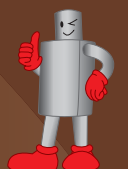


ANNUAL REPORT 2017



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







● CONTENTS

1	Message from the Chairman
2	Financial Highlights
3	General Information of the Company and Subsidiaries
4	Overview, Policy, and Nature of Business
14	Risk Factors
18	Shareholder's Structure
19	Dividend Policy
20	Management Structure
33	Corporate Governance
44	Corporate Social Responsibility
47	Anti-corruption Policy
48	Report of the Audit Committee
50	Related Party Transactions
53	Management Discussion and Analysis
61	Report of the Board of Director's Responsibilities for Financial Statements
62	Independent Auditor's Report
67	Financial Statements

MESSAGE FROM THE CHAIRMAN

Year 2016/2017 was another year that the Group's operating results had missed our expectation, which primarily due to an ongoing decline in a private sector expansion. Although the low borrowing interest rate, an excess liquidity of commercial banks, as well as government stimulus policies and government spending on mega projects had encouraged investment in private sector, the investment in machinery and equipment of industrial sector were still very low. As the Group's products are capital goods, sale revenues mostly rely on new investment of industrial sector. If there is no investment, demand for capital goods will decrease and consequently causes a drop in the Group's sales and total revenues.

Additionally, as there is a change in trade and consumption patterns, an increase in domestic consumption or a growth in exports are no longer stimulate an increase in private investment. The ability to attract foreign direct investment of Thailand has continually declined when compared to other countries in the region. These factors will lead to a shrink in investment of domestic industrial sector and will directly affect the Group's businesses and operations in the future. The management team has realized and concerned about these threats and has been working to cope with these obstacles and seeking to adapt to the future circumstances.

During the past year, management team together with all of the staffs had made every effort to efficiently manage costs and expenses in order to reduce some burdens as total revenues decreased. As a result of these efforts, the Group still managed to have some profits. Net profits were slightly declined compared to a significant drop in the revenues, and resulted in an increase in net profit margin. At the same time, the Group also had maintained its financial position and liquidity to prevent operating risks that may occur in the future and preserved some cash flows for new investment opportunities that would help improve the Group's operating results and reduce a dependence on the expansion of industrial sector.

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 interests of all stakeholders, which will lead to a sustainable growth

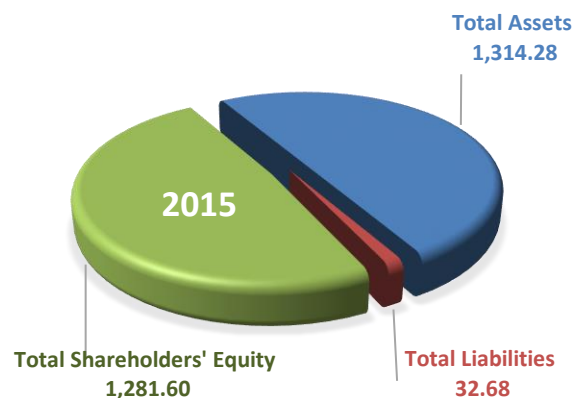
เจริญพงษ์ อังวงษ์สกุล

Mr. Charoenpong Ongwongsakul

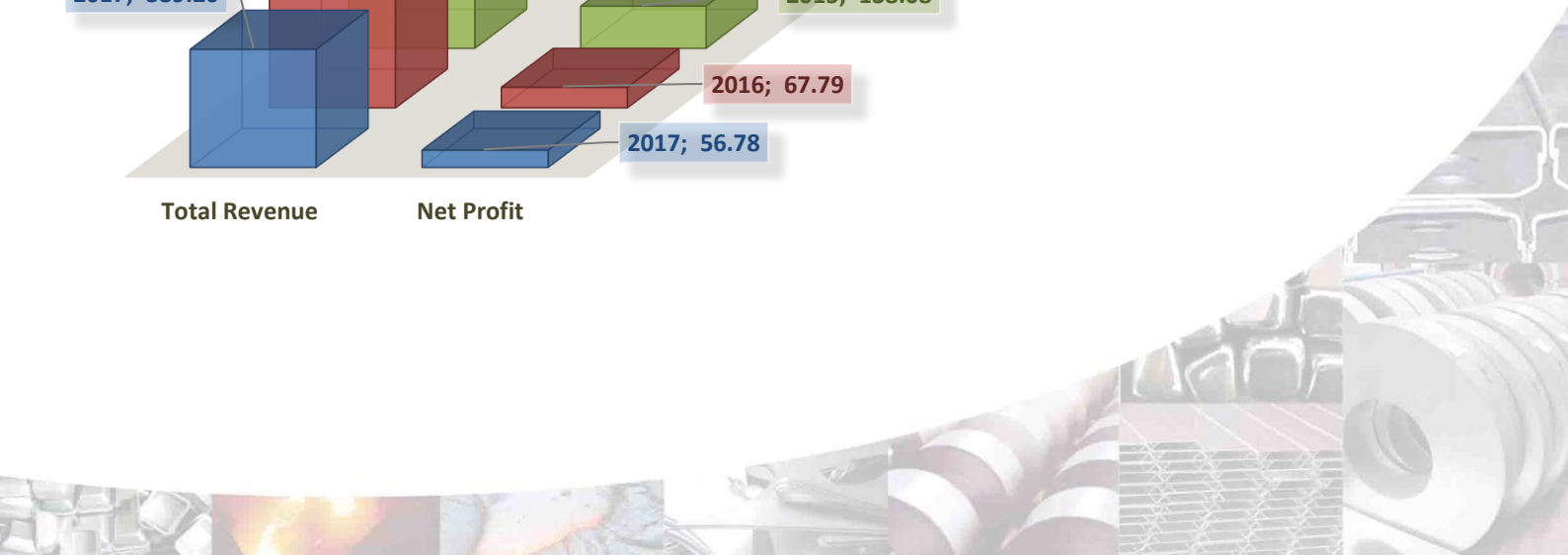
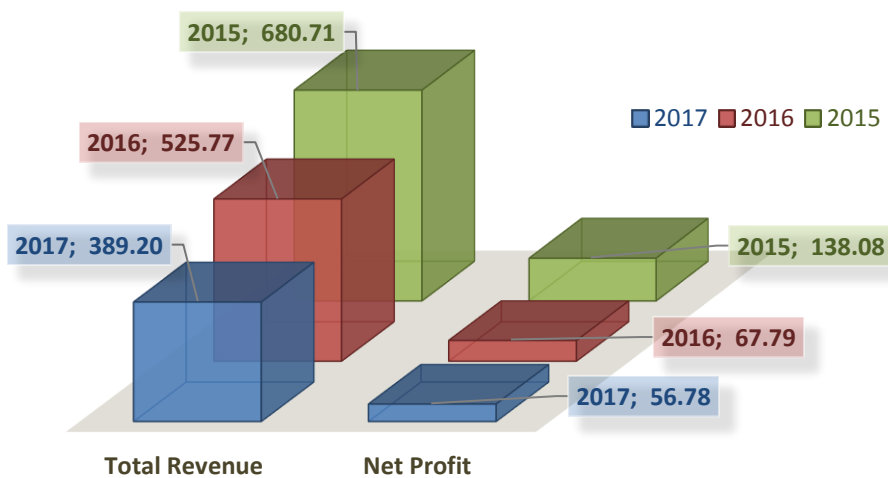
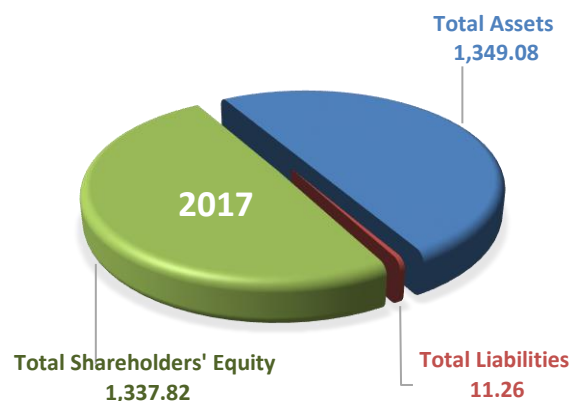
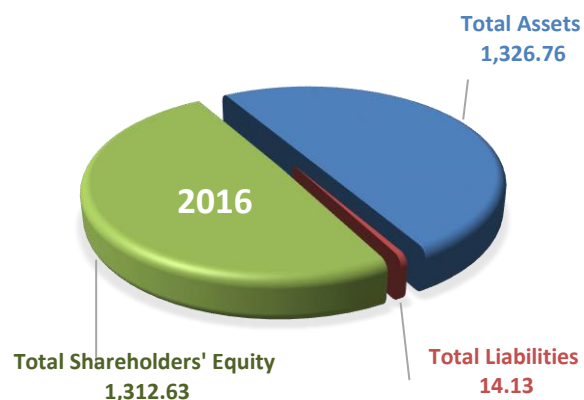
Chairman of the Board of Directors

● FINANCIAL HIGHLIGHTS

	Unit	2015	2016	2017
Total Revenue	(THB Million)	680.71	525.77	389.20
Gross Profit	(THB Million)	184.15	133.96	112.46
Net Profit	(THB Million)	138.08	67.79	56.78
Total Assets	(THB Million)	1,314.28	1,326.76	1,349.08
Total Liabilities	(THB Million)	32.68	14.13	11.26
Total Shareholders' Equity	(THB Million)	1,281.60	1,312.63	1,337.82
Paid Up Capital	(THB Million)	300.00	300.00	300.00



	Unit	2015	2016	2017
Gross Profit Margin	(%)	27.42	25.88	29.61
Net Profit Margin	(%)	20.28	12.90	14.59
Return on Equity	(%)	11.17	5.23	4.28
Return on Assets	(%)	10.78	5.13	4.24
Liquidity Ratio	(Times)	24.01	64.81	92.03
Debt to Equity Ratio	(Times)	0.03	0.01	0.01
Dividend Payout Ratio	(%)	32.31	26.07	35.40



◎ GENERAL INFORMATION OF THE COMPANY AND SUBSIDIARIES



COMPANY INFORMATION

Company Name	: City Steel Public Company Limited
Symbol	: CITY
Type of Business	: Sales of metal products
Head Office	: 88/3 Moo 4, Bypass Road, Nongmaidaeng, Muang, Chonburi 20000
Registered Number	: 0107547000931
Registered Capital	: THB 300,000,000
Paid Up Capital	: THB 300,000,000 (As at July 31, 2017)
Share Type	: Common share 300,000,000 shares
Par Value	: THB 1 each
Website	: http://www.citysteelpcl.com
Email	: city@wkpgroup.com , ir@wkpgroup.com
Phone Number	: (038) 214-530-32
Fax Number	: (038) 214-534

References

Share Registrar

Thailand Securities Depository Company Limited
93 Ratchadaphisek Road, Din Daeng, Bangkok 10400
Phone Number : (02) 009-9000
Fax Number : (02) 009-9991

Auditor

Miss Wannisa Ngambuathong
Certified Public Accountant No. 6838
Dharmniti Auditing Company Limited
178, Dharmniti Building 6-7th Floor,
Soi Permsap (Pracha Chuen 20),
Pracha Chuen Road,
Bangsue, Bangkok, 10800
Phone Number : (02) 596-0500 ext. 327, (02) 596-0596
Website : <http://www.daa.co.th>
Email : center@daa.co.th



SUBSIDIARIES INFORMATION

Siam ISO Pro Company Limited

Type of Business	: Merchandising industrial materials and overseeing new business expansion.
Head Office	: 88/2 Moo 4, Bypass Road, Nongmaidaeng, Muang, Chonburi, 20000
Registered Number	: 0205546002113
Registered Capital	: THB 370,000,000
Paid Up Capital	: THB 264,160,000 (As at July 31, 2017)
% of share holding	: 99.99%



Mark Worldwide Company Limited

Type of Business	: Manufacturing and sales of metal products
Head Office	: 41/58-61 Moo 1, Bypass Road, Bansuan, Muang, Chonburi, 20000
Registered Number	: 0205544011158
Registered Capital	: THB 295,000,000
Paid Up Capital	: THB 280,200,000 (As at July 31, 2017)
% of share holding	: 99.99%



City Steel Products Company Limited

Type of Business	: Manufacturing and sales of metal products
Head Office	: 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, 2017)
% of share holding	: 99.99%

CT Universal Company Limited

Type of Business	: Merchandising industrial materials and consumer products, and investing in new business
Registered Country	: Republic of Seychelles
Registered Capital	: USD 5,000,000
Paid Up Capital	: USD 5,000,000 (As at July 31, 2017)
% of share holding	: Siam ISO Pro Company Limited owns 100% of total shares.

◎ 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 has invested 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 Republic of Seychelles.

In the year 2016/2017, the Group operates in only one operating segment that is manufacturing and sales of metal products with production capacity of 39,500 tons per year. 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.



BACKGROUND AND MAJOR MILESTONES

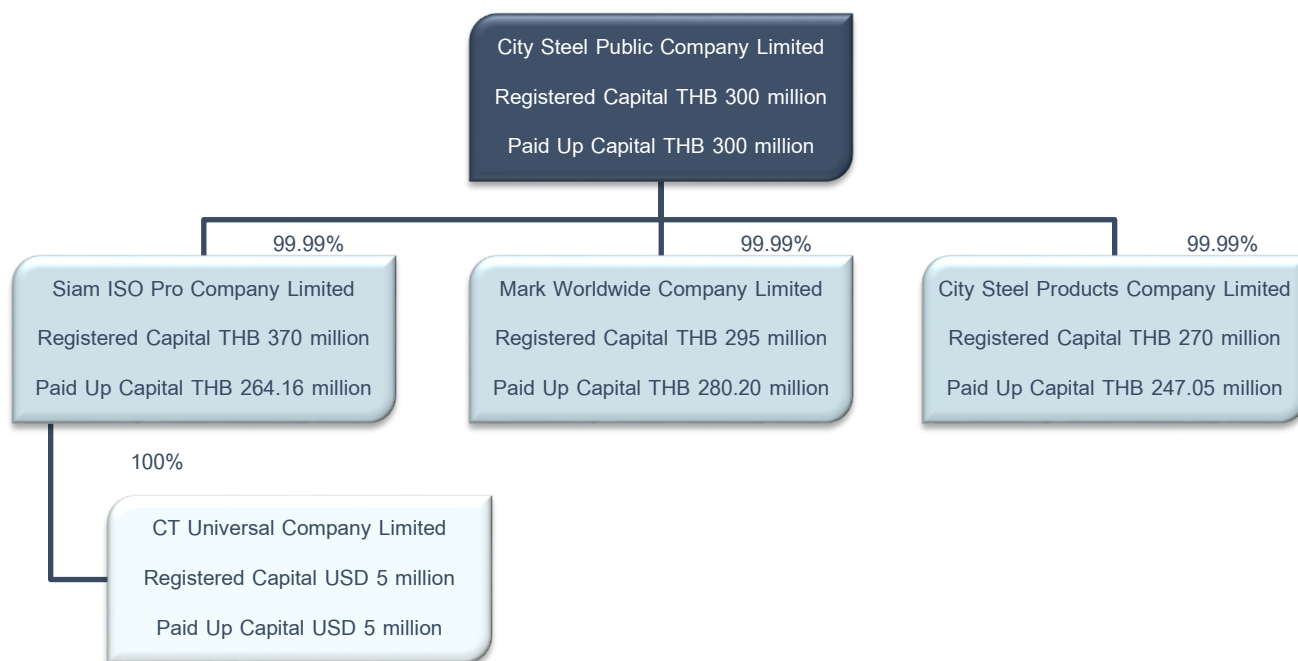
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DETAILS OF THE SUBSIDIARIES AND THEIR BUSINESS OPERATIONS

City Steel Public Company Limited has invested in subsidiaries that have objectives of manufacturing and sales of metal products and merchandising industrial materials and consumer products. As at July 31, 2017, details of the subsidiaries were as follows:

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

The Group's shareholding structure as at July 31, 2017.



