2014
Cash on hand and petty cash	701,109	647,404	75,156	69,971
Cash at banks - Savings account	478,754,886	401,913,468	8,533,039	13,472,996
- Current account	7,154,991	639,105	6,879,247	364,059
Fixed deposits 3 months	95,010,738	53,010,626	10,738	10,626
	<b>581,621,724</b>	<b>456,210,603</b>	<b>15,498,180</b>	<b>13,917,652</b>

Savings account and fixed deposits bear interests at the floating rate set by bank.

## 7. CURRENT INVESTMENT

This account consisted of:

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	As at July 31, 2015	As at July 31, 2014	As at July 31, 2015	As at July 31, 2014
Short-term investment - Fixed deposit 9 months	-	50,000,000	-	-
- Fixed deposit 13 months	20,000,000	-	-	-
	<b>20,000,000</b>	<b>50,000,000</b>	<b>-</b>	<b>-</b>

As at July 31, 2015 and 2014 fixed deposits has interest rate at the rate of 3.05% per annum and 3.00% per annum, respectively.

## 8. INVESTMENTS IN AVAILABLE-FOR-SALE SECURITIES

This account consisted of:

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	As at July 31, 2015	As at July 31, 2014	As at July 31, 2015	As at July 31, 2014
Investments in available-for-sale securities - at cost				
- Open fund (Money Market Fund)	44,149,950	70,196,340	-	-
- Open fund (Fixed Income Fund)	9,818,800	9,818,800	-	-
	53,968,750	80,015,140	-	-
<u>Add</u> : Unrealized gain (loss) on change in value of investments	4,165,236	4,616,490	-	-
<b>Investments in available-for-sale securities - fair value</b>	<b>58,133,986</b>	<b>84,631,630</b>	<b>-</b>	<b>-</b>

## 9. TRADE ACCOUNTS RECEIVABLE

This account consisted of:

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	As at July 31, 2015	As at July 31, 2014	As at July 31, 2015	As at July 31, 2014
Account receivable	60,267,506	74,537,272	6,292,751	3,874,920
Note receivable	4,193,013	2,124,591	11,727	26,964
	64,460,519	76,661,863	6,304,478	3,901,884

The outstanding balances of trade accounts receivable as at July 31, 2015 and 2014, as classified by due dates, are as follows:

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	As at July 31, 2015	As at July 31, 2014	As at July 31, 2015	As at July 31, 2014
<b>Age of receivables</b>				
Undue	42,850,388	58,085,691	58,085,691	3,874,920
Less than 3 months overdue	17,417,118	16,451,581	16,451,581	-
Over 3 months to 6 months	-	-	-	-
<b>Net</b>	<b>60,267,506</b>	<b>74,537,272</b>	<b>74,537,272</b>	<b>3,874,920</b>

## 10. INVENTORIES

This account consisted of:

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	As at July 31, 2015	As at July 31, 2014	As at July 31, 2015	As at July 31, 2014
Finished goods	-	646,424	-	-
Work in process	1,740,399	1,017,465	-	-
Raw materials	13,663,091	18,130,013	-	-
<b>Total</b>	<b>15,403,490</b>	<b>19,793,902</b>	<b>-</b>	<b>-</b>

## 11. RESTRICTED DEPOSITS AT FINANCIAL INSTITUTIONS

Deposits of the Company and its subsidiaries have been pledged as security against bank guarantees issued by a bank on behalf of the Company and its subsidiaries as security required in the normal course of business of the Company and its subsidiaries.

## 12. INVESTMENTS IN SUBSIDIARIES

As at July 31, 2015 and 2014 investments in subsidiaries accounted for under cost method represent investments in ordinary shares in the following subsidiaries.

(Unit : Baht)

Company's name	Paid-up share capital		At equity method		At cost method		Dividend income	
	As at July 31, 2015	As at July 31, 2014	As at July 31, 2015	As at July 31, 2014	As at July 31, 2015	As at July 31, 2014	For the years Ended July 31,	
							2015	2014
Siam ISO Pro Co., Ltd.	112,000,000	112,000,000	147,019,110	146,247,098	111,999,940	111,999,940	-	-
Mark Worldwide Co., Ltd.	280,200,000	280,200,000	322,755,748	369,438,178	264,819,940	264,819,940	48,194,389	-
City Steel Products Co., Ltd.	247,050,000	247,050,000	805,683,104	671,752,141	247,049,980	247,049,980	-	49,409,996
<b>Total investments in subsidiaries</b>			<b>1,275,457,962</b>	<b>1,187,437,417</b>	<b>623,869,860</b>	<b>623,869,860</b>	<b>48,194,389</b>	<b>49,409,996</b>

## 13. INVESTMENT PROPERTY

This account consisted of:

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	As at July 31, 2015	As at July 31, 2014	As at July 31, 2015	As at July 31, 2014
Balance as at July 31, 2014	18,100,000	18,100,000	-	-
Purchase Land	70,000,000	-	-	-
<b>Total</b>	<b>88,100,000</b>	<b>18,100,000</b>	<b>-</b>	<b>-</b>

For the period, the subsidiary entered into a sale contract with other individuals amounting to Baht 70 million. The transfer of ownership had been made on April 30, 2015.

