

Independent Auditor's Report on Review of Interim Financial Information

To the Board of Directors and Shareholders of
Chow Steel Industries Public Company Limited

I have reviewed the accompanying consolidated statement of financial position of **Chow Steel Industries Public Company Limited and its subsidiaries** as at 31 March 2017, the related consolidated statements of comprehensive income, changes in shareholders' equity, and cash flows for the three-month period then ended, as well as the condensed notes to the consolidated financial statements. I have also reviewed the separate financial information of **Chow Steel Industries Public Company Limited** for the same period. Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34 *Interim Financial Reporting*. My responsibility is to express a conclusion on this interim financial information based on my review.

Scope of review

I conducted my review in accordance with Thai Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Thai Standards on Auditing and consequently does not enable me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion.

Conclusion

Based on my review, nothing has come to my attention that causes me to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with Thai Accounting Standard 34 *Interim Financial Reporting*.

PRADIT RODLOYTUK
Certified Public Accountant
Registration No. 218

Ast Master Co., Ltd.
15 May 2017

CHOW STEEL INDUSTRIES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

INTERIM FINANCIAL STATEMENTS

AND INDEPENDENT AUDITOR'S REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2017

EXPRESSED IN THAI BAHT

CHOW STEEL INDUSTRIES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2017

		In Baht			
		Consolidated		Separate	
		financial statements		financial statements	
		31 March 2017	31 December 2016	31 March 2017	31 December 2016
Notes		(Unaudited)	(Audited)	(Unaudited)	(Audited)
<u>ASSETS</u>					
CURRENT ASSETS					
	Cash and cash equivalents	437,560,881	711,205,019	325,056,956	265,881,281
	Short-term investment	-	-	-	-
	Trade and other receivables	1,204,491,851	1,426,335,793	796,165,434	723,405,525
	Short - term loan to subsidiaries	-	-	2,708,935,651	3,241,131,021
	Inventories	894,416,393	785,558,200	611,678,381	543,201,133
	Project costs under development	1,376,455,981	1,086,590,933	-	-
	Account receivable - Revenue Department	217,774,239	197,381,712	5,598,314	2,995,848
	Restricted deposits at financial institutions	107,124,546	96,995,272	-	-
	Other current assets	20,035,090	27,657,288	2,674,726	2,592,471
	Total current assets	4,257,858,981	4,331,724,217	4,450,109,462	4,779,207,279
NON - CURRENT ASSETS					
	Deposits at financial institutions pledged as collateral	2,673,594,125	2,906,201,428	128,794,161	172,998,766
	Investment in subsidiaries	-	-	447,285,391	447,285,391
	Investment in joint ventures	217,169,855	215,885,351	-	-
	Property, plant and equipment	4,804,917,612	5,187,096,346	1,011,346,611	1,037,545,164
	Intangible assets	898,223,869	518,833,999	1	1
	Deferred tax assets	7,274,132	6,837,100	-	-
	Other non - current assets	98,945,199	65,769,024	7,050,123	6,465,128
	Total non - current assets	8,700,124,792	8,900,623,248	1,594,476,287	1,664,294,450
	TOTAL ASSETS	12,957,983,773	13,232,347,465	6,044,585,749	6,443,501,729

The accompanying notes are an integral part of these interim financial statements.

 Director
 (Mr. Anavin Jiratomsiri)

 Director
 (Ms. Koo Man Wai)

CHOW STEEL INDUSTRIES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 MARCH 2017