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 2016/2017, the Group separated the operation into 4 business units as follows:



1. Manufacturing 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.

1.2 Storage System and Material Handling Equipment

The products 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.

➤ 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 places to places. Examples of material handling equipment are cart and dolly, pallet, conveyor system, and dock equipment.



Racking System

1.3 Other Metal Products

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



Construction Products



Mezzanine Platform



Shelving System



Mobile Shelving



Cabinet & Locker



Cart and Dolly



Pallet



Conveyor System



Dock Equipment



Other Metal Products



2. Manufacturing and Sales of Semi Products and Rendering of World Class Steel Services. 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.



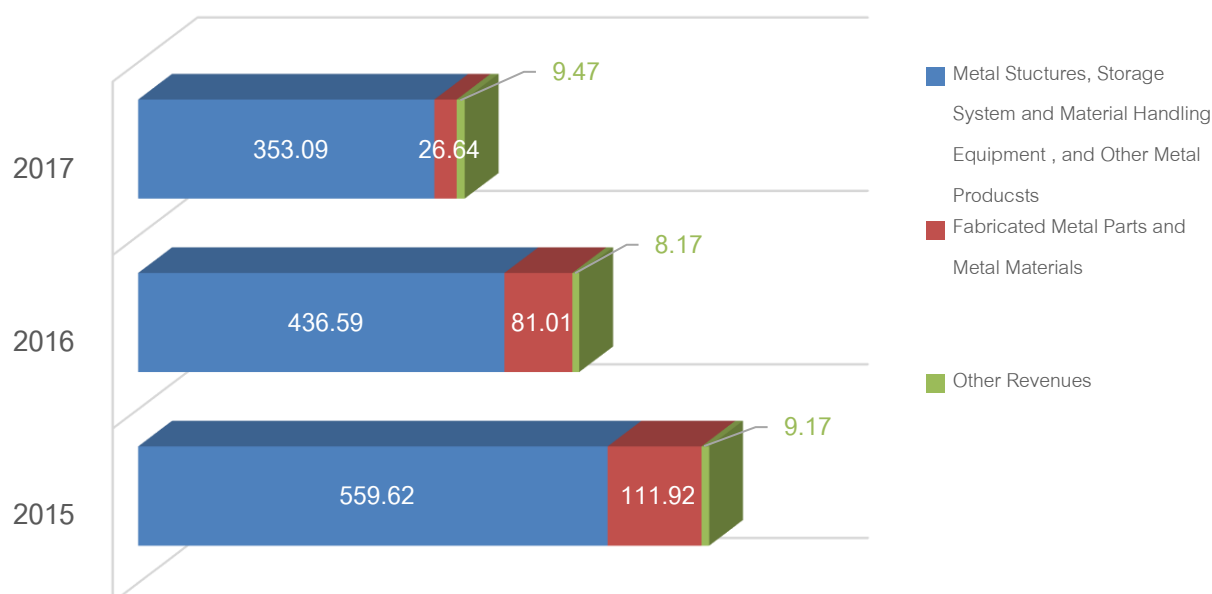
4. Investment

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	2014/2015 (Aug '14 – Jul '15)		2015/2016 (Aug '15 – Jul '16)		2016/2017 (Aug '16 – Jul '17)	
		THB million	%	THB million	%	THB million	%
Domestic Revenues							
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	548.81	80.62	424.09	80.66	332.83	85.52
♦ Manufacturing and sales of fabricated metal parts and sales of metal materials	The Group	111.92	16.44	81.01	15.41	26.64	6.84
2. Merchandising Industrial Materials							
♦ Merchandising industrial materials and equipment	The Group	0.00	0.00	-	-	-	-
Total Domestic Revenues		660.73	97.06	505.10	96.07	359.47	92.36
Overseas Revenues							
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	10.81	1.59	12.50	2.38	20.26	5.21
♦ Manufacturing and sales of fabricated metal parts and sales of metal materials	-	-	-	-	-	-	-
2. Merchandising Industrial Materials							
♦ Merchandising industrial materials and equipment	-	-	-	-	-	-	-
Total Overseas Revenues		10.81	1.59	12.50	2.38	20.26	5.21
Other Revenues	The Group	9.17	1.35	8.17	1.55	9.47	2.43
Total Revenues		680.71	100.00	525.77	100.00	389.20	100.00



PRODUCTION FACILITIES

As at July 31, 2017, the Group has operated in 6 business locations as follows:

1. CITY STEEL PUBLIC COMPANY LIMITED

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

2. SIAM ISO PRO COMPANY LIMITED

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

3. MARK WORLDWIDE COMPANY LIMITED

- Location : 41/58-61 Moo 1 Bypass Road, Bansuan, Muang, Chonburi.
- Type of facility : 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 COMPANY LIMITED (BRANCH 1)

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

5. CITY STEEL PRODUCTS COMPANY LIMITED

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

6. CITY STEEL PRODUCTS COMPANY LIMITED

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

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 and every production processes and maximizing benefits of raw materials uses.

DELIVERY ⇒ The Group emphasizes on on-time delivery of products.

DESIGN / INNOVATION ⇒ The Group provides consultations, advices, and recommendations as well as 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 customer. Details of both domestic and overseas customers are as follows;

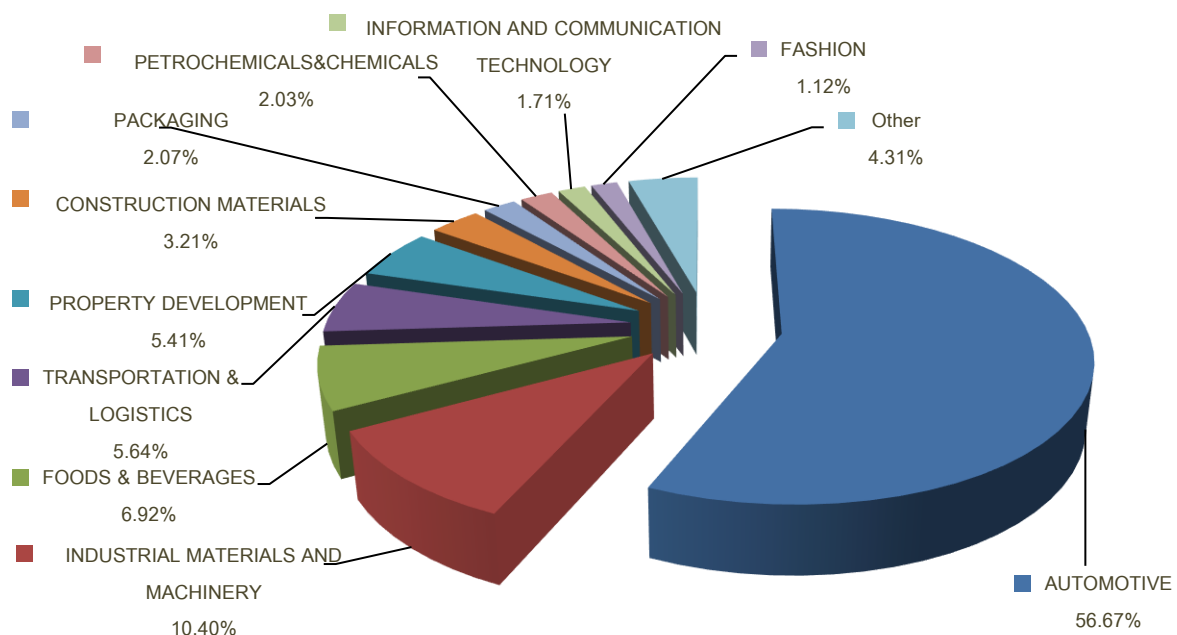
Domestic Customers

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 orders from most of the customers.

As at July 31, 2017, the Group's customer base is well diversified with more than 3,000 companies in 25 industrial sectors such as Automotive, Industrial Materials & Machinery, Property Development, Transportation & Logistics, Construction Materials, Electronic Components, Petrochemicals & Chemicals, Home & Office Products, Media & Publishing, and Fashion.

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 fluctuation of raw material prices.

Major materials used to produce the Group's products are metal materials 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 2015/2016 the metal materials used in the Group's production accounted for 51.97 percent of cost of goods sold, whereas in the year 2016/2017 accounted for 45.71 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.

In the year 2016/2017, the economy was still in a recession especially for the Group's major customers in automotive and parts sector that did not have any expansion. They also had reduced their production capacities and even moved production facilities to other countries. 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. Additionally, the Group's attempt and adjustment to improve production efficiency also helped reduce the risk in this situation and allow the Group to be able to maintain profit margin in the past year.

Risk associated with dependence of domestic market.

Presently, the Group's major revenues mainly derive from domestic sales. The proportion of domestic sales in 2014/2015, 2015/2016, and 2016/2017 were

98.39%, 97.58%, and 94.67%, 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. Moreover, as most of the Group's customers are multinational enterprises, if they move the production facilities to other countries, the demand for the Group's products and the Group's revenues will decrease accordingly. 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 multinational 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 overseas 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 calculate 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 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, 2017 the Group's accounts receivable was THB 51.59 million, which equaled to 13.59% of sales and service revenues, with average collection period of 51.26 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 rates and using Foreign Currency Deposit (FCD) account or purchasing a forward contract as well as making an early payment based on a suitable level of cash flows.

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.

Besides the trading transactions, the Group also has an investment in subsidiary in foreign currency, which will create a foreign exchange rate risk when the subsidiary pays dividend or repatriates income back to the Company. In order to reduce the effect of exchange rate risk, the Group always keep lookout on the exchange rate and will be very cautious when making those transactions.

The Company has to convert the subsidiary's financial statement in to Thai Baht at the end of the accounting period, which will generate an unrealized gain or loss from the conversion of the financial statement. The unrealized gain or loss will be presented in shareholders' equity in the statement of

financial position and in other comprehensive incomes in the statement of comprehensive incomes according to the accounting standards.

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

As at October 11, 2017, 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 11, 2017

Name of Shareholders	Number of Shares (Shares)	Percentage of Shares Holding (%)
1. Phongratanadechachai Family Group ^{/1}		
» WKP Asset Plus Company Limited ^{/2}	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. Surachet Kamolmongkolsuk	3,130,700	1.04
3. Mr. Santachai Phrombundarnkul	2,500,000	0.83
4. Major Thikamporn Chomdech	2,222,200	0.74
5. Mr. Weerawat Chutichatethaphong	2,129,900	0.71
6. Mr. Phaphong Pramroj	1,359,100	0.45
7. Mr. Rungroj Napa-umporn	1,300,000	0.43
8. MORGAN STANLEY & CO. INTERNATIONAL PLC	1,111,300	0.37
9. Mr. Adisorn Kurusartra	1,092,900	0.36
10. Mr. Somboon Wichaihanarak	1,030,000	0.34
Total	234,632,825	78.19

Remarks ^{/1} 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.

^{/2} 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 2015/2016 operating performance at THB 0.08 per share or equal to 35.40% of net profit after tax and legal reserve.

Previous dividend payments were presented as follows:

Year	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016
Earnings Per Share (THB)	0.46	0.42	0.50	0.46	0.23
Dividend Per Share (THB)	0.16	0.16	0.16	0.12	0.08
Dividend Payout Ratio (%)	34.59 %	38.33 %	32.31 %	26.07 %	35.40 %

◎ MANAGEMENT STRUCTURE

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

The Board of Directors

- Executive Directors 3 members
- Independent Directors 3 members

As of July 31, 2017, 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. Miss Panida Kidchawan 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 Miss Panida Kidchawan. 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 operation and supervise the Company's activities to be in accordance with rules and regulations of relevant

governing body. Also, to oversee the Company to adequately disclose information to shareholders and all stakeholders and monitor the Company to transparently manage its businesses to maximize the economic value and wealth of the 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 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 2016/2017

Name of Director	Position	No. of Attendance / Total Meeting (Times)
1. Mr. Charoenpong Ongwongsakul	Director / Chairman of the Board of Directors and Chairman of the Executive Directors	4 / 4
2. Mrs. Boontip Changnil	Director and Executive Director	4 / 4
3. Miss Panida Kidchawan	Director and Executive Director	4 / 4
4. Mr. Anutara Tantraporn	Director / Independent Director and Chairman of the Audit Committee	3 / 4
5. Mr. Patarathorn Thatsanasuwan	Director / Independent Director and Audit Committee	4 / 4
6. Mr. Harirak Chamarakula	Director / Independent Director and Audit Committee	4 / 4

Board of Directors Remuneration

Name of Director	Year 2014/2015		Year 2015/2016		Year 2016/2017	
	Amount (THB)	Remuneration	Amount (THB)	Remuneration	Amount (THB)	Remuneration
1. Mr. Charoenpong Ongwongsakul ^{/1}	-	-	-	-	-	-
2. Mrs. Boontip Changnil ^{/1}	-	-	-	-	-	-
3. Miss Panida Kidchawan ^{/1}	-	-	-	-	-	-
4. Mr. Anutara Tantraporn	62,000.00	Meeting	74,000.00	Meeting	55,500.00	Meeting
5. Mr. Patarathorn Thatsanasuwan	58,000.00	Meeting	43,500.00	Meeting	58,000.00	Meeting
6. Mr. Harirak Chamarakula ^{/2}	14,500.00	Meeting	58,000.00	Meeting	58,000.00	Meeting

Remarks ^{/1} Mr. Charoenpong Ongwongsakul, Mrs. Boontip Changnil, and Miss Panida Kidchawan are the Executive Managements. They will not receive director remuneration, they will only receive remuneration as the Executive Managements.