Investment property is the land, the purpose of use in the future has not been identified.

For the original cost of land amounted Baht 18.10 million, the subsidiary appraised the investment property by independent appraiser on July 9, 2015, by Market Approach, which fair value of Baht 26.20 million.

#### 14. PROPERTY, PLANT AND EQUIPMENT

This account consisted of:

(Unit : Baht)

	Consolidated financial statements				Balance As at July 31, 2015
	Balance As at July 31, 2014	Additions	Deduction	Transfers in (out)	
<u>At cost</u>					
Land	58,858,269	-	-	-	58,858,269
Building	196,258,750	-	-	-	196,258,750
Machinery and equipment	540,771,267	508,200	(2,983,828)	-	538,295,639
Vehicle	50,107,955	3,511,187	(931,589)	-	52,687,553
Furniture and office equipment	13,956,856	1,561,800	(2,907,778)	466,299	13,077,177
Building under construction and machine and equipment under installation	33,542,500	6,513,904	-	(466,299)	39,590,105
<b>Total</b>	<b>893,495,597</b>	<b>12,095,091</b>	<b>(6,823,195)</b>	<b>-</b>	<b>898,767,493</b>
<u>Less Accumulated depreciation:</u>					
Building	(47,007,395)	(9,496,586)	-	-	(56,503,981)
Machinery and equipment	(263,062,775)	(54,548,445)	2,983,768	-	(314,627,452)
Vehicle	(36,866,409)	(1,325,250)	791,588	-	(37,400,071)
Furniture and office equipment	(11,335,863)	(1,124,419)	2,907,674	-	(9,552,608)
<b>Total</b>	<b>(358,272,442)</b>	<b>(66,494,700)</b>	<b>6,683,030</b>	<b>-</b>	<b>(418,084,112)</b>
<b>Property, plant and equipment, net</b>	<b>535,223,155</b>				<b>480,683,381</b>



(Unit : Baht)

	Consolidated financial statements				
	Balance As at July 31, 2013	Additions	Deduction	Transfers in (out)	Balance As at July 31, 2014
<u>At cost</u>					
Land	58,858,269	-	-	-	58,858,269
Building	196,258,750	-	-	-	196,258,750
Machinery and equipment	495,032,741	7,332,567	-	38,405,959	540,771,267
Vehicle	51,155,198	-	(1,047,243)	-	50,107,955
Furniture and office equipment	13,537,709	419,147	-	-	13,956,856
Building under construction and machine and equipment under installation	48,417,830	23,530,629	-	(38,405,959)	33,542,500
<b>Total</b>	<b>863,260,497</b>	<b>31,282,343</b>	<b>(1,047,243)</b>	<b>-</b>	<b>893,495,597</b>
<u>Less Accumulated depreciation :</u>					
Building	(37,510,809)	(9,496,586)	-	-	(47,007,395)
Machinery and equipment	(211,215,728)	(51,847,047)	-	-	(263,062,775)
Vehicle	(36,888,377)	(1,025,274)	1,047,242	-	(36,866,409)
Furniture and office equipment	(10,351,299)	(984,564)	-	-	(11,335,863)
<b>Total</b>	<b>(295,966,213)</b>	<b>(63,353,471)</b>	<b>1,047,242</b>	<b>-</b>	<b>(358,272,442)</b>
<b>Property, plant and equipment, net</b>	<b>567,294,284</b>				<b>535,223,155</b>
Depreciation for the years ended July 31,					
2015 (Baht 62.75 million included in cost of sales and services and the balance in administrative expenses)					66,494,700
2014 (Baht 60.04 million included in cost of sales and services and the balance in administrative expenses)					63,353,471

(Unit : Baht)

	Separate financial statements				
	Balance As at July 31, 2014	Additions	Deduction	Transfers in (out)	Balance As at July 31, 2015
<u>At cost</u>					
Building	4,464,395	-	-	-	4,464,395
Machinery and equipment	33,511,409	-	(2,427,884)	-	31,083,525
Vehicle	9,426,283	-	-	-	9,426,283
Furniture and office equipment	4,166,257	-	(799,930)	-	3,366,327
<b>Total</b>	<b>51,568,344</b>	<b>-</b>	<b>(3,227,814)</b>	<b>-</b>	<b>48,340,530</b>
<u>Less Accumulated depreciation :</u>					
Building	(1,776,988)	(221,239)	-	-	(1,998,227)
Machinery and equipment	(33,511,317)	-	2,427,846	-	(31,083,471)
Vehicle	(9,426,280)	-	-	-	(9,426,280)
Furniture and office equipment	(4,160,330)	(5,855)	799,893	-	(3,366,292)
<b>Total</b>	<b>(48,874,915)</b>	<b>(227,094)</b>	<b>3,227,739</b>	<b>-</b>	<b>(45,874,270)</b>
<b>Property, plant and equipment, net</b>	<b>2,693,429</b>				<b>2,466,260</b>