		In Baht			
		Consolidated		Separate	
		financial statements		financial statements	
		31 March 2017	31 December 2016	31 March 2017	31 December 2016
Notes		(Unaudited)	(Audited)	(Unaudited)	(Audited)
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>					
CURRENT LIABILITIES					
	Bank overdrafts and short - term loans				
	from financial institutions	16	3,624,657,498	5,593,786,767	1,710,588,288
	Trade and other payables	17	707,190,611	412,293,537	317,121,509
	Current portion of long - term loan	18	2,889,850,726	819,270,595	609,226,218
	Long - term loan - classified as current liabilities	18	58,672,165	62,703,612	58,672,165
	Current portion of liabilities under				
	finance lease agreements	19	3,650,004	3,584,397	-
	Accrued income tax		15,927,571	10,943,647	-
	Other current liabilities		14,967,688	32,200,494	1,296,147
	Total current liabilities		7,314,916,263	6,934,783,049	2,696,904,327
					3,999,223,687
NON - CURRENT LIABILITIES					
	Long - term loans from financial Institutions	18	4,323,638,159	4,919,520,149	2,031,145,444
	Liabilities under finance lease agreements	19	5,245,192	6,181,705	-
	Deferred tax liabilities	22	13,657,831	13,657,831	13,657,831
	Employee benefit obligations	20	5,693,342	5,228,084	4,934,639
	Other non - current liabilities		850,000	850,000	-
	Total non - current liabilities		4,349,084,524	4,945,437,769	2,049,737,914
	Total liabilities		11,664,000,787	11,880,220,818	4,746,642,241
					5,141,758,128

The accompanying notes are an integral part of these interim financial statements.

Director
(Mr. Anavin Jiratomsiri)

Director
(Ms. Koo Man Wai)

CHOW STEEL INDUSTRIES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 MARCH 2017

	In Baht			
	Consolidated financial statements		Separate financial statements	
	31 March 2017	31 December 2016	31 March 2017	31 December 2016
Notes	(Unaudited)	(Audited)	(Unaudited)	(Audited)
<u>LIABILITIES AND</u>				
<u>SHAREHOLDERS' EQUITY (CONTINUED)</u>				
SHAREHOLDERS' EQUITY				
Share capital - Common shares, Baht 1 par value				
Authorized share capital				
	800,000,000 common shares	800,000,000	800,000,000	800,000,000
Issued and paid - up share capital				
	800,000,000 common shares	800,000,000	800,000,000	800,000,000
	Premium on share capital	380,845,258	380,845,258	380,845,258
Difference from change in				
	investment in subsidiaries	(5,517,485)	(5,517,485)	-
Retained earnings (deficit)				
	Appropriated for legal reserve	15,400,000	15,400,000	15,400,000
	Unappropriated	(3,975,527)	32,761,700	47,066,924
	Other components of shareholder's equity	37,554,375	52,518,669	54,631,326
	Total equity attributable to the parent company	1,224,306,621	1,276,008,142	1,297,943,508
	Non - controlling interests	69,676,365	76,118,505	-
	Total Shareholders' equity	1,293,982,986	1,352,126,647	1,297,943,508
TOTAL LIABILITIES AND				
SHAREHOLDERS' EQUITY				
	12,957,983,773	13,232,347,465	6,044,585,749	6,443,501,729

The accompanying notes are an integral part of these interim financial statements.

Director
(Mr. Anavin Jiratomsiri)

Director
(Ms. Koo Man Wai)

(Unaudited)

