



MILL 024/2016

November 30, 2016

**Subject :** Explanation of the effects from the retrospective adjustment for financial statements of Millcon Steel Public Company Limited for the year ended 31 December 2015 (Addition)

**Attention:** President

The Stock Exchange of Thailand

Millcon Steel Public Company Limited ("the Company") has submitted its financial statements for the six months period ended 30 June 2016 that financial statement by retrospective adjustments for the year ended 31 December 2015 that disclosure the effects as in Note 28 in quarter 2, 2016 and as in Note 28 and Note 29 in quarter 3, 2016 for comparative purpose to the financial statement. However, adjustments transaction was occurred in year 2015 the Company had increased related party transaction therefore the preparation of the consolidated financial statements was collected incomplete.

Therefore, the effects from adjustment as a results net profit was decreased from 755.80 million baht to 684.85 million baht decreased 70.95 million baht or by 9.39%. However, the Company had adjustment all the effects on the financial statements for the six months period ended 30 June 2016 and financial statements for the nine month period ended 30 September 2016 correctly and the Company would like to demonstrate the effects from the retrospective adjustment to Securities and Exchange Commission (SEC) as following:

#### Significant adjustments

1. Transaction of Millcon Burapa Company Limited (our subsidiary) in selling machinery to the Company by gain from sale assets in the amount of 33.04 million baht which does not eliminate this transaction on the consolidated financial statement.
2. Transaction of Millcon HK Company Limited (our subsidiary) in selling machinery to the Millcon Special Company Limited (our subsidiary) that over eliminated transaction gain from sale assets in the amount of 73.58 million baht on the consolidated financial statement.

Therefore, the effective of the adjustment 2 transactions above as a result net profit was deceased 59.46 million baht.

#### Insignificant adjustments

3. To adjust financial statements for the year 2015 of Suntech Metals Company Limited (our subsidiary) to correct, formerly the Company to used financial statement before reviewing from auditor to preparation consolidated financial statements.
4. Transaction of exchange on translation of foreign operation of Millcon HK Company Limited (our subsidiary) formerly the Company used average rate to preparation consolidated financial statement of statement of



comprehensive income. Afterwards consideration the Company used average rate is inappropriate because the transaction in financial statements to movement not much, as the Company shall be translated at exchange rates at the dates of the transactions and retained earning shall be translated at the closing rate at the date of that statement of financial position.

5. As at 30<sup>th</sup> December 2015 to change proportion of share held in the IGEN Engineering Company Limited from 99.99% to 40.00% that financial statement in the year 2015 record investment in associated company. After that the Company consider the power control that the Company had the power control therefore reclassified as investment in subsidiaries.

6. Reclassification Land of Worldwide Processing Company Limited in the amount of 285.56 million baht that the Company acquire the business on 21<sup>st</sup> September 2015 by land that holding didn't identify the objective of use in the future, so reclassified to investment property.

The effects of transaction insignificant adjustment as in Note no. 39.

**The effects of retrospective adjustment for consolidated financial statement for year 2015 as following:**

Transaction	Consolidated Financial Statements			
	Previous	Adjustments	Restated	Explanation No.
<b>Statement of financial Position</b>				
1) Cash and cash equivalents	468,672,680.68	11,818.77	468,684,499.45	No 1
2) Trade accounts and notes receivable	2,645,619,988.18	5,000,000.00	2,650,619,988.18	No 1
3) Inventories	2,300,200,984.00	(2,667,716.02)	2,297,533,267.98	No 1
4) Advances to suppliers for purchases of goods	697,020,259.40	38,613.60	697,058,873.00	No 1
5) Other current assets	477,886,088.28	(7,029,160.53)	470,856,927.75	No 1
6) Investment in joint company	178,205,089.68	(3,531,250.00)	174,673,839.68	No 2
7) Investment property	-	285,559,500.00	285,559,500.00	No 3
8) Property, plant and equipment	10,902,113,821.14	(345,781,060.01)	10,556,332,761.13	No 4
9) Trade accounts payable	691,633,739.28	47,244.35	691,680,983.63	No 1
10) Other current liabilities	228,224,791.50	(26,269,476.04)	201,955,315.46	No 1,5
11) Retained earnings unappropriated	(22,753,442.58)	(67,205,244.46)	(89,958,687.04)	No 1,4,5
12) Other components of shareholders' equity	335,696,462.28	15,316,153.33	351,012,615.61	No 1,4,5
13) Non-controlling interests	32,045,758.83	9,712,068.63	41,757,827.46	No 2,4,5

Explanations

1) To record adjustment financial statements for the year 2015 of Suntech Metals Company Limited (our subsidiary) to correct, formerly the Company to used financial statement before reviewing from auditor to preparation consolidated financial statements.