^{/2} Mr. Harirak Chamarakula has been appointed as the Independent Director and the Audit Committee on June 12, 2015.

AUDIT COMMITTEE

As at July 31, 2017, the Audit Committee consists of 3 Independent Directors as below:

- Mr. Anutara Tantraporn
Chairman of the Audit Committee
- Mr. Pattarathon Thatsanasuwan
Audit Committee
- 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 Head of Motor Operation, 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.

- To review and ensure that the financial statement 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.

- 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.

- 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.

- 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. During a year, the Audit Committee should attend at least 1 meeting with the external auditor without presence of management.

5. To consider connected transactions or transactions that may lead to any conflict of interests to be in accordance with laws and the Stock Exchange of Thailand's regulations and to ensure that those transactions are correct, complete, and rational as well as create highest benefits to the Company.

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 the Audit Committee.

- Overall opinion or observation 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.

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 the Company, 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 on Management Discussion and Analysis, 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. However, 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, unless the engagement in those activities has ended for more than 2 years.
- 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 or used to have business relationships with the Company, parent company, subsidiaries, associates, or entities that may have conflicts, as well as must not 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.
- 9) The Independent Directors should be in the position for not more than 9 years however the directors may be in the position for more than 9 years as deemed necessary and appropriate.

EXECUTIVE DIRECTORS

As at July 31, 2017, 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. Miss Panida Kidchawan Executive Director

Executive Director's Roles and Responsibilities

1. Has authority to order, plan, and manage the Company operation according to the policies set 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 undertaking 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.

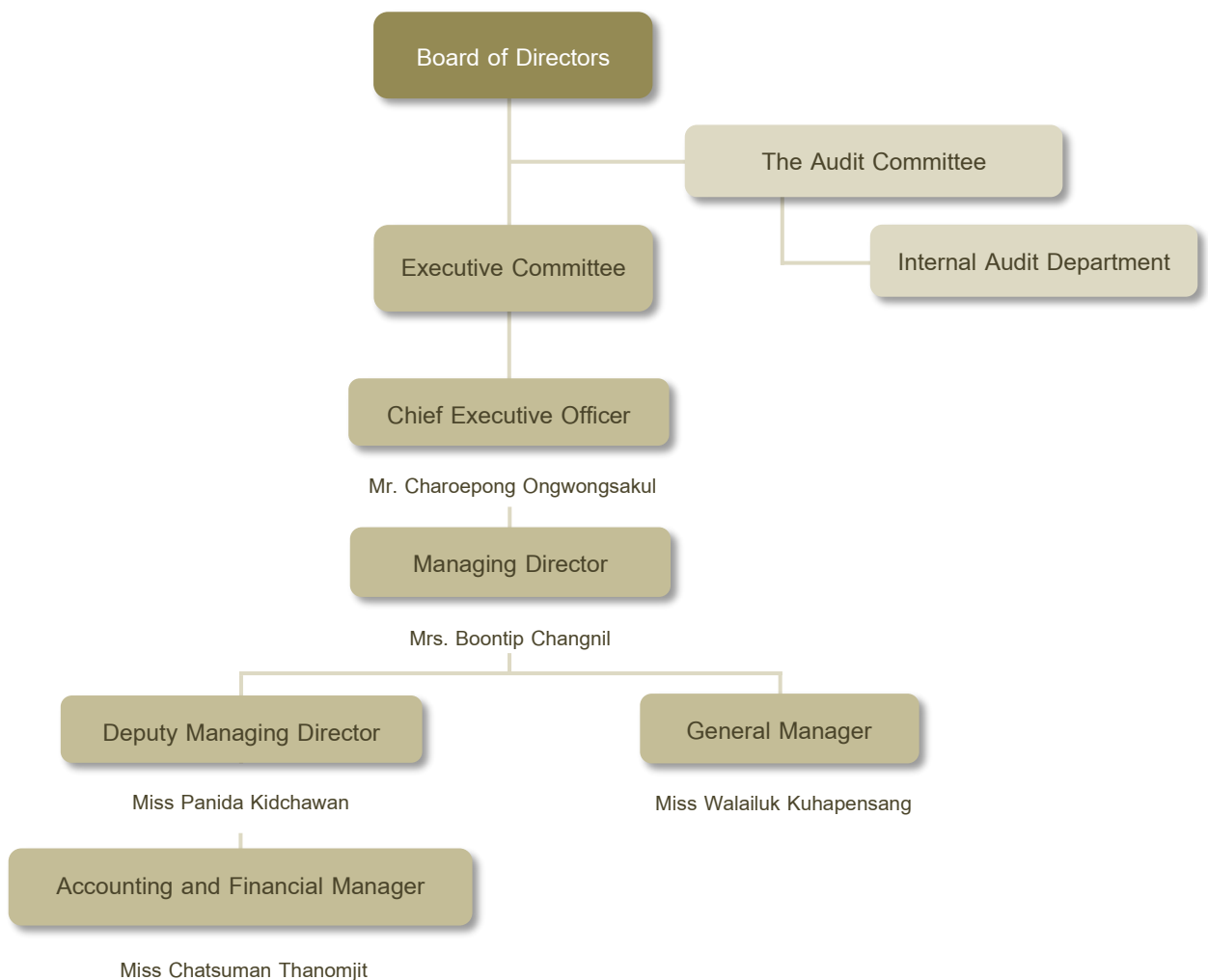
Management Team

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

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.

Organization Chart as of July 31, 2017



Executive Director Remunerations

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

	Year 2014/2015		Year 2015/2016		Year 2016/2017	
	Persons	Amount (THB Million)	Persons	Amount (THB Million)	Persons	Amount (THB Million)
Total Salary	8	7.52	8	8.77	5	2.93
Total Bonus	8	0.79	8	0.93	5	0.24
Total	8	8.31	8	9.70	5	3.17

DETAILS OF THE DIRECTORS AND EXECUTIVES

Mr. Charoenpong Ongwongsakul Age 39

Chairman of the Board of Director
Chief Executive Officer
Authorized Directors

Academic Qualifications

- ♦ B.Eng. : Electrical Engineering, King Mongkut'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. (Subsidiary)
- ♦ 2015 – Present Director, Mark Worldwide Co., Ltd. (Subsidiary)
- ♦ 2015 – Present Director, City Steel Products Co., Ltd. (Subsidiary)
- ♦ 2017 – Present Director, CT Universal Co., Ltd. (Subsidiary)

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

Records of Legal Dispute within Last 10 years

- ♦ None

Mrs. Boontip Changnil Age 41

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. (Subsidiary)
- ♦ 2015 – Present Director, Mark Worldwide Co., Ltd. (Subsidiary)
- ♦ 2015 – Present Director, City Steel Products Co., Ltd. (Subsidiary)
- ♦ 2017 – Present Director, CT Universal Co., Ltd. (Subsidiary)

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

Records of Legal Dispute within Last 10 years

- ♦ None

Miss Panida Kidchawan

Age 35

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. (Subsidiary)
- ♦ 2015 – Present Director, Mark Worldwide Co., Ltd. (Subsidiary)
- ♦ 2015 – Present Director, City Steel Products Co., Ltd. (Subsidiary)

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

Records of Legal Dispute within Last 10 years

- ♦ None

Mr. Anutara Tantraporn

Age 46

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 School
- ♦ 2016 – Present IT Consultant, Sonic Interfreight Co., Ltd.
- ♦ 2009 – 2016 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 42

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 – Present Consultant, Thai Fitting Home Group Co., Ltd.
- ♦ 2010 – 2014 Consultant and Partner, Beyond 99 Insurance Broker 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 45

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.
- ♦ 2017 – Present Head of Motor Operation, AXA Assistance Co., Ltd.
- ♦ 2015 – 2017 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 53

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 34

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

◎ 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.citysteelpcl.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 monitored 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 2016 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 consi-

dering 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)214-530-32 or the Company website at www.citysteelpl.com or email address at 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 to 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 that 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 based 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 significance 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@citysteelpcl.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.citysteelpcl.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 information including financial reports and non-financial information 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 information are disclosed through the Stock Exchange of Thailand and the Company’s website so that everyone can easily and equally access to the information.

2. The Company has disclosed several important information 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 information. The Company believes that the disclosure of these information 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) 214-530-32 or the company website at www.citysteelpl.com or email address at 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. Also, the Company has defined the duration of being the Company's independent directors of not more than 9 years, though the directors may be in the position for more than 9 years if it is deemed necessary and appropriate.

» 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 the “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 of Directors 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 invests in 4 subsidiaries in the proportion of 99.99%, 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 follows:

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 Exchange 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.3/2017 on September 23, 2017, 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, 2017, 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:



- 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.

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

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

- 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.

- 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.

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

- 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.

- 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 concerns 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 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 2017 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.citysteelpl.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.

◎ 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. The Company's Audit Committee holding the position for 2 years.

During the year 2016/2017, 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 2016/2017 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 2017/2018 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. The Audit Committee also reviewed and evaluated the Company's Anti-Corruption and Corporate Social Responsibility policies.

8) Conducted the Audit Committee meetings for 4 times during the year 2016/2017, which attendance detail of each committee could be presented as follows;

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

In conclusion, during the year 2016/2017, 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, Nongmaidaeng, 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.

Details of related party transactions between Siam C.T.P. Industrial Co., Ltd. and the Company and subsidiaries were presented as follows:

(1) MARK WORLDWIDE COMPANY LIMITED

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 2015/2016 amount THB 0.80 million

(2) CITY STEEL PRODUCTS COMPANY LIMITED

Transaction Details

City Steel Products 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 2016/2017 amount THB 0.88 million

Year 2015/2016 amount THB 0.21 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 88/8 Moo 4 Bypass Road, Nongmaidaeng, 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.

The Company and subsidiaries have rented factories and office buildings from WKP Asset Plus Co., Ltd. at the rental rates that similar to market price of other properties in the same area. 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 building from WKP Asset Plus Co., Ltd. with total area of 576 square meters. Rental period is 3 years from August 1, 2016 to July 31, 2019.

Transaction Amounts Year 2016/2017 amount THB 0.04 million
Year 2015/2016 amount THB 0.04 million

(2) SIAM ISO PRO COMPANY LIMITED

Transaction Details

Siam ISO Pro Co., Ltd. has rented office building from WKP Asset Plus Co., Ltd. with total area of 96 square meters. Rental period is 3 years from August 1, 2016 to July 31, 2019.

Transaction Amounts Year 2016/2017 amount THB 0.01 million
Year 2015/2016 amount THB 0.01 million

(3) MARK WORLDWIDE COMPANY LIMITED

Transaction Details

Mark Worldwide Co., Ltd. has rented office building and factory (Branch 1) with total area of 1,680 square meters from WKP Asset Plus Co., Ltd. Rental period is 3 years from August 1, 2016 to July 31, 2019. Mark Worldwide Co., Ltd. also has rented a factory (Branch 2) with total area 8,208 square meters. Rental period is 3 months from August 1, 2016 to October 31, 2016.

Transaction Amounts Year 2016/2017 amount THB 0.22 million
Year 2015/2016 amount THB 0.59 million

(4) CITY STEEL PRODUCTS COMPANY LIMITED

Transaction Details

City Steel Products Co., Ltd. has rented a factory from WKP Asset Plus Co., Ltd. with total area of 8,208 square meters. Rental period is 2 years and 9 months from November 1, 2016 to July 31, 2019.

Transaction Amounts Year 2016/2017 amount THB 0.37 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 2016/2017 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 is 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; 1) Metal Structures, Storage Systems and Material Handling Equipment, 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 from sales of Industrial Materials and Equipment used in factories.

In the last 3 years, the Group's total revenues were THB 680.71 million, THB 525.77 million, and THB 389.20 million in the year 2014/2015, 2015/2016, and 2016/2017, respectively. Total revenues decreased by 22.76% in 2015/2016 and decreased by 25.98% in 2016/2017. During the year 2016/2017, the Group's total revenues decreased by THB 136.57 million as demands for capital goods and the Group's products significantly declined. Since the Group's products are capital goods, demands for the products and sales revenues heavily rely on expansion of industrial sector. In the past few years, there has been no expansion in Thai manufacturing and industrial sectors especially in major industries like automobiles and parts and electronics sector. These major industries not only reduced production capacities and work forces but also moved production facilities to other countries. Additionally, foreign direct investments also tended to decrease gradually.

The Group's expenses consisted of the followings:

- » Cost of sales and services were THB 487.39 million, THB 383.64 million, and THB 267.27 million in 2014/2015, 2015/2016, and 2016/2017, attributable to 71.60%, 72.97%, and 68.67% of total revenues.

- » Selling expenses were THB 7.31 million in 2014/2015, THB 21.82 million in 2015/2016, and THB 6.99 million in 2016/2017, equaled to 1.07% , 4.15% , and 1.80% of total revenues respectively.

- » Administrative expenses were THB 39.34 million, THB 42.03 million, and THB 54.05 million which equaled to 5.78%, 7.99%, and 13.89% of total revenues in 2014/2015, 2015/2016, and 2016/2017.

- » Director and management remuneration were THB 7.36 million, THB 9.91 million, and THB 3.12 million in 2014/2015, 2015/2016, and 2016/2017 which equaled to 1.08%, 1.88%, and 0.80% of total revenues.

Net incomes for the accounting period 2014/2015, 2015/2016, and 2016/2017 were THB 138.08 million, THB 67.79 million, and THB 56.78 million accounted for 20.28%, 12.90%, and 14.59% 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 Equipment, and Other Metal Products made up the highest portion of total revenues compared to revenues from other categories, which equaled to

82.21%, 83.04%, and 90.73% of total revenues in 2014/2015, 2015/2016, and 2016/2017.

» Revenues from manufacturing and sales of Metal Parts and Fabricated Metal Products and rendering of World Class Steel Services accounted for 16.44%, 15.41%, and 6.84% of total revenues in 2014/2015, 2015/2016, and 2016/2017.

» Revenues from sales of Industrial Materials and Equipment for the year 2014/2015 were less than 0.01% of total revenues. For the year 2015/2016 and 2016/2017, the Group had no revenue from this product due to economic condition that did not encourage marketing and selling of this product category.

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 10.81 million, THB 12.50 million, and THB 20.26 million or equaled to 1.61%, 2.42%, and 5.34% of total revenues in 2014/2015, 2015/2016, and 2016/2017, respectively.