(Unit : Baht)

	Separate financial statements				Balance As at July 31, 2014
	Balance As at July 31, 2013	Additions	Deduction	Transfers in (out)	
<u>At cost</u>					
Building	4,464,395	-	-	-	4,464,395
Machinery and equipment	33,511,409	-	-	-	33,511,409
Vehicle	9,426,283	-	-	-	9,426,283
Furniture and office equipment	4,166,257	-	-	-	4,166,257
<b>Total</b>	<b>51,568,344</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>51,568,344</b>
<u>Less Accumulated depreciation :</u>					
Building	(1,555,750)	(221,238)	-	-	(1,776,988)
Machinery and equipment	(33,511,317)	-	-	-	(33,511,317)
Vehicle	(9,426,280)	-	-	-	(9,426,280)
Furniture and office equipment	(4,138,141)	(22,189)	-	-	(4,160,330)
<b>Total</b>	<b>(48,631,488)</b>	<b>(243,427)</b>	<b>-</b>	<b>-</b>	<b>(48,874,915)</b>
<b>Property, plant and equipment, net</b>	<b>2,936,856</b>				<b>2,693,429</b>
Depreciation for the years ended July 31,					
2015 (Total included in administrative expenses)					227,094
2014 (Total included in administrative expenses)					243,427

A subsidiary has mortgaged land and construction with a total net book value as at July 31, 2015, of Baht 130.97 million (As at July 31, 2014 : Baht 135.91 million) to secure credit facilities from financial institution.

As at July 31, 2015 and 2014, certain plant and equipment items of the Company and its subsidiaries have been fully depreciated but are still in use. The original cost of those assets amounted to approximately Baht 66.33 million and Baht 66.62 million, respectively (the company : Baht 43.88 million and Baht 47.03 million, respectively).

## 15. INTANGIBLE ASSETS

This account consisted of:

(Unit : Baht)

	Consolidated financial statements			Balance As at July 31, 2015
	Balance As at July 31, 2014	Additions	Deduction	
<u>At cost</u>				
Computer software	2,006,770	-	-	2,006,770
<u>Less Accumulated amortization</u>	(2,006,548)	-	-	(2,006,548)
<b>Intangible assets - net</b>	<b>222</b>			<b>222</b>

(Unit : Baht)

	Consolidated financial statements			
	Balance As at July 31, 2013	Additions	Deduction	Balance As at July 31, 2014
<u>At cost</u>				
Computer software	2,006,770	-	-	2,006,770
<u>Less</u> Accumulated amortization	(2,002,175)	(4,373)	-	(2,006,548)
<b>Intangible assets - net</b>	<b>4,595</b>			<b>222</b>
Amortization for the years ended July 31, (Included in administrative expenses)				
2015				-
2014				4,373

(Unit : Baht)

	Separate financial statements			
	Balance As at July 31, 2014	Additions	Deduction	Balance As at July 31, 2015
<u>At cost</u>				
Computer software	1,279,270	-	-	1,279,270
<u>Less</u> Accumulated amortization	(1,279,059)	-	-	(1,279,059)
<b>Intangible assets - net</b>	<b>211</b>			<b>211</b>

(Unit : Baht)

	Separate financial statements			
	Balance As at July 31, 2013	Additions	Deduction	Balance As at July 31, 2014
<u>At cost</u>				
Computer software	1,279,270	-	-	1,279,270
<u>Less</u> Accumulated amortization	(1,279,059)	-	-	(1,279,059)
<b>Intangible assets - net</b>	<b>211</b>			<b>211</b>
Amortization for the years ended July 31, (Included in administrative expenses)				
2015				-
2014				-

As at July 31, 2015 and 2014, certain intangible assets items of the Company and its subsidiaries have been fully amortized but are still in use. The original cost of those assets amounted to approximately Baht 2.0 million and Baht 2.0 million, respectively (The company : Baht 1.3 million and Baht 1.3 million, respectively).