CHOW STEEL INDUSTRIES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2017

	In Baht				
	Notes	Consolidated		Separate	
		financial statements		financial statements	
	2017	2016	2017	2016	
Revenues					
Revenues from sales and services	613,738,053	1,241,461,952	429,893,063	659,568,015	
Other income	12,554,342	51,055,837	60,581,390	51,400,412	
Gain on foreign exchange rate	26,210,316	-	-	33,777,272	
Total revenues	<u>652,502,711</u>	<u>1,292,517,789</u>	<u>490,474,453</u>	<u>744,745,699</u>	
Expenses					
Cost of sales and services	537,402,872	1,125,663,301	406,267,164	639,201,084	
Selling expenses	8,224,362	10,839,133	8,224,362	14,229,298	
Administrative expenses	87,328,830	42,727,346	21,333,218	21,174,286	
Loss on foreign exchange rate	-	24,295,867	91,605	-	
Total expenses	<u>632,956,064</u>	<u>1,203,525,647</u>	<u>435,916,349</u>	<u>674,604,668</u>	
Profit before share of gain (loss) from investment in joint venture, financial costs and income tax expense					
	19,546,647	88,992,142	54,558,104	70,141,031	
Share of gain (loss) from investment in joint venture	12 1,284,504	(590,463)	-	-	
Profit before financial costs and income tax expense	20,831,151	88,401,679	54,558,104	70,141,031	
Financial costs	(57,997,980)	(28,273,076)	(58,358,197)	(51,736,405)	
Profit (loss) before income tax expense	(37,166,829)	60,128,603	(3,800,093)	18,404,626	
Income tax expense	22 (4,362,675)	(5,440,244)	-	-	
Profit (loss) for the period	<u>(41,529,504)</u>	<u>54,688,359</u>	<u>(3,800,093)</u>	<u>18,404,626</u>	
Other comprehensive income					
Transaction are record in gain and loss later					
Exchange differences on translating financial statements	(16,614,157)	12,053,034	-	-	
Other comprehensive income for the period	<u>(16,614,157)</u>	<u>12,053,034</u>	<u>-</u>	<u>-</u>	
Total comprehensive income for the period	<u>(58,143,661)</u>	<u>66,741,393</u>	<u>(3,800,093)</u>	<u>18,404,626</u>	
Profit (loss) attributable to:					
Equity holders of the parent	(36,737,227)	48,825,760	(3,800,093)	18,404,626	
Non - controlling interests	(4,792,277)	5,862,599	-	-	
	<u>(41,529,504)</u>	<u>54,688,359</u>	<u>(3,800,093)</u>	<u>18,404,626</u>	
Total comprehensive income attributable to:					
Equity holders of the parent	(51,701,521)	58,927,606	(3,800,093)	18,404,626	
Non - controlling interests	(6,442,140)	7,813,787	-	-	
	<u>(58,143,661)</u>	<u>66,741,393</u>	<u>(3,800,093)</u>	<u>18,404,626</u>	
Basic earnings per share attributable to equity holders of the parent					
Profit (loss) par share (Baht per share)	(0.05)	0.06	(0.00)	0.02	
Weighted average number of common shares (shares)	<u>800,000,000</u>	<u>800,000,000</u>	<u>800,000,000</u>	<u>800,000,000</u>	

The accompanying notes are an integral part of these interim financial statements.

 Director
 (Mr. Anavin Jiratomsiri)

 Director
 (Ms. Koo Man Wai)

(Unaudited)