For the accounting period 2015/2016, although in the beginning of the year, Thailand economy started to recover owing to a growth in tourism and service sectors and tax reduction policies to encourage spending, this improvement was only a short-term improvement that based on temporary factors. Sluggishly recovery of global economy, declining of employment rates and working hours, and high level of household debts, were major obstacles to an expansion of industrial and export sectors. An increase in government spending did not influence any expansion in private investments. On the other hand,

private investments had contracted for 3 consecutive years. All of these factors along with a constant drop of steel price and an intense competition amid a decline in industrial expansion, had a strong impact on demands for the Group's products and caused the Group's sales and services revenues to decrease by THB 153.94 million from THB 671.54 million in 2014/2015 to THB 517.60 million in 2015/2016 or equal to 22.92%.

In the beginning of the year 2017, economic figures had shown sign of recovery. Thai economy started to grow and export values began to increase. However, most of the favorable figures derived from the growth of tourism and service sectors that did not need as much investments as the industrial sector. As a result, domestic investments were still relatively low and values of investment in machinery and equipment were constantly declined. In addition to that, the ability to attract foreign direct investments of Thailand had faded and multinational enterprises had withdrawn and shifted their investments to other countries, had resulted in a drop of net foreign direct investments. In fact, Thailand was the only country in ASEAN that foreign direct investments had diminished while ASEAN region had gained the most of foreign direct investments in Asia. According to these facts, the investments of industrial and manufacturing sector were on a downward trend and directly affected the Group's operating results, which caused the Group's sales and services revenues for the year 2016/2017 to drop by THB 137.87 million or 26.64% from THB 517.60 million in the year 2015/2016.

➤ 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 2016/2017, cost of sales and services were THB 267.27 million decreased by THB 116.37 million or 30.33% from THB 383.64 million in 2015/2016, which corresponded with a decrease in sales and services revenues.

The proportion of cost of sales and services to total revenues for the year 2016/2017 was 68.67%, slightly decreased from the 72.97% in 2015/2016. The decrease in proportion of cost of sales and services to total revenues was due to an adjustment in production management to become more efficient and a wastes minimization in production processes together with a total cost reduction to offset the decrease in sales and services revenues.

As a result of the decrease in sales and services revenues, the Group's gross profits had decreased from THB 133.96 million in the year 2015/2016 by THB 21.5 million or 16.05% to THB 112.46 million in the year 2016/2017. But because of the improvement and cost management in production processes, the Group's gross profit margin in the year 2016/2017 were marginally increase to 29.62% from 25.88% in the year 2015/2016.

➤ Selling and Administrative Expenses and Finance Cost

In the year 2016/2017, the Group's selling expenses were THB 6.99 million with the proportion to total revenues of 1.80%, decrease from the selling expenses in the year 2015/2016 that had expenses of THB 21.82 million and the proportion to total revenues of 4.15%. A substantial drop in selling expenses was corresponded with the decrease in revenues as well

as a change in marketing strategies from the one that used in the year 2015/2016.

For the administrative expenses, the Group had spent THB 54.05 million in the year 2016/2017 increased by 28.60% or THB 12.02 million from THB 42.03 million in 2015/2016. The increase in administrative expenses was largely resulted from an increase in employee related expenses. Since the Group had reorganized the management structure at the end of the year 2015/2016, the Group had also reclassified the employee related expenses and director and management remuneration. The recording of office building and purchasing of additional vehicles of a subsidiary company during the end of 2015/2016 had caused depreciation expenses for buildings and vehicles and administrative expenses for the year 2016/2017 to increase correspondingly. The proportion of administrative expenses to total revenues also increased from 7.99% in 2015/2016 to 13.89% in 2016/2017.

Director and management remuneration for the year 2016/2017 were THB 3.12 million, decreased from THB 9.91 million in the year 2015/2016, as the Group had reorganized management structure during the end of the year 2015/2016.

In the year 2015/2016 and 2016/2017, the Group incurred a finance cost which related to discounted interests on the obligations of employee benefits plan amounted to THB 0.04 million each. The recording of finance costs 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 the employee benefits and the finance cost related to those benefits. Since the Group utilized funds from shareholder's equity and

retained earnings from operation to use as working capital 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 interest expenses.

➤ Net Profits

The Group's net profits for the period 2014/2015, 2015/2016, and 2016/2017 were THB 138.08 million, THB 67.79 million, and THB 56.78 million, respectively. The net profits decreased by 50.91% in 2015/2016, and decreased by 16.24% in 2016/2017. The decrease in net profits for the year 2016/2017 mainly resulted from a decrease in sales and services revenues as an effect of a continual shrink in private investment causing a demand for the Group's products and capital goods to drop substantially. Additionally, some fixed costs and expenses that did not vary with a decrease in sales and service revenues, was another factor that contributed to a decrease in the Group's net profit. However, as the Group had implemented cost reduction in production processes, the Group was able to maintain the net profit margin for the year 2016/2017 to be comparable to the margin for the year 2015/2016 by slightly increase from 12.90% to 14.59%.

FINANCIAL POSITION

➤ Assets

As at July 31, 2017 the Group's total assets were THB 1,349.08 million, primarily consisted of properties, plants, and equipment accounted for THB 379.00 million or 28.09% of total assets and cash and cash equivalents amounted to THB 698.87 million accounted for 51.80% of total assets. Major parts of

properties, plants, and equipment derived from investment in factories, office buildings, and machines of subsidiaries. The Group's cash and cash equivalents were relatively high as 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 used to maintain liquidity during economic recession and reserved for the Group's future investment.

In the year 2016/2017, the Group's total assets increased by THB 22.32 million or increased by 1.68% compared to the period 2015/2016 that as at July 31, 2016 had a value of THB 1,326.76 million. The increase in total assets mainly derived from an increase in cash flows from operation and the Group had invested these operating cash flows in short term investments and investment in available-for-sale securities.

➤ Quality of Assets

» Trade Accounts Receivable – Net

The Group uses several criteria when granting a line of credit to customers, including 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, 2016 the Group's outstanding trade accounts receivables were THB 56.55 million,

and as at July 31, 2017 were THB 51.59 million decreased by THB 4.96 million or equal to 8.77%. Most of the outstanding balances of trade accounts receivables were not yet due and less than 3 month overdue.

The trade account receivables aging schedules as at July 31, 2016 and 2017 were presented as follows:

(Unit : THB Thousand)

Trade Accounts Receivable	As At July 31, 2016	As At July 31, 2017
Current receivables	33,909	40,360
Past due less than 3 months	21,458	11,192
Past due more than 3 months to 6 months	588	34
Past due more than 6 months to 12 months	323	-
Past due more than 12 months	273	-
Less: Allowance for doubtful accounts	-	-
Trade accounts receivable – net	56,551	51,586

In the year 2015/2016, the Group had accounts receivable with more than 3 months overdue of THB 1.18 million. These receivables resulted from customers who had liquidity problems during the economic crisis and requested to delay the payments. The Group had closely followed up with this group of customers and some of them have already made some repayment. However, during the year 2016/2017, these customers had encountered severe financial troubles and had a tendency to discontinue their businesses. The Group had regularly asked for the payment but the customers were not able to pay back the remaining debts. So the Group had wrote off the amount of THB 0.50 million as bad debt whereas the remaining amounts of THB 0.68 million were fully collected.

For the year 2016/2017, almost all of the trade accounts receivable were not yet due and less than 3 months overdue that resulted from the customers' billing and payment policies that set the payment dates after the actual due dates. There was also the receivable that was more than 3 months overdue amounted to THB 0.03 million. This overdue receivable was caused by some document issues in payment process and currently this receivable had been fully paid.

» Inventory

All of the Group's inventory was raw materials, as the Group adopted just-in-time strategy and would deliver products right away after finished. The Group did not have policy to keep raw materials for speculative purpose so the inventory balance of 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, 2017, the Group's inventory balance was THB 3.04 million decreased from the balance as at July 31, 2016 of THB 6.67 million by THB 3.63 million or 54.42%. A reduction in total inventory level was corresponded with a decrease in sales revenues and raw materials prices that were quite stable. According to that, the Group had

purchased raw materials at the quantities needed to use in production processes in order to manage costs of raw materials and reduce warehousing cost. The Group's inventory balances as at July 31, 2016 and July 31, 2017 were presented below:

(Unit : THB Thousand)

Inventory	As At July 31, 2016	As At July 31, 2017
Work in process	-	-
Raw materials and supplies	6,670	3,041
Total Inventory	6,670	3,041

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 has unused assets that was investment property of 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, 2017 the investment property was THB 88.10 million. The Group had hired independent appraiser to assess the plot of land that had original cost of THB 18.10 million. By using market approach method, this plot of land had fair value of THB 26.20 million.

➤ **Liquidity**

For the period 2016/2017 the Group's net cash flows from operating activities were THB 110.68 million, reduced by THB 8.76 million or 7.33% compare to the year 2015/2016 that had operating cash flows of THB 119.44 million. A decline in cash flows from operating

activities was mainly due to a drop in incomes before tax.

The Group's liquidity ratios equaled to 24.01 times, 64.81 times, and 92.03 times and quick ratios equaled to 23.48 times, 64.01 times, and 91.46 times in 2014/2015, 2015/2016, and 2016/2017, respectively. According to these numbers, the Group's liquidity is financially sound. The Group has strong financial position and does not have any liquidity problems.

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 14.35 days in 2015/2016 and 8.23 days in 2016/2017. For average age of inventory, the Group's average age of inventory in 2016/2017 equaled to 6.54 days, slightly decrease from 10.36 days in 2015/2016 as a results of a decrease in inventory. In addition, the Group's average collection period slightly increased from 42.05 days in 2015/2016 to 51.26 days in 2016/2017 since some customers requested to extend the credit terms. However, the average collection period figures were still considered as normal since the Group's credit terms for most customers were 30-60 days.

The Group had cash inflows from investing activities of THB 51.90 million in the year 2016/2017, which came from a redemption of short term investments that reached maturity and proceeds from sales of available-for-sale securities as well as an increase in interest revenues.

The Group's net cash flows used in financing activities for the year 2016/2017 were THB 24.00 million, which were the amounts of annual dividend payment to the shareholders.

➤ Suitability of Capital Structures

As at July 31, 2017, shareholders' equity of the Group was THB 1,337.82 million increased from July 31, 2016 that had shareholders' equity amount of THB 1,312.63 million by THB 25.19 million or equal to 1.92%. An increase in shareholders' equity was mainly due to an increase in retained earnings. The Group's debt to equity ratios were considerably low, equaled to 0.01 times both in 2015/2016 and 2016/2017 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 current liabilities that consisted of trade accounts payable, corporate income tax payable, and other current liabilities that including accrued expenses in normal business operation. In the year 2016/2017, the Group's current liabilities were THB 9.54 million decreased by THB 2.81 million from THB 12.35 million in the year

2015/2016 due to a decrease trade accounts payable and other current liabilities.

The 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 any financial institution. Nonetheless, during the year 2015/2016 and 2016/2017, the Group did have non-current liabilities of THB 1.78 million and THB 1.73 million, which were deferred tax liabilities and employee benefits obligation. The Group had adopted the deferred tax liabilities according to the Thai Accounting Standard 12 (TAS12), Income Tax, and had determined employee benefits that is a severance payment to employees upon retirement under the Company's article and labor law 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 45.71% of cost of goods sold in the year 2016/2017. 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, and unpredictable natural disasters in order to assess situation and adapt business policies to respond with the particular situation.

Changes in business models and consumer behaviors that focus on service sector rather than manufacturing sector, will cause a diminish in investment of industrial sector. In addition, an advance in new technology that become more complicated and provide more abilities, may also contribute to a decrease in investment in fixed assets including machinery and equipment. Furthermore, Thailand's

investment promoting policies or ability to attract investments from multinational enterprises are seemed to be inferior compared to other countries in the region. These issues will contribute to a decline in domestic investment and a shift of production facilities of those enterprises to other countries where they provide better environment that support industrial and manufacturing sector. Additionally, government economic stimulus policies are still unclear and government spending in mega projects that are in an early stage, are not able to build confidence or encourage private sectors who have potential and abundant cash flows to invest more. All of these factors will create a significant impacts to the Group's operating results in the future. The Group will thoroughly observe the situation and try to adjust business strategies according to the future circumstances.

AUDITOR REMUNERATION

Audit Fees

During the year 2016/2017, the Company and subsidiaries paid audit fees to Dharmniti Auditing Company Limited, the Company's auditor at the amount of THB 1,290,000.

Other Non-Audit Fees

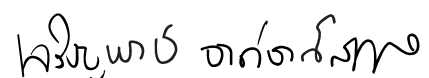
During the year 2016/2017, the subsidiary paid other non-audit fees regarding special purpose audit fees for the audit of the operation according to the conditions of the Board of Investment (BOI) to the Company's auditor at the amount of THB 45,000.

◎ 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

◎ INDEPENDENT AUDITOR'S REPORT

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

Opinion

I have audited the consolidated financial statements of City Steel Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at July 31, 2017, 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 notes to the consolidated financial statements, including a summary of significant accounting policies, and I have audited the separate financial statements of City Steel Public Company Limited (the Company), which comprise the statement of financial position as at July 31, 2017, and the statement of comprehensive income, statement of changes in shareholders' equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

I conducted my audit in accordance with Standards on Auditing. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Group and the Company in accordance with the Code of Ethics for Professional Accountants that are relevant to my audit of the financial statements and as defined by the Federation of Accounting Professions Under the Royal Patronage of his Majesty the King, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

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Key Audit Matters

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

Impairment of land, building and machinery

The Group's total revenue has decreased owing to a slowdown of economy. Since the Group's main products are capital goods such as metal structures, racks and shelves, and storage and handling equipment, the demand for these products will arise when there are new investments, factory expansions, or increases in production capacities. These type of products also have long useful life and demands from customers are not steady. Such factors have caused demands for the capital goods and the Group's products to decrease significantly and also affected the assets including land, building, and some machinery to not be fully utilized, which signals the impairment of these assets. Therefore, the management has to consider the impairment of these land, building, and machinery. The amount of such assets in the consolidated financial statements is Baht 379 million (Note 14), which is material to the Group's consolidated financial statement. Thus, I have identified that the impairment of land, building, and machinery is a significant issue that I have emphasized during the auditing process.