## 16. DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES

Deferred tax assets and deferred tax liabilities are as follows:-

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	As at July 31, 2015	As at July 31, 2014	As at July 31, 2015	As at July 31, 2014
Deferred tax assets	237,057	240,366	155,710	169,970
Deferred tax liabilities	(784,449)	(880,039)	-	-
	<b>(547,392)</b>	<b>(639,673)</b>	<b>155,710</b>	<b>169,970</b>

16.1 Changes in deferred tax assets and deferred tax liabilities for the year ended July 31, 2015 and 2014 are summarized as follows:

(Unit : Baht)

	Consolidated financial statements			
	Balance as at July 31, 14	Revenue (expenses) during the year		Balance as at July 31, 15
		In profit or loss	In other compre- hensive income	
Deferred tax assets:				
Intangible assets	100,970	(25,567)	-	75,403
Employee benefit obligations	182,655	27,597	-	210,252
<b>Total</b>	<b>283,625</b>	<b>2,030</b>	<b>-</b>	<b>285,655</b>
Deferred tax assets:				
Unrealized gain on remeasuring available for sale investment	923,298	-	(90,251)	833,047
<b>Total</b>	<b>923,298</b>	<b>-</b>	<b>(90,251)</b>	<b>833,047</b>
<b>Net</b>	<b>(639,673)</b>			<b>(547,392)</b>

(Unit : Baht)

	Consolidated financial statements			
	Balance as at July 31, 13	Revenue (expenses) during the year		Balance as at July 31, 14
		In profit or loss	In other compre- hensive income	
Deferred tax assets:				
Intangible assets	126,537	(25,567)	-	100,970
Employee benefit obligations	161,489	21,166	-	182,655
Loss carry forward on tax base	58,545	(58,545)	-	-
<b>Total</b>	<b>346,571</b>	<b>(62,946)</b>	<b>-</b>	<b>283,625</b>
Deferred tax liabilities:				
Unrealized gain on remeasuring available for sale investment	520,921	-	402,377	923,298
<b>Total</b>	<b>520,921</b>	<b>-</b>	<b>402,377</b>	<b>923,298</b>
<b>Net</b>	<b>(174,350)</b>			<b>(639,673)</b>

(Unit : Baht)

	Separate financial statements			
	Balance as at July 31, 14	Revenue (expenses) during the year		Balance as at July 31, 15
		In profit or loss	In other comprehensive income	
Deferred tax assets:				
Intangible assets	100,970	(25,567)	-	75,403
Employee benefit obligations	69,000	11,307	-	80,307
<b>Total</b>	<b>169,970</b>	<b>(14,260)</b>	<b>-</b>	<b>155,710</b>

(Unit : Baht)

	Separate financial statements			
	Balance as at July 31, 13	Revenue (expenses) during the year		Balance as at July 31, 14
		In profit or loss	In other comprehensive income	
Deferred tax assets:				
Intangible assets	126,537	(25,567)	-	100,970
Employee benefit obligations	60,968	8,032	-	69,000
<b>Total</b>	<b>187,505</b>	<b>(17,535)</b>	<b>-</b>	<b>169,970</b>

## 16.2 Tax expense (income)

## 16.2.1 Major components of tax expense (income)

For the years ended July 31, 2015 and 2014 consisted of:

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Income tax expense (income) shown in profit or loss :				
Current tax expense:				
Income tax expense for the years	1,204,895	995,700	330,580	189,869
Deferred tax expense (income):				
Changes in temporary differences relating to the original recognition and reversal	(2,030)	62,946	14,260	17,535
<b>Total</b>	<b>1,202,865</b>	<b>1,058,646</b>	<b>344,840</b>	<b>207,404</b>
Income tax relating to components of other comprehensive income :				
Deferred tax relating to remeasuring available for sale investment	(90,251)	402,377	-	-
<b>Total</b>	<b>(90,251)</b>	<b>402,377</b>	<b>-</b>	<b>-</b>

16.2.2 A numerical reconciliation between tax expense (income) and the product of accounting profit multiplied by the applicable tax rate for the years ended July 31, 2015 and 2014 are summarized as follows:

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Accounting profit (loss) for the years	139,284,935	149,638,041	49,379,747	50,247,358
The applicable tax rate (%)	20%	20%	20%	20%
Tax expense (income) at the applicable tax rate	27,856,987	29,927,608	9,875,950	10,049,471
Reconciliation items:				
Tax effect of expenses that are not deductible in determining tax profit:				
- Expenses not allowed as expenses in determining taxable profit	135,934	152,211	118,068	39,932
- The exemption of profit of the promoted business (BOI)	(26,414,806)	(28,581,838)	-	-
- Tax effects of incomes or profits that not included in computing taxable profits	(375,250)	(439,335)	(9,649,178)	(9,881,999)
Total reconciliation items	(26,654,122)	(28,868,962)	(9,531,110)	(9,842,067)
<b>Total tax expense (income)</b>	<b>1,202,865</b>	<b>1,058,646</b>	<b>344,840</b>	<b>207,404</b>

16.2.3 A numerical reconciliation between the average effective tax rate and the applicable tax rate for the years ended July 31, 2015 and 2014 are summarized as follows:

(Unit : Baht)