CHOW STEEL INDUSTRIES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2017

	In Baht										
	Issued and paid-up share capital	Premium on share capital	Retained earnings (deficit)			Revaluation surplus on land - net of tax	Exchange differences on translating financial statements	Total other components of shareholders' equity	Total equity attributable to the parent company	Non - controlling interests	Total
			Difference from change in investment in subsidiaries	Appropriated for legal reserve	Unappropriated						
Balance as at 1 January 2016	800,000,000	380,845,258	(38,585,104)	13,788,260	940,087	54,631,325	(3,905,067)	50,726,258	1,207,714,759	104,616,731	1,312,331,490
Profit for the period	-	-	-	-	48,825,760	-	-	-	48,825,760	5,862,599	54,688,359
Other comprehensive income for the period	-	-	-	-	-	-	10,101,846	10,101,846	10,101,846	1,951,188	12,053,034
Total comprehensive income for the period	-	-	-	-	48,825,760	-	10,101,846	10,101,846	58,927,606	7,813,787	66,741,393
Balance as at 31 March 2016	<u>800,000,000</u>	<u>380,845,258</u>	<u>(38,585,104)</u>	<u>13,788,260</u>	<u>49,765,847</u>	<u>54,631,325</u>	<u>6,196,779</u>	<u>60,828,104</u>	<u>1,266,642,365</u>	<u>112,430,518</u>	<u>1,379,072,883</u>
Balance as at 1 January 2017	800,000,000	380,845,258	(5,517,485)	15,400,000	32,761,700	54,631,325	(2,112,656)	52,518,669	1,276,008,142	76,118,505	1,352,126,647
Loss for the period	-	-	-	-	(36,737,227)	-	-	-	(36,737,227)	(4,792,277)	(41,529,504)
Other comprehensive income for the period	-	-	-	-	-	-	(14,964,294)	(14,964,294)	(14,964,294)	(1,649,863)	(16,614,157)
Total comprehensive income for the period	-	-	-	-	(36,737,227)	-	(14,964,294)	(14,964,294)	(51,701,521)	(6,442,140)	(58,143,661)
Balance as at 31 March 2017	<u>800,000,000</u>	<u>380,845,258</u>	<u>(5,517,485)</u>	<u>15,400,000</u>	<u>(3,975,527)</u>	<u>54,631,325</u>	<u>(17,076,950)</u>	<u>37,554,375</u>	<u>1,224,306,621</u>	<u>69,676,365</u>	<u>1,293,982,986</u>

The accompanying notes are an integral part of these interim financial statements.

 Director
 (Mr. Anavin Jiratomsiri)

 Director
 (Ms. Koo Man Wai)

(Unaudited)

CHOW STEEL INDUSTRIES PUBLIC COMPANY LIMITED
SEPARATE STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2017

	In Baht						
	Issued and paid-up share capital	Premium on share capital	Retained earnings		Revaluation surplus on land - net of tax	Total other components of shareholders' equity	Total
			Appropriated for legal reserve	Unappropriated			
Balance as at 1 January 2016	800,000,000	380,845,258	13,788,260	20,942,000	54,631,326	54,631,326	1,270,206,844
Profit for the period	-	-	-	18,404,626	-	-	18,404,626
Other comprehensive income for the period	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	18,404,626	-	-	18,404,626
Balance as at 31 March 2016	<u>800,000,000</u>	<u>380,845,258</u>	<u>13,788,260</u>	<u>39,346,626</u>	<u>54,631,326</u>	<u>54,631,326</u>	<u>1,288,611,470</u>
Balance as at 1 January 2017	800,000,000	380,845,258	15,400,000	50,867,017	54,631,326	54,631,326	1,301,743,601
Loss for the period	-	-	-	(3,800,093)	-	-	(3,800,093)
Other comprehensive income for the period	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	(3,800,093)	-	-	(3,800,093)
Balance as at 31 March 2017	<u>800,000,000</u>	<u>380,845,258</u>	<u>15,400,000</u>	<u>47,066,924</u>	<u>54,631,326</u>	<u>54,631,326</u>	<u>1,297,943,508</u>

The accompanying notes are an integral part of these interim financial statements.

 Director
 (Mr. Anavin Jiratomsiri)

 Director
 (Ms. Koo Man Wai)

(Unaudited)

CHOW STEEL INDUSTRIES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENT OF CASH FLOWS
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2017