Risk response by the auditor

Regarding my audit approach on such matter, I have considered using the judgment of the management in considering the impairment indication of the assets of land, building and machinery, understanding the assessment process of the recoverable value prepared by management, making assessment of the external qualifications of the external valuator and the reasonableness of the assumption that supports in defining the recoverable value of the assets, along with testing the calculation to find out if the assets have impairment and assessing the adequacy of information disclosure in accordance with the financial reporting standards.

From the response above, it was found that the value of land, building and machinery are stated appropriately and information is adequately disclosed in the notes to the financial statements.

Other Information

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

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

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

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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- Identify and assess the risks of material misstatement of the consolidated financial statements and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated financial statements and separate financial statements or, if such disclosures are inadequate, to modify our opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements and separate financial statements, including the disclosures, and whether the consolidated financial statements and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

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

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

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

The engagement partner responsible for the audit resulting in this independent auditor's reports is Miss Wannisa Ngambuathong.



(Miss Wannisa Ngambuathong)

Certified Public Accountant

Registration No. 6838

Dharmniti Auditing Company Limited

Bangkok, Thailand

September 23, 2017

● THE STATEMENTS OF FINANCIAL POSITION

CITY STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

AS AT JULY 31, 2017

ASSETS

(Unit : Baht)

	Note	Consolidated financial statements		Separate financial statements	
		As at July	As at July	As at July	As at July
		31, 2017	31, 2016	31, 2017	31, 2016
CURRENT ASSETS					
Cash and cash equivalents	6	698,873,233	566,893,288	16,739,188	14,993,512
Short-term investment	7	20,000,000	93,000,000	-	-
Investments in available-for-sale securities	8	102,311,823	74,355,073	26,638,330	26,259,056
Trade accounts receivable	9				
Related parties	5	-	-	3,407,083	3,456,870
Other parties		51,586,078	56,551,454	230,243	301,794
Inventories	10	3,040,986	6,670,138	-	-
Other current assets					
Input tax refundable		522,713	1,900,397	-	-
Advance for inventories		964,400	-	-	-
Others		890,514	1,226,240	300,171	403,797
TOTAL CURRENT ASSETS		878,189,747	800,596,590	47,315,015	45,415,029
NON-CURRENT ASSETS					
Restricted deposits at financial institutions	11	2,508,814	2,490,035	1,894,951	1,879,089
Investments in subsidiaries	12	-	-	776,029,860	623,869,860
Investment property	13	88,100,000	88,100,000	-	-
Advance for machinery		1,000,000	1,000,000	-	-
Property, plant and equipment	14	379,000,896	434,327,391	2,044,506	2,244,414
Intangible assets	15	222	222	211	211
Deferred tax assets	16	269,946	230,621	126,784	90,098
Other non-current asset		13,000	13,000	-	-
TOTAL NON-CURRENT ASSETS		470,892,878	526,161,269	780,096,312	628,083,672
TOTAL ASSETS		1,349,082,625	1,326,757,859	827,411,327	673,498,701

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, 2017

LIABILITIES AND SHAREHOLDERS' EQUITY

(Unit : Baht)

	Note	Consolidated financial statements		Separate financial statements	
		As at July	As at July	As at July	As at July
		31, 2017	31, 2016	31, 2017	31, 2016
CURRENT LIABILITIES					
Trade accounts payable					
Related parties	5	79,009	67,838	192,894	266,901
Other parties		5,655,887	6,422,620	16,901	1,150
Payable for purchase of assets		468,125	2,708,491	-	-
Other current liabilities					
Advance received for goods		-	552,000	-	-
Corporate income tax payable		344,875	156,521	-	-
Others		2,994,608	2,446,295	715,969	793,853
TOTAL CURRENT LIABILITIES		9,542,504	12,353,765	925,764	1,061,904
NON-CURRENT LIABILITIES					
Defered tax liabilities	16	367,442	580,696	-	-
Employee benefit obligations	17	1,352,521	1,197,403	523,893	460,717
TOTAL NON-CURRENT LIABILITIES		1,719,963	1,778,099	523,893	460,717
TOTAL LIABILITIES		11,262,467	14,131,864	1,449,657	1,522,621

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, 2017

LIABILITIES AND SHAREHOLDERS' EQUITY (CONT.)

(Unit : Baht)

	Note	Consolidated financial statements		Separate financial statements	
		As at July	As at July	As at July	As at July
		31, 2017	31, 2016	31, 2017	31, 2016
SHAREHOLDERS' EQUITY					
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	2.5	(15,380,000)	(15,380,000)	-	-
Retained earnings					
Appropriated - statutory reserve		30,000,000	30,000,000	30,000,000	30,000,000
Unappropriated		862,082,297	829,303,515	329,807,704	175,623,640
Unrealized gain on remeasuring available-for-sale					
investment	8	1,568,793	2,557,285	8,771	207,245
Currency translation differences		(6,596,127)	-	-	-
Equity attributable to the equity of parent		1,337,820,158	1,312,625,995	825,961,670	671,976,080
Non-controlling interests		-	-	-	-
TOTAL SHAREHOLDERS' EQUITY		1,337,820,158	1,312,625,995	825,961,670	671,976,080
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		1,349,082,625	1,326,757,859	827,411,327	673,498,701

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, 2017

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
REVENUES					
Sales		379,410,968	513,766,814	4,741,169	6,615,322
Service income		314,448	3,833,103	-	-
Management income		-	-	13,915,100	13,088,100
Dividend income		-	-	177,875,985	61,762,495
Other income		9,474,105	8,172,285	1,475,413	2,337,604
Total revenues		389,199,521	525,772,202	198,007,667	83,803,521
EXPENSES					
Cost of sales and services		267,271,892	383,638,784	4,519,389	6,325,014
Selling expenses		6,985,055	21,815,286	57,649	61,751
Administrative expenses		54,044,488	42,032,655	11,936,504	5,541,340
Management benefit expenses		3,119,859	9,909,173	3,119,859	9,909,173
Finance cost		44,759	39,240	17,676	15,380
Total expenses		331,466,053	457,435,138	19,651,077	21,852,658
Profit before income tax		57,733,468	68,337,064	178,356,590	61,950,863
Income tax expenses	16	954,686	540,855	172,526	85,822
Profit for the year		56,778,782	67,796,209	178,184,064	61,865,041
Other comprehensive income					
Item that will be reclassified to profit or loss					
Realized (gain) on sale of investment in available-for-sale securities, net tax		(1,279,810)	(1,473,249)	(207,245)	-
Unrealized gain on remeasuring available-for-sale investments, net tax		291,319	698,345	8,771	207,245
Currency translation differences		(6,596,123)	-	-	-
Other comprehensive income for the year		(7,584,619)	(774,904)	(198,474)	207,245
Total comprehensive income for the year		49,194,163	67,021,305	177,985,590	62,072,286
Profit attributable to					
Equity holder of parent (99.99%)		56,778,782	67,796,209	178,184,064	61,865,041
Non-controlling interests (0.01%)		-	-	-	-
		56,778,782	67,796,209	178,184,064	61,865,041
Total comprehensive income attributable to					
Equity holder of parent (99.99%)		49,194,164	67,021,305	177,985,591	62,072,286
Non-controlling interests (0.01%)		-	-	-	-
		49,194,164	67,021,305	177,985,591	62,072,286
Basic earnings per share of parent company					
Profit for the year (Bah per share)		0.19	0.23	0.59	0.21
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, 2017

(Unit : Baht)

	Consolidated financial statements									
	Equity attributable to the equity holders of parent							Non-controlling interests		Total shareholders' equity
	Issued and paid-up share capital	Share premium	Difference on reorganization of entities under common control	Retained earnings - Appropriated - statutory reserve	Unappropriated	Unrealized gain on re-measuring investments in available-for-sale securities- net tax	Other component of equity	Total		
Ending 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
Change in shareholders' equity for the year										
Dividend paid	-	-	-	-	(35,992,260)	-	-	(35,992,260)	-	(35,992,260)
Total comprehensive income for the year	-	-	-	-	67,796,209	-	-	67,796,209	-	67,796,209
Other comprehensive income - net of income tax										
Gain on re-measuring investment in available-for-sale securities	-	-	-	-	-	(774,904)	-	(774,904)	-	(774,904)
Balance, as at July 31, 2016	300,000,000	166,145,195	(15,380,000)	30,000,000	829,303,515	2,557,285	-	1,312,625,995	-	1,312,625,995
Change in shareholders' equity for the year										
Dividend paid	-	-	-	-	(24,000,000)	-	-	(24,000,000)	-	(24,000,000)
Total comprehensive income for the year	-	-	-	-	56,778,782	-	-	56,778,782	-	56,778,782
Other comprehensive income - net of income tax										
Gain on re-measuring investment in available-for-sale securities	-	-	-	-	-	(988,492)	-	(988,492)	-	(988,492)
Currency translation differences	-	-	-	-	-	-	(6,596,127)	(6,596,127)	-	(6,596,127)
Ending balance, as at July 31, 2017	300,000,000	166,145,195	(15,380,000)	30,000,000	862,082,297	1,568,793	(6,596,127)	1,337,820,158	-	1,337,820,158

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, 2017

(Unit : Baht)

	Note	Separate financial statements					Total
		Issued and paid-up share capital	Share premium	Retained earnings	Unrealized gain on re-measuring investments in available-for-sale securities-net tax		
Ending balance, as at July 31, 2015		300,000,000	166,145,195	30,000,000	149,750,859	-	645,896,054
Change in shareholders' equity for the year							
Dividend paid	19	-	-	-	(35,992,260)	-	(35,992,260)
Total comprehensive income for the year		-	-	-	61,865,041	-	61,865,041
Other comprehensive income-net of income tax							
Gain on re-measuring investment in available-of-sale securities		-	-	-	-	207,245	207,245
Ending balance, as at July 31, 2016		300,000,000	166,145,195	30,000,000	175,623,640	207,245	671,976,080
Change in shareholders' equity for the year							
Dividend paid	19	-	-	-	(24,000,000)	-	(24,000,000)
Total comprehensive income for the year		-	-	-	178,184,064	-	178,184,064
Other comprehensive income-net of income tax							
Gain on re-measuring investment in available-of-sale securities		-	-	-	-	(198,474)	(198,474)
Ending balance, as at July 31, 2017		300,000,000	166,145,195	30,000,000	329,807,704	8,771	825,961,670

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, 2017

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Cash flows from operating activities				
Profit before corporate income tax	57,733,468	68,337,064	178,356,590	61,950,863
Adjustments to reconcile to net cash provided by (used in) operating activities: -				
Depreciation and amortization	56,575,495	63,294,962	199,908	221,845
(Gain) on sales of investments in available-for-sale securities	(2,713,281)	(1,876,152)	(627,366)	-
(Gain) on sales of fixed assets	(35,000)	(620,722)	-	(93,457)
Loss on write-off fixed asset	-	8,708	-	-
Loss on unclaimed withholding tax	906,608	585,919	382,027	240,742
Employee benefit obligations	110,359	106,903	45,500	43,801
Dividend income from investments in subsidiaries	-	-	(177,875,985)	(61,762,495)
Interest income	(6,605,880)	(5,356,390)	(97,075)	(102,803)
Finance cost	44,759	39,240	17,676	15,380
Profit from operating activities before changes in operating assets and liabilities	106,016,528	124,519,532	401,275	513,876
(Increase) decrease in operating assets				
Trade accounts receivable	4,965,376	7,909,065	121,338	2,545,814
Inventories	3,629,152	8,733,352	-	-
Other current assets	122,173	(1,776,825)	1,371	12,532
Increase (decrease) in operating liabilities				
Trade accounts payable	(755,562)	(17,596,823)	(58,256)	(3,041,680)
Payable for purchase of assets	(2,240,366)	1,687,965	-	-
Other current liabilities	(3,687)	(2,352,582)	(77,884)	(31,885)
Cash received from (used in) operating activities before corporate income taxes	111,733,614	121,123,684	387,844	(1,343)
Income taxes paid	(1,051,560)	(1,681,380)	(439,366)	(454,048)
Net cash flows provided by (used in) operating activities	110,682,054	119,442,304	(51,522)	(455,391)

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

◎ STATEMENTS OF CASH FLOWS (CONT.)

CITY STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
FOR THE YEAR ENDED JULY 31, 2017

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Cash flows from investing activities				
(Increase) in deposits restricted at financial institutions	(18,779)	(19,348)	(15,862)	(15,773)
Cash receipts (paid) from short-term investment	73,000,000	(73,000,000)	-	-
Cash paid for purchases of investment in available-for-sale securities	(121,207,794)	(26,000,000)	(26,627,366)	(26,000,000)
Cash receipts from sale of investment in available-for-sale securities	94,728,711	10,686,435	26,627,366	-
Proceeds from sales of fixed asset	235,000	905,757	-	93,458
Cash paid for investment in subsidiary	-	-	(152,160,000)	-
Dividend income from investment in subsidiary	-	-	177,875,985	61,762,495
Interest received	6,605,880	5,356,390	97,075	102,803
Cash paid for purchases of fixed assets	(1,449,000)	(17,232,714)	-	-
Cash received (paid) for advance - machinery	-	1,125,000	-	-
Net cash flows provided by (used in) investing activities	51,894,018	(98,178,480)	25,797,198	35,942,983
Cash flows from financing activities				
Dividend paid	(24,000,000)	(35,992,260)	(24,000,000)	(35,992,260)
Net cash flows provided by (used in) financing activities	(24,000,000)	(35,992,260)	(24,000,000)	(35,992,260)
Currency translation differences	(6,596,127)	-	-	-
Net increase (decrease) in cash and cash equivalents	131,979,945	(14,728,436)	1,745,676	(504,668)
Cash and cash equivalents at beginning of the years	566,893,288	581,621,724	14,993,512	15,498,180
Cash and cash equivalents at end of the years	698,873,233	566,893,288	16,739,188	14,993,512
Supplemental cash flows information: -				
1. Cash and cash equivalents consisted of: -				
Cash on hand	664,203	747,343	55,377	55,732
Cash at bank - Saving account	689,943,153	557,930,129	8,695,374	6,998,406
- Current account	8,254,968	8,204,993	7,977,528	7,928,551
- Fixed deposit 3 months	10,909	10,823	10,909	10,823
	698,873,233	566,893,288	16,739,188	14,993,512

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, 2017

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 Nongmairdaeng, 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 2017	July 31 2016	July 31 2017	July 31 2016	July 31 2017	July 31 2016
● Direct subsidiaries held by the Company							
Siam ISO Pro Co., Ltd.	Sale of metal products and industrial materials and equipments	99.99	99.99	22.40	11.32	0.44	0.22
Mark Worldwide Co., Ltd.	Manufacture and sale of metal products	99.99	99.99	22.97	22.95	11.60	17.84
City Steel Products Co., Ltd.	Manufacture and sale of metal products	99.99	99.99	51.65	62.38	86.42	80.64
● Indirect subsidiaries held by Siam ISO Pro Co., Ltd.							
CT Universal Co., Ltd.	Has not started operation	100.00	100.00	12.33	-	0.13	-

2.2 The consolidated financial statements are prepared by using uniform accounting policies for transaction alike and other events in similar circumstances.