	Consolidated financial statements			
	2015		2014	
	Tax amount	Tax rate (%)	Tax amount	Tax rate (%)
Accounting profit (loss) before tax expense for the years	139,284,935		149,638,041	
Tax expense (income) at the applicable tax rate	27,856,987	20.00	29,927,608	20.00
Reconciliation items	(26,654,122)	(19.14)	(28,868,962)	(19.29)
<b>Tax expense (income) at the average effective tax rate</b>	<b>1,202,865</b>	<b>0.86</b>	<b>1,058,646</b>	<b>0.71</b>

(Unit : Baht)

	Separate financial statements			
	2015		2014	
	Tax amount	Tax rate (%)	Tax amount	Tax rate (%)
Accounting profit (loss) before tax expense for the years	49,379,747		50,247,358	
Tax expense (income) at the applicable tax rate	9,875,950	20.00	10,049,471	20.00
Reconciliation items	(9,531,110)	(19.30)	(9,842,067)	(19.59)
<b>Tax expense (income) at the average effective tax rate</b>	<b>344,840</b>	<b>0.70</b>	<b>207,404</b>	<b>0.41</b>

## 17. EMPLOYEE BENEFIT OBLIGATIONS

The Company and its subsidiaries have obligations for employee benefits as follows:

### Statement of financial position

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	As at July	As at July	As at July	As at July
	31, 2015	31, 2014	31, 2015	31, 2014
Employee benefit obligation, beginning of the year	913,276	807,443	344,999	304,841
Current service costs	103,896	74,268	43,151	27,751
Finance cost	34,087	31,565	13,386	12,407
<b>Employee benefit obligation, ending of the year</b>	<b>1,051,259</b>	<b>913,276</b>	<b>401,536</b>	<b>344,999</b>

### Expenses recognized in the statements of comprehensive income

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
For the years ended July 31				
Cost of sales and services	18,368	13,746	-	-
Administrative expenses	50,204	36,106	7,827	3,335
Management benefit expenses	35,324	24,416	35,324	24,416
Finance cost	34,087	31,565	13,386	12,407
	<b>137,983</b>	<b>105,833</b>	<b>56,537</b>	<b>40,158</b>

### Primary assumptions for estimation according to actuarial principles

	Percentage	
	Consolidated financial statements / Separate financial statements	
	For the year ended July 31, 2015	For the year ended July 31, 2015
Discount rate	3.88	4.07
Salary increase rate	3 - 6.5	2 - 8
Employee turnover rate	0 - 10	0 - 15
Mortality rate	Refer to OIC Thai Mortality Rate Table 2008	Refer to OIC Thai Mortality Rate Table 2008

## 18. CAPITAL MANAGEMENT

The primary objective of the Company's capital management is to ensure that it has an appropriate financial structure and preserves the ability to continue its business as a going concern.

According to the consolidated and separate statement of financial position as at July 31, 2015 and 2014, the Company and its subsidiaries debt-to-equity ratio was 0.025:1 and 0.046:1, and the Company's debt-to-equity ratio was 0.007:1 and 0.003:1, respectively.

## 19. DIVIDEND

A meeting of the Board of Directors of the Company held on September 26, 2014 approved a resolution to propose a dividend of Baht 0.16 per share for the year 2013/2014, totaling Baht 48 million. This resolution was approved by the ordinary meeting of the shareholders on November 28, 2014. The Company paid a dividend to the shareholders in December 2014.

A meeting of the Board of Directors of the Company held on September 27, 2013 approved a resolution to propose a dividend of Baht 0.16 per share for the year 2012/2013, totaling Baht 48 million. This resolution was approved by the ordinary meeting of the shareholders on November 29, 2013. The Company paid a dividend to the shareholders in December 2013.

## 20. PROMOTIONAL PRIVILEGES

Under the Investment Promotion Act BE 2520, the Board of Investment has granted City Steel Products Company Limited promotional privileges for the manufacture of material handling and storage equipment under the certificate No. 2007(1)/2552, subjected to certain imposed conditions, the privileges include the followings:-

- A fifty percent reduction of import duty on machinery as approved by the Board.
- Profit from the promoted activities, are exempted from corporate income tax for a period of eight years commencing as from the date of first earning operating income (Started August 3, 2010).

The Company and its subsidiaries' results of operations classified by the promoted and non-promoted activities for the years ended July 31, 2015 and 2014 are as follows:-



	Consolidated Financial Statement (In Baht)					
	Promoted operations		Non-promoted operations		Total	
	2015	2014	2015	2014	2015	2014
Sales and service income	553,746,705	580,175,994	-	-	553,746,705	580,175,994
Other income	2,267,325	2,219,501	2,421,336	1,459,446	4,688,661	3,678,947
	556,014,030	582,395,495	2,421,336	1,459,446	558,435,366	583,854,941

## 21. EXPENSE BY NATURE

Significant expenses categorized by nature for the consolidated statement of comprehensive income and the separated statement of comprehensive income are as follows:

(Unit : Baht)