	In Baht			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2017	2016	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit (loss) before income tax expense	(37,166,829)	60,128,603	(3,800,093)	18,404,626
Adjustment to reconcile profit to net cash provided by (used in) operating activities				
Doubtful accounts	10,949,788	-	-	-
Loss on diminution in value of inventories (reversal)	1,469,084	(31,677,738)	1,469,084	(31,677,738)
Depreciation	49,140,264	38,153,598	26,754,965	27,331,303
Amortization	8,546,927	2,323,676	-	-
Gain on disposal of equipment	(2,802)	-	(2,802)	-
Unrealized (gain) loss on foreign exchange rate	(7,755,867)	(14,115,651)	(10,051)	113,464
Share of (gain) loss from investment in joint ventures	(1,284,504)	590,463	-	-
Eliminated related profit transaction from joint venture	-	7,230,961	-	-
Employee benefit obligations	465,258	500,533	332,812	291,167
Interest expenses and financial cost	57,997,980	28,273,076	58,358,197	51,736,405
Profit from operating activities before change in operating assets and liabilities	82,359,299	91,407,521	83,102,112	66,199,227
Decrease (increase) in operating assets				
Trade and other receivables	213,433,357	(935,749,167)	(72,759,909)	(442,210,451)
Inventories	(110,327,276)	476,862,149	(69,946,332)	478,937,739
Project costs under development	(250,149,024)	320,715,961	-	-
Account receivable - Revenue Department	(20,392,527)	48,910,826	(2,602,466)	15,008,660
Other current assets	7,622,198	372,088	(82,255)	(1,702,177)
Other non - current assets	(12,920,944)	(28,296,142)	(6,000)	10,000
Increase (decrease) in operating liabilities				
Trade and other payables	481,729,225	(195,104,966)	221,912,716	46,613,399
Other current liabilities	(17,232,806)	(4,943,898)	(1,379,486)	7,595,621
Cash received (paid) from operating activities	374,121,502	(225,825,628)	158,238,380	170,452,018
Interest and financial cost paid	(161,206,104)	(144,866,233)	(56,300,033)	(50,522,169)
Income tax paid	(1,607,814)	(22,952,540)	(578,994)	(48,168)
Net cash provided by (used in) operating activities	211,307,584	(393,644,401)	101,359,353	119,881,681
CASH FLOWS FROM INVESTING ACTIVITIES				
(Increase) decrease in deposits at financial institutions and restricted deposits pledged as collateral	222,478,029	(982,686,321)	44,204,605	(250,000)
(Increase) decrease in short - term loans to a subsidiary	-	-	532,195,370	(817,176,515)
Cash paid for acquisition of plant and equipment (cash flows information 1)	(198,356,353)	(328,434,894)	(556,414)	(173,315)
Cash paid for intangible assets	(2,561,177)	(606,297)	-	-
Proceed from disposal of equipment (cash flows information 2)	2,804	-	2,804	-
Net cash provided by (used in) investing activities	21,563,303	(1,311,727,512)	575,846,365	(817,599,830)
CASH FLOWS FROM FINANCING ACTIVITIES				
Increase (decrease) in bank overdrafts and short - term loans from financial institutions	(1,969,129,269)	830,101,139	(1,523,375,043)	74,431,327
Cash received for long - term loans	1,645,957,583	955,862,500	909,500,000	645,000,000
Cash paid for long - term loans	(156,793,745)	-	(4,155,000)	-
Cash paid for liabilities under finance lease agreements	(870,906)	(10,036)	-	-
Net cash provided by (used in) financing activities	(480,836,337)	1,785,953,603	(618,030,043)	719,431,327
Exchange differences on translating financial statements	(25,678,688)	12,053,034	-	-
Net increase (decrease) in cash and cash equivalents	(273,644,138)	92,634,724	59,175,675	21,713,178
Cash and cash equivalents, beginning of period	711,205,019	178,308,991	265,881,281	34,042,073
Cash and cash equivalents, end of period	437,560,881	270,943,715	325,056,956	55,755,251

The accompanying notes are an integral part of these interim financial statements.