- 2.3 The financial statements of an overseas subsidiary is translated into Thai Baht at the closing exchange rate as to assets and liabilities, and at average exchange rates on transaction date as to revenues and expenses. The resultant differences have been shown under the caption of “Currency translation differences of the financial statements of foreign entity” in shareholders’ equity.
- 2.4 Material balances and transactions between the Company and its subsidiaries have been eliminated from the consolidated financial statements.
- 2.5 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 the financial reporting standards. The presentation of the financial statements has been made in compliance with the Notification of the Department of Business Development, the Ministry of Commerce, re : the financial statements 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 such financial statements in Thai language.

3.2 Accounting standards effective for using in 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, which are effective for the fiscal year beginning on or after January 1, 2016 are as follows:

Conceptual Framework for Financial Reporting (revised 2015)	
TAS 1 (revised 2015)	Presentation of Financial Statements
TAS 2 (revised 2015)	Inventories



TAS 7 (revised 2015)	Statement of Cash Flows
TAS 8 (revised 2015)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2015)	Events After the Reporting Period
TAS 11 (revised 2015)	Construction Contracts
TAS 12 (revised 2015)	Income Taxes
TAS 16 (revised 2015)	Property, Plant and Equipment
TAS 17 (revised 2015)	Leases
TAS 18 (revised 2015)	Revenue
TAS 19 (revised 2015)	Employee Benefits
TAS 20 (revised 2015)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (revised 2015)	The Effects of Changes in Foreign Exchange Rates
TAS 23 (revised 2015)	Borrowing Costs
TAS 24 (revised 2015)	Related Party Disclosures
TAS 26 (revised 2015)	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (revised 2015)	Separate Financial Statements
TAS 28 (revised 2015)	Investments in Associates and Joint Ventures
TAS 29 (revised 2015)	Financial Reporting in Hyperinflationary Economies
TAS 33 (revised 2015)	Earnings Per Share
TAS 34 (revised 2015)	Interim Financial Reporting
TAS 36 (revised 2015)	Impairment of Assets
TAS 37 (revised 2015)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2015)	Intangible assets
TAS 40 (revised 2015)	Investment Property
TAS 41	Agriculture
TFRS 2 (revised 2015)	Share-Based Payment
TFRS 3 (revised 2015)	Business Combinations
TFRS 4 (revised 2015)	Insurance Contracts
TFRS 5 (revised 2015)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6 (revised 2015)	Exploration for and Evaluation of Mineral Resources
TFRS 8 (revised 2015)	Operating Segments
TFRS 10 (revised 2015)	Consolidated Financial Statements
TFRS 11 (revised 2015)	Joint Arrangements
TFRS 12 (revised 2015)	Disclosure of Interests in Other Entities



TFRS 13 (revised 2015)	Fair Value Measurement
TSIC 10 (revised 2015)	Government Assistance - No Specific Relation to Operating Activities
TSIC 15 (revised 2015)	Operating Leases – Incentives
TSIC 25 (revised 2015)	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders
TSIC 27 (revised 2015)	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
TSIC 29 (revised 2015)	Service Concession Arrangements: Disclosure
TSIC 31 (revised 2015)	Revenue-Barter Transactions Involving Advertising Services
TSIC 32 (revised 2015)	Intangible Assets - Web Site Costs
TFRIC 1 (revised 2015)	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4 (revised 2015)	Determining whether an Arrangement contains a Lease
TFRIC 5 (revised 2015)	Right to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7 (revised 2015)	Applying the Restatement Approach under TAS 29 (revised 2015) Financial Reporting in Hyperinflationary Economics
TFRIC 10 (revised 2015)	Interim Financial Reporting and Impairment
TFRIC 12 (revised 2015)	Service Concession Arrangements
TFRIC 13 (revised 2015)	Customer Loyalty Programmes
TFRIC 14 (revised 2015)	TAS 19 (revised 2015)-The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
TFRIC 15 (revised 2015)	Agreements for the Construction of Real Estate
TFRIC 17 (revised 2015)	Distributions of Non - cash Assets to Owners
TFRIC 18 (revised 2015)	Transfers of Assets from Customers
TFRIC 20 (revised 2015)	Stripping Costs in the Production Phase of a Surface Mine
TFRIC 21	Levies

The management of the Company and its subsidiaries evaluated that these new and revised accounting standards, financial reporting standard, accounting standard interpretations and financial reporting standards interpretations do not have any significant impact on the financial statements in 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 – 15 years
Furniture and office equipment	3 – 5 years
Motor vehicles	5 – 10 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
------------------	-------------

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.

4.14 Significant accounting judgements and estimates

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

Allowance for doubtful accounts

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



Property, plant and equipment and Depreciation

In determining depreciation of plant and equipment, the management is required to make estimates of the useful lives and residual values of the plant and equipment and to review the estimated useful lives and residual values when there are any changes.

In addition, the management is required to review property, plant and equipment for impairment on a periodical basis and record the impairment loss when it is determined that the recoverable amount is lower than the carrying amount. This requires judgement regarding forecast of future revenues and expenses relating to the assets subject to the review.

Deferred tax assets

Deferred tax assets are recognized for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of estimated future taxable profits.

Post-employment benefits under defined benefit plans

The obligation under the defined benefit plan is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

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
<u>Subsidiary Companies</u>		
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.	Has not started operation	The subsidiary company holds 100.00% in the subsidiary
(*Indirect subsidiary through Siam ISO Pro Company Limited)		
<u>Related Companies</u>		
Siam C.T.P. Industrial 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 : Baht)

	For the years ended July 31,				Pricing Policies
	Consolidated financial statements		Separate financial statements		
	2017	2016	2017	2016	
Transactions with related companies					
Electricity expenses	882,270	1,011,650	-	-	Cost plus margin
Rental expenses	633,600	633,600	34,560	34,560	Based on contract
Transactions with subsidiaries					
Management income	-	-	13,915,100	13,088,100	Cost plus margin
Service income	-	-	648,415	1,984,763	Cost plus margin
Electricity income	-	-	69,600	141,530	Cost plus margin
Purchases of finished goods	-	-	3,957,514	5,911,770	Cost plus margin
Dividend income	-	-	177,875,986	61,762,495	By the amount declared

The balances of the accounts as at July 31, 2017 and 2016 between the Company and those related companies are as follows:

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	As at July 31, 2017	As at July 31, 2016	As at July 31, 2017	As at July 31, 2016
	Trade accounts receivable - related parties			
Siam ISO Pro Co., Ltd.	-	-	35,952	27,178
Mark Worldwide Co., Ltd.	-	-	625,094	-
City Steel Products Co., Ltd.	-	-	2,746,037	3,429,692
Total trade accounts receivable - related parties	-	-	3,407,083	3,456,870
Trade accounts payable - related parties				
City Steel Products Co., Ltd.	-	-	192,894	266,901
Siam C.T.P. Industrial Co., Ltd.	79,009	67,838	-	-
Total trade accounts payable - related parties	79,009	67,838	192,894	266,901

Management benefit expenses

Management benefit expenses represent the benefits paid to the Company's management such as salaries and related benefit including the benefit paid by other means. The Company's management is the persons who are defined under the Securities and Exchange Act.

Management benefit expenses for the year ended July 31, 2017 and 2016 are as follows:

(Unit: Baht)

	Consolidated Financial Statement		Separate Financial Statement	
	For the years ended July 31,		For the years ended July 31,	
	2017	2016	2017	2016
Management				
Management benefit expenses				
Short-term employee benefits	3,107,231	9,870,594	3,107,231	9,870,594
Post-employment benefits	12,628	38,579	12,628	38,579
Total	3,119,859	9,909,173	3,119,859	9,909,173

6. CASH AND CASH EQUIVALENTS

This account consisted of:

	(Unit : Baht)			
	Consolidated financial statements		Separate financial statements	
	As at July 31, 2017	As at July 31, 2016	As at July 31, 2017	As at July 31, 2016
Cash on hand and petty cash	664,203	747,343	55,377	55,732
Cash at banks - Savings account	689,943,153	557,930,129	8,695,374	6,998,406
- Current account	8,254,968	8,204,993	7,977,528	7,928,551
Fixed deposits 3 months	10,909	10,823	10,909	10,823
	<u>698,873,233</u>	<u>566,893,288</u>	<u>16,739,188</u>	<u>14,993,512</u>

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, 2017	As at July 31, 2016	As at July 31, 2017	As at July 31, 2016
Short-term investment - Fixed deposit 6 months	20,000,000	93,000,000	-	-
	<u>20,000,000</u>	<u>93,000,000</u>	<u>-</u>	<u>-</u>

As at July 31, 2017 and 2016 fixed deposits has interest rate at the rate of 1.45% per annum and 1.65% 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, 2017	As at July 31, 2016	As at July 31, 2017	As at July 31, 2016
Investments in available-for-sale securities - at cost				
- Open fund (Money Market Fund)	9,353,022	23,323,358	-	-
- Open fund (Fixed Income Fund)	90,997,810	47,835,110	26,627,366	26,000,000
	<u>100,350,832</u>	<u>71,158,468</u>	<u>26,627,366</u>	<u>26,000,000</u>
<u>Add</u> : Unrealized gain (loss) on change in value of investments	<u>1,960,991</u>	<u>3,196,605</u>	<u>10,964</u>	<u>259,056</u>
Investments in available-for-sale securities - fair value	<u>102,311,823</u>	<u>74,355,073</u>	<u>26,638,330</u>	<u>26,259,056</u>

As at July 31, 2017 and 2016, unrealized gain on remeasuring of available-for-sale securities as presented in other component of shareholders' equity in the consolidated financial statements and separate financial statements for Baht 1.57 million and Baht 2.56 million are the amounts net of deferred income tax of Baht 0.39 million and 0.64 million, respectively.

9. TRADE ACCOUNTS RECEIVABLE

This account consisted of;

	(Unit : Baht)			
	Consolidated financial statements		Separate financial statements	
	As at July 31, 2017	As at July 31, 2016	As at July 31, 2017	As at July 31, 2016
Account receivable	50,504,743	56,309,872	3,637,326	3,758,664
Note receivable	1,081,335	241,582	-	-
	<u>51,586,078</u>	<u>56,551,454</u>	<u>3,637,326</u>	<u>3,758,664</u>

The outstanding balances of trade accounts receivable as at July 31, 2017 and 2016, as classified by due dates, are as follows:

	(Unit : Baht)			
	Consolidated financial statements		Separate financial statements	
	As at July 31, 2017	As at July 31, 2016	As at July 31, 2017	As at July 31, 2016
Age of receivables				
Undue	39,278,623	33,667,512	3,637,326	3,731,379
Less than 3 months overdue	11,191,814	21,458,436	-	27,285
Over 3 months to 6 months	34,306	588,079	-	-
Over 6 months to 12 months	-	322,486	-	-
Over 12 months	-	273,359	-	-
Net	<u>50,504,743</u>	<u>56,309,872</u>	<u>3,637,326</u>	<u>3,758,664</u>

	(Unit : Baht)			
	Consolidated financial statements		Separate financial statements	
	As at July 31, 2017	As at July 31, 2016	As at July 31, 2017	As at July 31, 2016
Bad debt	<u>499,487</u>	<u>-</u>	<u>-</u>	<u>-</u>

10. INVENTORIES

This account consisted of;

	(Unit : Baht)			
	Consolidated financial statements		Separate financial statements	
	As at July 31, 2017	As at July 31, 2016	As at July 31, 2017	As at July 31, 2016
Raw materials	3,040,986	6,670,138	-	-
Total	<u>3,040,986</u>	<u>6,670,138</u>	<u>-</u>	<u>-</u>

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, 2017 and 2016 investments in subsidiaries accounted for under cost method represent investment in ordinary shares in the following subsidiaries.

Company's name	Paid-up share capital		At equity method		At cost method		(Unit : Baht) Dividend income	
	As at July 31, 2017	As at July 31, 2016	As at July 31, 2017	As at July 31, 2016	As at July 31, 2017	As at July 31, 2016	For the years Ended July 31,	
							2017	2016
Siam ISO Pro Co., Ltd.	264,160,000	112,000,000	468,172,678	147,473,464	264,159,940	111,999,940	-	-
Mark Worldwide Co., Ltd.	280,200,000	280,200,000	323,507,262	319,811,479	264,819,940	264,819,940	-	-
City Steel Products Co., Ltd.	247,050,000	247,050,000	686,986,611	814,302,497	247,049,980	247,049,980	177,875,985	61,762,495
Total investments in subsidiaries			<u>1,478,666,551</u>	<u>1,281,587,440</u>	<u>776,029,860</u>	<u>623,869,860</u>	<u>177,875,985</u>	<u>61,762,495</u>

The Company has investment in subsidiaries in the form of ordinary shares of Siam ISO Pro Company Limited of 15,400,000 shares at par value of Baht 10.00 each, amounting to Baht 154,000,000. The Company had paid up for the shares of Baht 112,000,000 with the remaining unpaid portion of Baht 42,000,000. On April 18, 2017, the subsidiary had called for the payment of the remaining shares of 11,200,000 shares at Baht 3.75 per share amounting to Baht 42,000,000.

In addition, on April 18, 2017, Siam ISO Pro Company Limited had held an Extraordinary Meeting of Shareholders No. 1/2017 and had a resolution to increase additional ordinary share capital of 21,600,000 shares at par value of Baht 10.00 each, amounting to Baht 216,000,000 with the objectives to pay for the investment in the subsidiary and facilitate future business expansion. Siam ISO Pro Company Limited had called for the share payment of 21,600,000 shares at Baht 5.10 per share totaling to Baht 110,160,000.

The Company had already paid for the remaining portion and the increasing portion of share capital in the above mentioned subsidiary. All the share payment was corresponding to the proportion of the existing shareholding structure.

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 3.0 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.

A meeting of the Board of Directors of the Company held on September 24, 2016 had a resolution to approve registering the dissolution of the indirect subsidiary established in Hong Kong SAR and registering the

establishment of a new indirect subsidiary to replace the discontinued subsidiary. The new subsidiary is established and registered in the Republic of Seychelles, which offers better privileges for the Company and will generate more benefits for the Group, by using the source of funds from the Group's working capital with the objectives of facilitating the Group's future business expansion. The details are as follows:

Company name	:	CT Universal Company Limited
Date of registration	:	January 20, 2017
Registered capital	:	USD 5.0 million (Baht 177.64 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.