	For the years ended July 31,			
	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Raw material and consumable used	350,062,242	432,759,614	-	783,861
Change in inventories of finished goods and work in process	(76,510)	(69,177)	-	-
Depreciation and amortization	66,494,700	63,357,844	227,094	243,427
Employee benefit cost	50,604,812	52,777,159	16,649,484	22,178,462
Employee benefits	137,983	105,833	56,537	40,158

## 22. FINANCIAL INFORMATION BY SEGMENT

The Company, its subsidiaries and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Employees, the Company and its subsidiaries contributed to the fund monthly at the rate of 2 percent of the basic salary. The fund, which is managed by TISCO Asset Management Company Limited, will be paid to employees upon termination in accordance with the fund rules. For the years ended July 31, 2015 and 2014 the contributions by the Company and its subsidiaries amounted in total of Baht 0.86 million and Baht 0.86 million, respectively (the Company : Baht 0.85 million and Baht 0.85 million, respectively).

## 23. FINANCIAL INFORMATION BY SEGMENT

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance.

The one main operating segment of the Company and its subsidiaries is manufactures and sells metal products by dividing the marketing and production teams into 2 units, (1) Manufactures and sells of metal structures, storage systems and material handling equipment, and other metal products and (2) Manufactures and sells of metal and fabricated metal parts with the main operation in the single geographic area in Thailand.

Segment performance is measured based on operating profit or loss, on a basis consistent with that used to measure operating profit or loss in the financial statements. As a result, all of the revenues, operating profits and assets as reflected in these financial statements pertain to the aforementioned reportable operating segment and geographical area.

Transfer prices between business segments are the prices that mentioned in Note 5 to the financial statements.

## 24. COMMITMENTS AND CONTINGENT LIABILITIES

### 24.1 Operating lease commitments

The Company and its subsidiaries have entered into the long-term lease agreement in respect of factory and offices spaces, for the period of 36 months from August 2013 to July 2016 with the rental fee amount of Baht 52,800.00 per month.

As at July 31, 2015, the Company has commitment under the agreement for the rental fee as follows: -

	<u>Million Baht</u>
Payable within :	
1 year	0.6
More than 1 year to 5 year	-

### 24.2 Guarantees

As at July 31, 2015 and 2014, there were outstanding bank guarantees of approximately Baht 2.5 million and Baht 2.7 million, respectively (the company : Baht 0.6 million and Baht 0.6 million, respectively) issued by a bank on behalf of the Company and subsidiaries in respect of certain performance bonds as required in the normal course of business.

### 24.3 Loan facilities from financial institutions

The Company and its subsidiaries obtained loan facilities from local commercial banks totaling Baht 290 million (As at July 31, 2015 : Baht 290 million). These loans are guaranteed by two subsidiaries and the subsidiary's land and construction thereon.

### 24.4 Others

As at July 31, 2015, the Company had outstanding commitment in respect of uncalled portion of investments in its subsidiaries approximately Baht 79.75 million and investment in foreign subsidiary that indirectly invest through the subsidiary of USD 3 million.

As at July 31, 2015, the Company has outstanding commitment on installation of lift and machinery which has been paid in the amount of Baht 1.63 million.





## 25. FINANCIAL INSTRUMENTS

### 25.1 Accounting policies

Details of significant accounting policies and methods adopted, including criteria for recognition of revenues and expenses relating to financial assets and financial liabilities are disclosed in note 4

### 25.2 Financial risk management for financial instruments

The Company manages its financial risk exposure on financial assets and financial liabilities in the normal business by its internal management and control system, and the Company does not hold or issue any derivative financial instruments.

### 25.3 Credit risk

The Company and its subsidiaries are exposed to credit risk that mainly associated with trade accounts receivable. Also, the credit risk is not concentrated in particular industry since the Company and subsidiaries have a large customer base in various industrial sectors. Therefore, the Company and subsidiaries do not expect to incur material financial losses. The maximum exposure to credit risk is limited to the carrying amounts of receivables as stated in the statement of financial position

### 25.4 Interest rate risk

Exposure of the Company and its subsidiaries to interest rate risk primarily relates to cash at banks. However, since most of the Company and its subsidiaries financial assets bear floating interest rates so the interest rate risk is expected to be minimal.

Significant financial assets and liabilities as at July 31, 2015 and 2014 classified by type of interest rates are summarized in the table below.