2) Reclassified investment in associated company to investment in subsidiaries company of IGEN Engineering Company Limited in the amount of 3.53 million baht.

3) Reclassified Property plant and equipment to Investment property in the amount 285.56 million baht.

4) Reclassified Property plant and equipment to Investment property in the amount of 285.56 million baht and eliminated Gain from sale assets of Millcon Burapa Company Limited (our subsidiary) in selling machinery to the Company in the amount of 133.04 million baht and record Gain from sale assets that Millcon HK Company Limited (our subsidiary) in selling machinery to the Millcon Special Company Limited (our subsidiary) in the amount of 72.81 million baht total the effects 345.78 million baht.

5) To record exchange on translation of foreign operation of Millcon HK Company Limited (our subsidiary) as the result Current liabilities decreased 26.27 million baht and other components of shareholders' equity Transaction increased 17.80 million baht and Non-controlling interests increased 8.47 million baht.

The effects of retrospective adjustment for consolidated financial statement for year 2015 as following :

Transaction	Consolidated Financial Statements			
	Previous	Adjustments	Restated	Explanation No.
<b>Statements of comprehensive income For the year ended 31 December 2015</b>				
1) Cost of sales and services	(11,548,903,235.39)	(3,619,266.69)	(11,552,522,502.08)	No 1
2) Gain from sale of assets-held-for-sale	1,093,001,150.95	500,000.00	1,092,501,150.95	No 1
3) Other income	195,470,161.30	(54,205,771.48)	141,264,389.82	No 1,2
4) Administrative expenses	(483,078,880.62)	(12,298,215.84)	(495,377,096.46)	No 1
5) Finance costs	(628,575,436.46)	(325,652.00)	(628,901,088.46)	No 1
6) Profit (loss) before income tax	857,000,033.83	(70,948,906.01)	786,051,127.82	No 1,2
7) Profit (loss) for the year	755,801,121.20	(70,948,906.01)	684,852,215.19	No 1,2
8) Exchange differences on translation of foreign operation	(28,212,534.48)	17,802,455.26	(10,410,079.22)	No 3
9) Gain (losses) on Actuarial-Net of Tax	(1,056,044.54)	(19,985.46)	(1,076,030.00)	No 1
10) Revaluation surplus- net of income tax	225,530,038.83	(796,518.83)	224,733,520.00	No 1
11) Profit (loss) attributable to Non-	2,651,606.76	(1,699,554.70)	952,052.06	No 1



controlling interests				
12) Total comprehensive income (expense) attributable to Non-controlling interests	2,651,606.76	342,386.07	2,993,992.83	No 1
<b>Earnings (loss) per share for Owners of the parent company</b>				
13) Basic earnings (loss) per share (Baht)	0.23	(0.02)	0.21	
14) Diluted earnings (loss) per share (Baht)	0.23	(0.03)	0.20	

**Explanations**

1) To record adjustment financial statements for the year 2015 of Suntech Metals Company Limited (our subsidiary) to correct, formerly the Company to used financial statement before reviewing from auditor to preparation consolidated financial statements.

2) To adjust Gain from sale assets of Millcon Burapa Company Limited (our subsidiary) in selling machinery to the Company which does not eliminate this transaction on the consolidated financial statement and to adjust over record Gain from sale assets that Millcon HK Company Limited (our subsidiary) in selling machinery to the Millcon Special Company Limited (our subsidiary).

3) To record exchange on translation of foreign operation of Millcon HK Company Limited (our subsidiary) as the result Current liabilities decreased 26.27 million baht and other components of shareholders' equity Transaction increased 17.80 million baht and Non-controlling interests increased 8.47 million baht.

In relation to the error of preparation of financial statement, the Company has solved the procedure of its preparing again by assigning our internal audit to cross-review about related party transaction and training preparation financial statements to the relevant employee including consulting and informing the significant transaction and complicated transaction to auditor prior preparation of financial statement for each quarter.

Please be informed accordingly.

Yours faithfully,

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(Ms. Jureerat Lapanavanich)  
Director