As at July 31, 2017, Siam ISO Pro Company Limited had fully paid for the share capital in the subsidiary. Currently this subsidiary has not yet started the operation.

The summary of financial information represents the amounts of subsidiaries before intragroup eliminations as follows:

	(Unit : Baht)					
	2017			2016		
	Siam ISO Pro Co., Ltd.	Mark Worldwide Co., Ltd.	City Steel Products Co., Ltd.	Siam ISO Pro Co., Ltd.	Mark Worldwide Co., Ltd.	City Steel Products Co., Ltd.
Current assets	199,458,122	186,432,737	448,922,362	52,648,785	175,866,025	532,414,609
Non-current assets	269,421,877	139,540,099	249,239,718	98,067,459	146,257,062	297,697,384
Total assets	468,879,999	325,972,836	698,162,080	150,716,244	322,123,087	830,111,993
Current liabilities	304,557	1,602,237	10,648,567	283,139	1,412,468	15,344,230
Non-current liabilities	402,914	266,251	526,905	611,978	240,149	465,255
Total liabilities	707,471	1,868,488	11,175,472	895,117	1,652,617	15,809,485
Net assets	468,172,528	324,104,348	686,986,608	149,821,127	320,470,470	814,302,508
Revenue	5,387,126	48,833,797	340,283,640	4,818,406	109,721,014	429,650,952
Net cash inflow (outflow) from operating activities	489,577	19,458,270	90,785,743	(825,327)	23,768,763	96,945,556
Net cash inflow (outflow) from investing activities	(158,683,747)	(29,072,284)	66,677,810	10,892,968	36,029,922	(119,273,150)
Net cash inflow (outflow) from financing activities	152,160,000	-	(177,876,000)	-	-	(61,762,500)
Net cash inflow (outflow)	(6,034,170)	(9,614,014)	(20,412,447)	10,067,641	59,798,685	(84,090,094)

13. INVESTMENT PROPERTY

This account consisted of:

	(Unit : Baht)			
	Consolidated financial statements		Separate financial statements	
	As at July 31, 2017	As at July 31, 2016	As at July 31, 2017	As at July 31, 2016
Beginning Balance	88,100,000	88,100,000	-	-
Purchase Land during the period	-	-	-	-
Ending Balance	<u>88,100,000</u>	<u>88,100,000</u>	<u>-</u>	<u>-</u>

Investment property of the subsidiary is the land of 29 plots with total value of Baht 88.10 million. Currently, the purpose of future uses of these lands has not yet been identified. For the land with original cost of Baht 18.10 million, the subsidiary had valued the value of this investment property on July 9, 2015 by an independent appraiser using the market approach. The fair value of this land was Baht 26.20 million. The land with original cost of Baht 70 million has not yet been valued since the subsidiary had bought this additional property in the year 2015.

14. PROPERTY, PLANT AND EQUIPMENT

This account consisted of:

	(Unit : Baht)				
	Consolidated financial statements				
	Balance As at July 31, 2016	Additions	Deduction	Transfers in (out)	Balance As at July 31, 2017
<u>At cost</u>					
Land	58,858,269	-	-	-	58,858,269
Building	237,137,946	-	-	-	237,137,946
Machinery and equipment	539,253,294	-	-	-	539,253,294
Vehicle	62,273,962	1,449,000	(615,000)	-	63,107,962
Furniture and office equipment	15,494,061	-	-	-	15,494,061
Total	<u>913,017,532</u>	<u>1,449,000</u>	<u>(615,000)</u>	<u>-</u>	<u>913,851,532</u>
<u>Less Accumulated depreciation :</u>					
Building	(66,214,629)	(11,689,317)	-	-	(77,903,946)
Machinery and equipment	(363,755,537)	(40,776,730)	-	-	(404,532,267)
Vehicle	(38,228,222)	(2,821,351)	415,000	-	(40,634,573)
Furniture and office equipment	(10,491,753)	(1,288,097)	-	-	(11,779,850)
Total	<u>(478,690,141)</u>	<u>(56,575,495)</u>	<u>415,000</u>	<u>-</u>	<u>(534,850,636)</u>
Property, plant and equipment - net	<u>434,327,391</u>				<u>379,000,896</u>

(Unit : Baht)

	Consolidated financial statements				
	Balance As at July 31, 2015	Additions	Deduction	Transfers in (out)	Balance As at July 31, 2016
<u>At cost</u>					
Land	58,858,269	-	-	-	58,858,269
Building	196,258,750	-	-	40,879,196	237,137,946
Machinery and equipment	538,295,639	2,500,000	(1,542,345)	-	539,253,294
Vehicle	52,687,553	11,026,739	(1,440,330)	-	62,273,962
Furniture and office equipment	13,077,177	2,416,884	-	-	15,494,061
Building under construction and machine and equipment under installation	39,590,105	1,289,091	-	(40,879,196)	-
Total	898,767,493	17,232,714	(2,982,675)	-	913,017,532
<u>Less Accumulated depreciation :</u>					
Building	(56,503,981)	(9,710,648)	-	-	(66,214,629)
Machinery and equipment	(314,627,452)	(50,446,689)	1,318,604	-	(363,755,537)
Vehicle	(37,400,071)	(2,198,480)	1,370,329	-	(38,228,222)
Furniture and office equipment	(9,552,608)	(939,145)	-	-	(10,491,753)
Total	(418,084,112)	(63,294,962)	2,688,933	-	(478,690,141)
Property, plant and equipment - net	480,683,381				434,327,391
Depreciation for the years ended July 31, 2017 (Baht 49.37 million included in cost of sales and services and the balance in administrative expenses)					<u>56,575,495</u>
2016 (Baht 58.70 million included in cost of sales and services and the balance in administrative expenses)					<u>63,294,962</u>

(Unit : Baht)

	Separate financial statements				
	Balance As at July 31, 2016	Additions	Deduction	Transfers in (out)	Balance As at July 31, 2017
<u>At cost</u>					
Building	4,464,395	-	-	-	4,464,395
Machinery and equipment	31,083,525	-	-	-	31,083,525
Vehicle	8,135,953	-	-	-	8,135,953
Furniture and office equipment	3,366,327	-	-	-	3,366,327
Total	47,050,200	-	-	-	47,050,200
<u>Less Accumulated depreciation :</u>					
Building	(2,220,072)	(199,908)	-	-	(2,419,980)
Machinery and equipment	(31,083,471)	-	-	-	(31,083,471)
Vehicle	(8,135,951)	-	-	-	(8,135,951)
Furniture and office equipment	(3,366,292)	-	-	-	(3,366,292)
Total	(44,805,786)	(199,908)	-	-	(45,005,694)
Property, plant and equipment - net	2,244,414				2,044,506

(Unit : Baht)

	Separate financial statements				Balance As at July 31, 2016
	Balance As at July 31, 2015	Additions	Deduction	Transfers in (out)	
<u>At cost</u>					
Building	4,464,395	-	-	-	4,464,395
Machinery and equipment	31,083,525	-	-	-	31,083,525
Vehicle	9,426,283	-	(1,290,330)	-	8,135,953
Furniture and office equipment	3,366,327	-	-	-	3,366,327
Total	48,340,530	-	(1,290,330)	-	47,050,200
<u>Less Accumulated depreciation :</u>					
Building	(1,998,227)	(221,845)	-	-	(2,220,072)
Machinery and equipment	(31,083,471)	-	-	-	(31,083,471)
Vehicle	(9,426,280)	-	1,290,329	-	(8,135,951)
Furniture and office equipment	(3,366,292)	-	-	-	(3,366,292)
Total	(45,874,270)	(221,845)	1,290,329	-	(44,805,786)
Property, plant and equipment - net	<u>2,466,260</u>				<u>2,244,414</u>

Depreciation for the years ended July 31,

2017 (Total included in administrative expenses)

199,908

2016 (Total included in administrative expenses)

221,845

A subsidiary has mortgaged land and construction with a total net book value as at July 31, 2017, of Baht 121.08 million (As at July 31, 2016: Baht 126.02 million) to secure credit facilities from financial institution.

As at July 31, 2017 and 2016, 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 Baht 108.43 million and Baht 99.18 million, respectively (the company: Baht 43.01 million and Baht 43.01 million, respectively).

15. INTANGIBLE ASSETS

This account consisted of:

	Consolidated financial statements			Balance As at July 31, 2017
	Balance As at July 31, 2016	Additions	Deduction	
<u>At cost</u>				
Computer software	2,006,770	-	-	2,006,770
<u>Less Accumulated amortization</u>	<u>(2,006,548)</u>	<u>-</u>	<u>-</u>	<u>(2,006,548)</u>
Intangible assets - net	<u>222</u>			<u>222</u>

(Unit : Baht)

	Consolidated financial statements			
	Balance As at July 31, 2015	Additions	Deduction	Balance As at July 31, 2016
<u>At cost</u>				
Computer software	2,006,770	-	-	2,006,770
<u>Less Accumulated amortization</u>	<u>(2,006,548)</u>	<u>-</u>	<u>-</u>	<u>(2,006,548)</u>
Intangible assets - net	<u>222</u>			<u>222</u>

(Unit : Baht)

	Separate financial statements			
	Balance As at July 31, 2016	Additions	Deduction	Balance As at July 31, 2017
<u>At cost</u>				
Computer software	1,279,270	-	-	1,279,270
<u>Less Accumulated amortization</u>	<u>(1,279,059)</u>	<u>-</u>	<u>-</u>	<u>(1,279,059)</u>
Intangible assets - net	<u>211</u>			<u>211</u>

(Unit : Baht)

	Separate financial statements			
	Balance As at July 31, 2015	Additions	Deduction	Balance As at July 31, 2016
<u>At cost</u>				
Computer software	1,279,270	-	-	1,279,270
<u>Less Accumulated amortization</u>	<u>(1,279,059)</u>	<u>-</u>	<u>-</u>	<u>(1,279,059)</u>
Intangible assets - net	<u>211</u>			<u>211</u>

As at July 31, 2017 and 2016, 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, 2017	As at July 31, 2016	As at July 31, 2017	As at July 31, 2016
Deferred tax assets	269,946	230,621	126,784	90,098
Deferred tax liabilities	(367,442)	(580,696)	-	-
	<u>(97,496)</u>	<u>(350,075)</u>	<u>126,784</u>	<u>90,098</u>

16.1 Changes in deferred tax assets and deferred tax liabilities for the year ended July 31, 2017 and 2016 are summarized as follows:

(Unit: Baht)

	Consolidated financial statements			Balance as at July 31, 17
	Balance as at July 31, 16	Revenue (expenses) during the year		
		In profit or loss	In other comprehensive income	
Deferred tax assets:				
Intangible assets	49,765	(25,567)	-	24,198
Employee benefit obligations	239,481	31,023	-	270,504
Total	<u>289,246</u>	<u>5,456</u>	<u>-</u>	<u>294,702</u>
Deferred tax liabilities:				
Unrealized gain on remeasuring available-for-sale investment	639,321	-	(247,123)	392,198
Total	<u>639,321</u>	<u>-</u>	<u>(247,123)</u>	<u>392,198</u>
Net	<u>(350,075)</u>			<u>(97,496)</u>

(Unit: Baht)

	Consolidated financial statements			Balance as at July 31, 16
	Balance as at July 31, 15	Revenue (expenses) during the year		
		In profit or loss	In other comprehensive income	
Deferred tax assets:				
Intangible assets	75,403	(25,638)	-	49,765
Employee benefit obligations	210,252	29,229	-	239,481
Total	<u>285,655</u>	<u>3,591</u>	<u>-</u>	<u>289,246</u>
Deferred tax liabilities:				
Unrealized gain on remeasuring available-for-sale investment	833,047	-	(193,726)	639,321
Total	<u>833,047</u>	<u>-</u>	<u>(193,726)</u>	<u>639,321</u>
Net	<u>(547,392)</u>			<u>(350,075)</u>

(Unit: Baht)

	Separate financial statements			Balance as at July 31, 17
	Balance as at July 31, 16	Revenue (expenses) during the year		
		In profit or loss	In other comprehensive income	
Deferred tax assets:				
Intangible assets	49,766	(25,567)	-	24,199
Employee benefit obligations	92,143	12,635	-	104,778
Total	<u>141,909</u>	<u>(12,932)</u>	<u>-</u>	<u>128,977</u>
Deferred tax liabilities:				
Unrealized gain on remeasuring available-for-sale investment	51,811	-	(49,618)	2,193
Total	<u>51,811</u>	<u>-</u>	<u>(49,618)</u>	<u>2,193</u>
Net	<u>90,098</u>			<u>126,784</u>

(Unit: Baht)

	Separate financial statements			Balance as at July 31, 16
	Balance as at July 31, 15	Revenue (expenses) during the year		
		In profit or loss	In other comprehensive income	
Deferred tax assets:				
Intangible assets	75,403	(25,637)	-	49,766
Employee benefit obligations	80,307	11,836	-	92,143
Total	<u>155,710</u>	<u>(13,801)</u>	<u>-</u>	<u>141,909</u>
Deferred tax liabilities:				
Unrealized gain on remeasuring available-for-sale investment	-	-	51,811	51,811
Total	<u>-</u>	<u>-</u>	<u>51,811</u>	<u>51,811</u>
Net	<u>155,710</u>			<u>90,098</u>

16.2 Tax expense (income)

16.2.1 Major components of tax expense (income)

For the years ended July 31, 2017 and 2016 consisted of:

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Income tax expense (income) shown in profit or loss :				
Current tax expense:				
Income tax expense for the years	960,142	544,447	159,594	72,021
Deferred tax expense (income):				
Changes in temporary differences relating to the original recognition and reversal	(5,456)	(3,592)	12,932	13,801
Total	<u>954,686</u>	<u>540,855</u>	<u>172,526</u>	<u>85,822</u>
Income tax relating to components of other comprehensive income :				
Deferred tax relating to remeasuring available-for-sale investments	(247,123)	(193,726)	(49,618)	51,811
Total	<u>(247,123)</u>	<u>(193,726)</u>	<u>(49,618)</u>	<u>51,811</u>

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, 2017 and 2016 are summarized as follows:

	(Unit: Baht)			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Accounting profit (loss) for the years	57,733,468	68,337,064	178,356,590	61,950,863
The applicable tax rate (%)	20%	20%	20%	20%
Tax expense (income) at the applicable tax rate	11,546,694	13,667,412	35,671,318	12,390,173
Reconciliation items:				
Tax effect of expenses that are not deductible in determining tax profit:				
- Expenses not allowed as expenses in determining taxable profit	609,179	388,181	76,405	48,148
Tax effects of incomes or profits that not included in computing taxable profits				
- The exemption of profit of the promoted business (BOI)	(10,181,479)	(14,069,515)	-	-
- Others	(339,694)	(125,237)	(35,575,197)	(12,352,499)
The amount of previously unrecognized tax losses for a prior period that is used to reduce current tax expenses	(680,014)	-	-	-
Unrecognized tax losses on deferred tax assets	-	680,014	-	-
Total reconciliation items	(10,592,008)	(13,126,557)	(35,498,792)	(12,304,351)
Total tax expense (income)	954,686	540,855	172,526	85,822

The subsidiary had tax losses for the year ended July 31, 2016 that had not been used of Baht 0.68 million. The subsidiary did not record those tax losses as deferred tax assets as there was uncertainty that the subsidiary would have sufficient taxable profits to utilize the deferred tax assets. For the year ended July 31, 2017, the subsidiary has already exercised the carrying tax losses in this period.