(Unit : Million Baht)

Consolidated financial statements	2015				
	Floating interest rate	Fixed interest rate	Non-interest bearing	Total	Interest rate (% p.a.)
<b>Financial assets</b>					
Cash and cash equivalents	582	-	-	582	0.00 – 1.65
Current investment	-	20	-	20	3.05
Deposits with restrictions	2	-	-	2	0.375 – 1.50
	584	20	-	604	

(Unit : Million Baht)

Consolidated financial statements	2014				
	Floating interest rate	Fixed interest rate	Non-interest bearing	Total	Interest rate (% p.a.)
<b>Financial assets</b>					
Cash and cash equivalents	456	-	-	456	0.00 – 1.20
Current investment	-	50	-	50	3.00
Deposits with restrictions	2	-	-	2	0.00 – 1.50
	458	50	-	508	

(Unit : Million Baht)

Separate financial statements	2015			
	Floating interest rate	Non-interest bearing	Total	Interest rate (% p.a.)
<b>Financial assets</b>				
Cash and cash equivalents	16	-	16	0.00 - 0.90
Deposits with restrictions	2	-	2	0.85
	18	-	18	

(Unit : Million Baht)

Separate financial statements	2014			
	Floating interest rate	Non-interest bearing	Total	Interest rate (% p.a.)
<b>Financial assets</b>				
Cash and cash equivalents	14	-	14	0.00 – 1.00
Deposits with restrictions	2	-	2	0.00 – 1.10
	16	-	16	

## 25.5 Fair values of financial instruments

Since the majority of the Company and its subsidiaries financial instruments are short-term in nature, their fair value is not expected to be materially different from the amounts presented in the statements of financial position.



## 26. RECLASSIFICATION

The Company and its subsidiaries has reclassified certain accounts in the statement of financial position as at July 31, 2014 to conform to the presentation of the financial statements of this period which consisted of:

(Unit : Baht)

	Consolidated financial statements		
	Before Reclassification	Reclassification	After Reclassification
<b>Statement of financial position</b>			
Cash and cash equivalents	506,210,603	(50,000,000)	456,210,603
Short-term investment	-	50,000,000	50,000,000
Deferred tax assets	283,625	(43,259)	240,366
Deferred tax liabilities	923,298	(43,259)	880,039

## 27. ESTABLISHMENT OF THE OVERSEAS SUBSIDIARY

Siam ISO Pro Company Limited had set up a subsidiary in Hong Kong SAR by using source of funds from the Group's working capital with objectives of facilitating the Group's future business expansion, which has details as follows :

Company name	: CT Universal Company Limited
Date of registration	: January 15, 2014
Registered capital	: USD 3 million (Baht 98.87 million)
Type of business	: Merchandising industrial and consumer products as well as investing in new businesses
Shareholding structure	: Siam ISO Pro Company Limited holds 100% of total shares

## 28. EVENTS AFTER THE REPORTING PERIOD

A meeting of the Board of Directors of the Company held on September 26, 2015, approved a resolution to propose a dividend of Baht 0.12 per share for the year 2014/2015.

The Company will propose the resolution of the above meeting of the Board of Directors for adoption by the Annual General Meeting of the shareholders.

## 29. The new and revised accounting standards are not yet effective in the current year

The Federation of Accounting Professions (FAP) has issued Notifications to mandate the new and revised accounting standards, financial reporting standards, and interpretations of accounting and financial reporting standards.

These new and revised accounting standards which are effective for the fiscal year beginning on or after January 1, 2015 are as follows:

TAS 1 (revised 2014)	Presentation of Financial Statements
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TAS 2 (revised 2014)	Inventories
TAS 7 (revised 2014)	Statement of Cash Flows
TAS 8 (revised 2014)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2014)	Events After the Reporting Period
TAS 11 (revised 2014)	Construction Contracts
TAS 12 (revised 2014)	Income Taxes
TAS 16 (revised 2014)	Property, Plant and Equipment
TAS 17 (revised 2014)	Leases
TAS 18 (revised 2014)	Revenue
TAS 19 (revised 2014)	Employee Benefits
TAS 20 (revised 2014)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (revised 2014)	The Effects of Changes in Foreign Exchange Rates
TAS 23 (revised 2014)	Borrowing Costs
TAS 24 (revised 2014)	Related Party Disclosures
TAS 26 (revised 2014)	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (revised 2014)	Separate Financial Statements
TAS 28 (revised 2014)	Investments in Associates And Joint Ventures
TAS 29 (revised 2014)	Financial Reporting in Hyperinflationary Economies
TAS 33 (revised 2014)	Earnings Per Share
TAS 34 (revised 2014)	Interim Financial Reporting
TAS 36 (revised 2014)	Impairment of Assets
TAS 37 (revised 2014)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2014)	Intangible assets
TAS 40 (revised 2014)	Investment Property
TFRS 2 (revised 2014)	Share-based Payment
TFRS 3 (revised 2014)	Business Combinations
TFRS 5 (revised 2014)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6 (revised 2014)	Exploration for and Evaluation of Mineral Assets
TFRS 8 (revised 2014)	Operating Segments
TFRS 10	Consolidated Financial Statements
TFRS 11	Joint Arrangements
TFRS 12	Disclosure of Interests in Other Entities
TFRS 13	Fair Value Measurement
TSIC 10 (revised 2014)	Government Assistance - No Specific Relation to Operating Activities
TSIC 15 (revised 2014)	Operating Leases - Incentives