 (Mr. Anavin Jiratomsiri) Director

 (Ms. Koo Man Wai) Director

(Unaudited)

CHOW STEEL INDUSTRIES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2017

	In Baht			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
<u>SUPPLEMENT DISCLOSURE OF CASH FLOWS INFORMATION</u>				
<u>1. Cash paid for acquisition of plant and equipment</u>				
Acquisition of plant and equipment during the period	222,566,182	329,400,163	556,414	173,315
<u>Adjust</u> Increase in advance payment for machinery				
Capitalized interest	(24,209,829)	(965,269)	-	-
Cash paid for acquisition of plant and equipment	<u>198,356,353</u>	<u>328,434,894</u>	<u>556,414</u>	<u>173,315</u>
<u>2. Proceeds from disposal of equipment</u>				
Disposal of equipment during the period	2	-	2	-
Gain on disposal of equipment	2,802	-	2,802	-
Proceeds from disposal of equipment	<u>2,804</u>	<u>-</u>	<u>2,804</u>	<u>-</u>

The accompanying notes are an integral part of these interim financial statements.

(Mr. Anavin Jiratomsiri) Director

(Ms. Koo Man Wai) Director

**CHOW STEEL INDUSTRIES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2017 (UNAUDITED)**

1. GENERAL INFORMATION

Chow Steel Industries Public Company Limited (“the Company”) was incorporated in Thailand. The principal business operation of the Company is to produce and sell of steel billet. Its major shareholders are Jiratomsiri’s Group (owned 66%). The address of its registered office is located at as follows:

- Head Office is located at 2525 FYI Center, Tower 2, 10th Floor, Unit 2/1006 - 1008, Rama 4 Road, Khlongtoei Sub - district, Khlongtoei District, Bangkok.
- Branch 1 is located at 518/1 Moo 9, Nongki Sub - district, Kabinburi District, Prachinburi.
- Branch 2 is located at 518/3 Moo 9, Nongki Sub - district, Kabinburi District, Prachinburi.

The Company was listed on the Stock Exchange of Thailand on 21 December 2011 and the Company’s stocks were traded on the MAI (Market of Alternative Investment).

2. BASIS FOR INTERIM FINANCIAL STATEMENTS PREPARATION

The interim financial statements are prepared on a condensed basis in accordance with Thai Accounting Standard (TAS) No. 34 (revised 2016) Interim Financial Reporting; guidelines promulgated by the Federation of Accounting Professions (FAP); and applicable rules and regulations of the Thai Securities and Exchange Commission.

The interim financial statements are prepared to provide an update on the financial statements for the year ended 31 December 2016. They do not include all of the financial information required for full annual financial statements but focus on new activities, events and circumstances to avoid repetition of information previously reported. Accordingly, these interim financial statements should be read in conjunction with the financial statements for the year ended 31 December 2016.

The preparation of interim financial statements in conformity with Thai Financial Reporting Standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Basis for interim consolidation

The interim consolidated financial statements included the financial statements of the Company and its subsidiaries and have been prepared on the same basis as that applied for the consolidated financial statements for the year ended 31 December 2016, with no structural changes related to subsidiaries occurring during the current period.

For the convenience of the user, an English translation of the financial statements has been prepared from the statutory financial statements that are issued in the Thai language.

The consolidated financial statements relate to Chow Steel Industries Public Company Limited and subsidiaries and joint ventures (together referred to as the “the Group”). Details of the Company’s subsidiaries and joint ventures are as follows:

	Registered Country	Percentage of Holding (%)		Nature of Business
		31 March 2017	31 December 2016	
<u>Subsidiaries directly owned by the Company</u>				
Vertex Logistics Service Co., Ltd. (“VTL”)	Thailand	40	40	Logistic service
Chow Energy Plc. (“CE”)	Thailand	87.36	87.36	Holding company invested in Power Supply