16.2.3 A numerical reconciliation between the average effective tax rate and the applicable tax rate for the years ended July 31, 2017 and 2016 are summarized as follows:

	(Unit: Baht)			
	Consolidated financial statements			
	2017		2016	
Tax amount	Tax rate (%)	Tax amount	Tax rate (%)	
Accounting profit (loss) before tax expense for the years	57,733,468		68,337,064	
Tax expense (income) at the applicable tax rate	11,546,694	20.00	13,667,412	20.00
Reconciliation items	(10,592,008)	(18.35)	(13,126,557)	(19.21)
Tax expense (income) at the average effective tax rate	954,686	1.65	540,855	0.79

	(Unit: Baht)			
	Separate financial statements			
	2017		2016	
	Tax amount	Tax rate (%)	Tax amount	Tax rate (%)
Accounting profit (loss) before tax expense for the years	178,356,590		61,950,863	
Tax expense (income) at the applicable tax rate	35,671,318	20.00	12,390,173	20.00
Reconciliation items	(35,498,792)	(19.90)	(12,304,351)	(19.86)
Tax expense (income) at the average effective tax rate	172,526	0.10	85,822	0.14

17. EMPLOYEE BENEFIT OBLIGATIONS

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

Statement of financial position

	(Unit: Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	As at July 31, 2017	As at July 31, 2016	As at July 31, 2017	As at July 31, 2016
Employee benefit obligation, beginning of the year	1,197,403	1,051,259	460,717	401,536
Current service costs	110,359	106,903	45,500	43,801
Finance cost	44,759	39,241	17,676	15,380
Employee benefit obligation, ending of the year	1,352,521	1,197,403	523,893	460,717

Expenses recognized in the statements of comprehensive income

For the years ended July 31, 2017 and 2016

	(Unit: Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Cost of sales and services	19,821	19,081	-	-
Administrative expenses	77,910	49,243	32,872	5,222
Management benefit expenses	12,628	38,579	12,628	38,579
Finance cost	44,759	39,241	17,676	15,380
	155,118	146,144	63,176	59,181

Primary assumptions for estimation according to actuarial principles

For the years ended July 31, 2017 and 2016

	Percentage
	Consolidated financial statements/ Separate financial statements
Discount rate	3.88
Salary increase rate	3 - 6.5
Employee turnover rate	0 - 10
Mortality rate	Refer to OIC Thai Mortality Rate Table 2008

Sensitivity analysis

The results of sensitivity analysis for significant assumptions that affect the present value of long-term employee benefit obligations as at July 31, 2017 are summarized below:

	(Unit: Baht)			
	Consolidated Financial Statements		Separate Financial Statements	
	1% Increase	1% Decrease	1% Increase	1% Decrease
Discount rate	(8,189)	13,925	(5,925)	8,954
Future salary increase rate	45,367	(37,477)	21,551	(17,451)
Staff turnover rate	(39,202)	22,081	(18,320)	11,806

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, 2017 and 2016, the Company and its subsidiaries debt-to-equity ratio was 0.008:1 and 0.010:1, and the Company's debt-to-equity ratio was 0.001:1 and 0.002:1, respectively.

19. DIVIDEND

A meeting of the Board of Directors of the Company held on September 24, 2016 approved a resolution to propose a dividend of Baht 0.08 per share for the year 2015/2016, totaling Baht 24 million. This resolution was approved by the ordinary meeting of the shareholders on November 30, 2016. The Company paid a dividend to the shareholders in December 2016.

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, totaling Baht 36 million. This resolution was approved by the ordinary meeting of the shareholders on November 30, 2015. The Company paid a dividend to the shareholders in December 2015.

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).

Its subsidiaries' results of operations classified by the promoted and non-promoted activities for the years ended July 31, 2017 and 2016 are as follows:-

	Consolidated Financial Statement (In Baht)					
	Promoted operations		Non-promoted operations		Total	
	2017	2016	2017	2016	2017	2016
Sales and service income	335,304,188	424,892,353	-	-	335,304,188	424,892,353
Other income	3,367,926	2,964,752	1,611,526	1,793,847	4,979,452	4,758,599
	<u>338,672,114</u>	<u>427,857,105</u>	<u>1,611,526</u>	<u>1,793,847</u>	<u>340,283,640</u>	<u>429,650,952</u>

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	
	2017	2016	2017	2016
Raw material and consumable used	161,064,113	250,512,816	-	-
Change in inventories of finished goods and work in process	-	1,740,399	-	-
Depreciation and amortization	56,575,495	63,294,962	199,908	221,845
Employee benefit cost	33,536,305	40,805,084	12,775,962	13,094,910
Employee benefits	155,118	146,144	63,176	59,181

22. PROVIDENT FUND

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, 2017 and 2016 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 2016 to July 2019 with the rental fee amount of Baht 52,800.00 per month.

As at July 31, 2017, 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 years	0.6

24.2 Guarantees

As at July 31, 2017 and 2016, there were outstanding bank guarantees of approximately Baht 1.9 million and Baht 2.0 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, 2016: Baht 290 million). These loans are guaranteed by two subsidiaries and the subsidiary's land and construction thereon.

24.4 Others

The Company had outstanding commitment in respect of uncalled portion of investments in its subsidiaries approximately Baht 143.59 million.

As at July 31, 2017, the Company has outstanding commitment on installation of lift which has been paid in the amount of Baht 0.25 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, 2017 and 2016 classified by type of interest rates are summarized in the table below.

(Unit :Baht)					
2017					
Consolidated financial statements	Floating interest rate	Fixed interest rate	Non-interest bearing	Total	Interest rate (% p.a.)
Financial assets					
Cash and cash equivalents	698,100,902	10,909	761,422	698,873,233	0.00 - 1.30
Current investment	-	20,000,000	-	20,000,000	1.45
Deposits with restrictions	340,000	2,168,814	-	2,508,814	0.375 - 1.00
	<u>698,440,902</u>	<u>22,179,723</u>	<u>761,422</u>	<u>721,382,047</u>	
(Unit :Baht)					
2016					
Consolidated financial statements	Floating interest rate	Fixed interest rate	Non-interest bearing	Total	Interest rate (% p.a.)
Financial assets					
Cash and cash equivalents	566,038,231	10,823	844,234	566,893,288	0.00 - 1.60
Current investment	-	93,000,000	-	93,000,000	1.65
Deposits with restrictions	340,000	2,150,035	-	2,490,035	0.375 - 1.00
	<u>566,378,231</u>	<u>95,160,858</u>	<u>844,234</u>	<u>662,383,323</u>	
(Unit :Baht)					
2017					
Separate financial statements	Floating interest rate	Fixed interest rate	Non-interest bearing	Total	Interest rate (% p.a.)
Financial assets					
Cash and cash equivalents	16,607,695	10,909	120,584	16,739,188	0.00 - 0.75
Deposits with restrictions	-	1,894,951	-	1,894,951	0.85
	<u>16,607,695</u>	<u>1,905,860</u>	<u>120,584</u>	<u>18,634,139</u>	
(Unit :Baht)					
2016					
Separate financial statements	Floating interest rate	Fixed interest rate	Non-interest bearing	Total	Interest rate (% p.a.)
Financial assets					
Cash and cash equivalents	14,860,980	10,823	121,709	14,993,512	0.00 - 0.75
Deposits with restrictions	-	1,879,089	-	1,879,089	0.85
	<u>14,860,980</u>	<u>1,889,912</u>	<u>121,709</u>	<u>16,872,601</u>	

25.5 Fair values of financial instruments

The Company and its subsidiaries use the market approach to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards, except that the cost approach or income approach is used when there is no active market or when a quoted market price is not available.

Fair value hierarchy

Level 1 - Use of quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Use of inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (e.g. prices) or indirectly (e.g. derived from prices).

Level 3 - Use of unobservable inputs such as estimates of future cash flows.

As at July 31, 2017 and 2016, the Company and its subsidiaries had the following assets and liabilities that were measured at fair value using different levels of inputs as follows :-

	Consolidated Financial Statements (In Baht)			
	2017			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Investment in available for sale securities				
- Unit trust	-	102,311,823	-	102,311,823
Total	-	102,311,823	-	102,311,823

	Consolidated Financial Statements (In Baht)			
	2016			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Investment in available for sale securities				
- Unit trust	-	74,355,073	-	74,355,073
Total	-	74,355,073	-	74,355,073

	Separate Financial Statements (In Baht)			
	2017			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Investment in available for sale securities				
- Unit trust	-	26,638,330	-	26,638,330
Total	-	26,638,330	-	26,638,330

	Separate Financial Statements (In Baht)			
	2017			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Investment in available for sale securities				
- Unit trust	-	26,259,056	-	26,259,056
Total	-	26,259,056	-	26,259,056

The fair value of investments in non-listed investment units on the Stock Exchange of Thailand is calculated by using the net assets value per unit as announced by the fund managers.

During the current period, there were no transfers within the fair value hierarchy.

26. EVENTS AFTER THE REPORTING PERIOD

A meeting of the Board of Directors of the Company held on September 23, 2017, approved a resolution to propose a dividend of Baht 0.07 per share for the year 2016/2017.

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.

27. 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 use of accounting standards, financial reporting standards, and interpretations of accounting and financial reporting standards that are revised.

These revised accounting standards which are effective for the fiscal year beginning on or after January 1, 2017 are as follows:

TAS 1 (revised 2016)	Presentation of Financial Statements
TAS 2 (revised 2016)	Inventories
TAS 7 (revised 2016)	Statement of Cash Flows
TAS 8 (revised 2016)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2016)	Events After the Reporting Period
TAS 11 (revised 2016)	Construction Contracts
TAS 12 (revised 2016)	Income Taxes
TAS 16 (revised 2016)	Property, Plant and Equipment
TAS 17 (revised 2016)	Leases
TAS 18 (revised 2016)	Revenue
TAS 19 (revised 2016)	Employee Benefits
TAS 20 (revised 2016)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (revised 2016)	The Effects of Changes in Foreign Exchange Rates
TAS 23 (revised 2016)	Borrowing Costs
TAS 24 (revised 2016)	Related Party Disclosures
TAS 26 (revised 2016)	Accounting and Reporting by Retirement Benefit Plans

TAS 27 (revised 2016)	Separate Financial Statements
TAS 28 (revised 2016)	Investments in Associates and Joint Ventures
TAS 29 (revised 2016)	Financial Reporting in Hyperinflationary Economies
TAS 33 (revised 2016)	Earnings Per Share
TAS 34 (revised 2016)	Interim Financial Reporting
TAS 36 (revised 2016)	Impairment of Assets
TAS 37 (revised 2016)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2016)	Intangible assets
TAS 40 (revised 2016)	Investment Property
TAS 41 (revised 2016)	Agriculture
TAS 104 (revised 2016)	Accounting for Trouble Debt Restructuring
TAS 105 (revised 2016)	Accounting for Investments in Debt and Equity Securities
TAS 107 (revised 2016)	Financial Instruments Disclosure and Presentation
TFRS 2 (revised 2016)	Share-Based Payment
TFRS 3 (revised 2016)	Business Combinations
TFRS 4 (revised 2016)	Insurance Contracts
TFRS 5 (revised 2016)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6 (revised 2016)	Exploration for and Evaluation of Mineral Resource
TFRS 8 (revised 2016)	Operating Segments
TFRS 10 (revised 2016)	Consolidated Financial Statements
TFRS 11 (revised 2016)	Joint Arrangements
TFRS 12 (revised 2016)	Disclosure of Interests in Other Entities
TFRS 13 (revised 2016)	Fair Value Measurement
TSIC 10 (revised 2016)	Government Assistance - No Specific Relation to Operating Activities
TSIC 15 (revised 2016)	Operating Leases - Incentives
TSIC 25 (revised 2016)	Income Taxes - Changes in the Tax Status of an Entity or its shareholders
TSIC 27 (revised 2016)	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
TSIC 29 (revised 2016)	Service Concession Arrangements: Disclosure
TSIC 31 (revised 2016)	Revenue-Barter Transactions Involving Advertising Services
TSIC 32 (revised 2016)	Intangible Assets - Web Site Costs
TFRIC 1 (revised 2016)	Changes in Existing Decommissioning, Restoration and Similar Liabilities.
TFRIC 4 (revised 2016)	Determining whether an Arrangement contains a Lease



TFRIC 5 (revised 2016)	Right to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7 (revised 2016)	Applying the Restatement Approach under TAS 29 (revised 2016) Financial Reporting in Hyperinflationary Economics
TFRIC 10 (revised 2016)	Interim Financial Reporting and Impairment
TFRIC 12 (revised 2016)	Service Concession Arrangements
TFRIC 13 (revised 2016)	Customer Loyalty Programmes
TFRIC 14 (revised 2016)	TAS 19 (revised 2016)-The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
TFRIC 15 (revised 2016)	Agreements for the Construction of Real Estate
TFRIC 17 (revised 2016)	Distributions of Non - cash Assets to Owners
TFRIC 18 (revised 2016)	Transfers of Assets from Customers
TFRIC 20 (revised 2016)	Stripping Costs in the Production Phase of a Surface Mine
TFRIC 21 (revised 2016)	Levies

The management of the Company and its subsidiaries believe that these accounting standards, financial reporting standards, accounting standard interpretations and financial reporting standards interpretations which are revised will not have any significant impact on the financial statements for the year when they are initially applied.

28. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were authorized for issue by the Company's Board of Directors on September 23, 2017.

Investor Relation
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