TSIC 25 (revised 2014)	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders
TSIC 27 (revised 2014)	Evaluating the Substance of Transactions in the Legal Form of a Lease
TSIC 29 (revised 2014)	Service Concession Arrangements: Disclosure
TSIC 31 (revised 2014)	Revenue-Barter Transactions Involving Advertising Services
TSIC 32 (revised 2014)	Intangible Assets - Web Site Costs
TFRIC 1 (revised 2014)	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4 (revised 2014)	Determining whether an Arrangement contains a Lease
TFRIC 5 (revised 2014)	Right to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7 (revised 2014)	Applying the Restatement Approach under TAS 29 Financial Reporting in Hyperinflationary Economics
TFRIC 10 (revised 2014)	Interim Financial Reporting and Impairment
TFRIC 12 (revised 2014)	Service Concession Arrangements
TFRIC 13 (revised 2014)	Customer Loyalty Programs
TFRIC 14 (revised 2014)	IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
TFRIC 15 (revised 2014)	Agreements for the Construction of Real Estate
TFRIC 17 (revised 2014)	Distributions of Non-cash Assets to Owners
TFRIC 18 (revised 2014)	Transfers of Assets from Customers
TFRIC 20 (revised 2014)	Stripping Costs in the Production Phase of a Surface Mine

The new accounting standard which is effective for the fiscal year beginning on or after January 1, 2016 is as follows:

TFRS 4	Insurance Contracts
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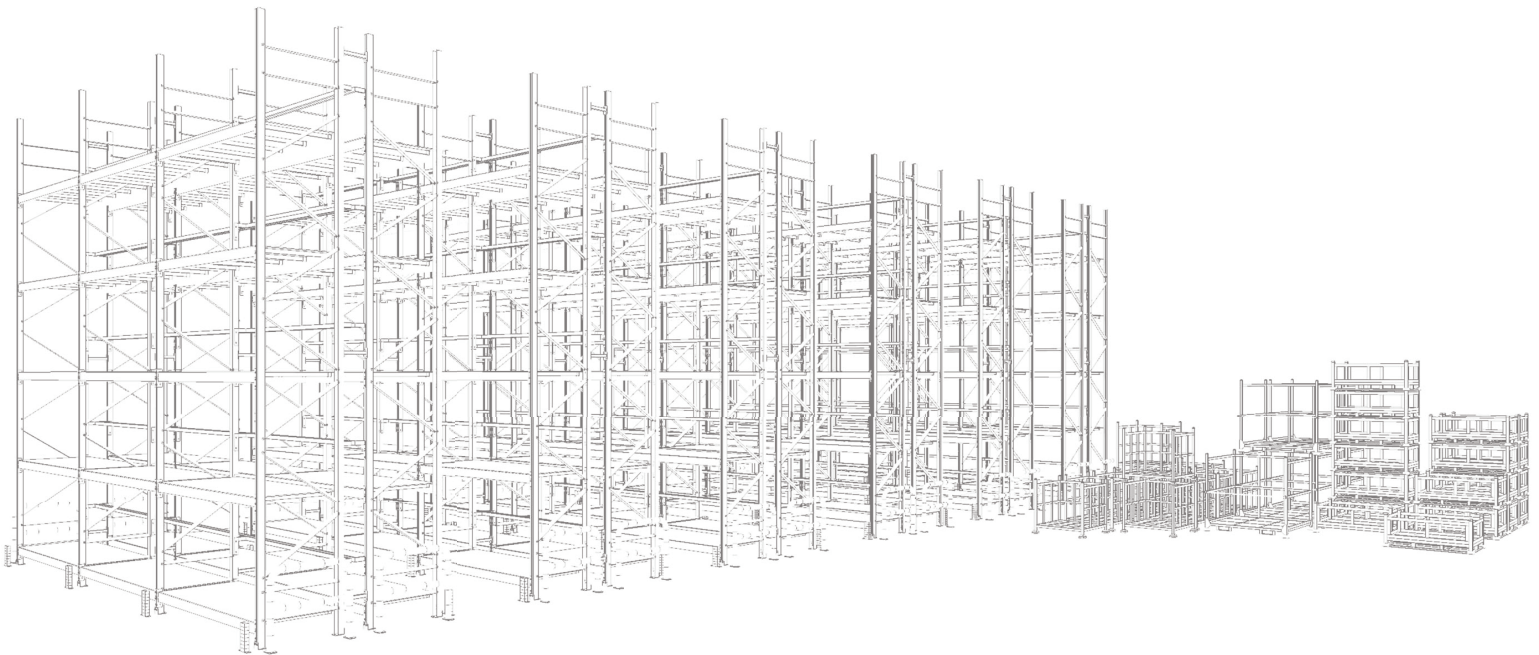
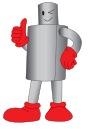
The management of the Company is evaluating the impact of these new and revised accounting standards when they are initially applied.

### 30. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were authorized for issue by the Company's Board of Directors on September 26, 2015.



Investor Relation  
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