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	Registered Country	Percentage of Holding (%)		Nature of Business
		31 March 2017	31 December 2016	
<u>Subsidiaries indirectly owned by the Company</u>				
<u>Holding by CE</u>				
Chow International Co., Ltd. (“CI”)	Thailand	100	100	Holding company Consulting to international investment
Premier Solution Co., Ltd. (“PSCL”)	Thailand	100	100	
<u>Holding by PSCL</u>				
Premier Solution Japan K.K. (“PSJP”)	Japan	100	100	Construction of Power generation
Premier Solution GmbH. (“PSGM”)	Germany	100	100	Project Insurance with regard to renewable energy project
<u>Holding by PSJP</u>				
AE Solar Godo Kaisha (“AE”)	Japan	100	100	Power generation and distribution
Sun Energy Godo Kaisha (“SUN”)	Japan	100	100	Support solar project investment in Japan
Sol Power Godo Kaisha (“SOL”)	Japan	100	100	Support solar project investment in Japan
Sun Partner Japan Godo Kaisha (“Sun Partner”)	Japan	100	100	Support solar project investment in Japan
CC Hamada Solar Godo Kaisha (CC “Hamada”)	Japan	100	100	Support solar project investment in Japan
<u>Joint Ventures</u>				
<u>Holding by CI</u>				
RICI International Investment Pte., Ltd. (“RICI”)	Singapore	40	40	Investment in Power generation
<u>Holding by PSCL</u>				
Overseas Green Energy Co., Ltd. (“OGE”)	Thailand	40	40	Management in Power generation

The Group is currently in process of extension business by investing in renewable power, which may establish several companies in form of subsidiary, and/or associate and/or joint venture to perform feasibility studies and invest in renewable power business in the future. The Company or subsidiary will be one of investors of such established companies.

Investment in subsidiaries during the year 2016

In November 2016, PSJP investment in CC Hamada solar Godo Kaisha (“CC Hamada”) at cost of Baht 3,136 (Yen 10,000), represented 100% of the registered share capital.

The significant transactions between the Company and the subsidiaries have been eliminated in the consolidated financial statements.

For the convenience of the user, an English translation of the financial statements has been prepared from the statutory financial statements that are issued in the Thai language.

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3. NEW FINANCIAL REPORTING STANDARDS

Financial Reporting Standards which are effective in current period

During the period, the Group has adopted the revised financial reporting standards and interpretations (revised 2016) and new accounting treatment guidance which is effective for fiscal years beginning on or after 1 January 2017. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Group's financial statements.

4. TRANSACTIONS WITH RELATED PERSON AND COMPANIES

4.1 Balances of transactions with subsidiary, related persons and companies

Balances of transactions among the Company with subsidiary, related persons and companies as at 31 March 2017 and 31 December 2016 are as follows:

	In Baht			
	Consolidated		Separate	
	31 March 2017	31 December 2016	31 March 2017	31 December 2016
<u>Trade receivables (Note 6)</u>				
Related companies	100,312,793	100,312,793	-	-
<u>Other receivables (Note 6)</u>				
Subsidiaries	-	-	159,396,344	149,996,911
Related companies	12,850,112	288,900	-	-
Total	12,850,112	288,900	159,396,344	149,996,911
<u>Short-term loan to</u>				
Subsidiaries				
Balance, beginning of the period/year	-	-	3,241,131,021	1,826,779,332
<u>Add</u> Increase during the period/year	-	-	700,000,000	6,520,858,385
<u>Less</u> Decrease during the period/year	-	-	(1,232,195,370)	(5,106,506,696)
Balance, end of the period/year	-	-	2,708,935,651	3,241,131,021
<u>Trade payables (Note 17)</u>				
Subsidiary	-	-	1,903,121	645,541
<u>Other payables (Note 17)</u>				
Related person	41,471	14,945	41,471	14,945
Subsidiary	-	-	13,546,092	13,226,914
Related company	253,992	686,263	23,000	97,900
Total	295,463	701,208	13,610,563	13,339,759

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	In Baht			
	Consolidated financial statements		Separate financial statements	
	31 March 2017	31 December 2016	31 March 2017	31 December 2016
<u>Short-term loan from</u>				
Related company				
Balance, beginning of the period/year	-	2,000,000	-	-
<u>Less</u> Decrease during the period/year	-	(2,000,000)	-	-
Balance, end of the period/year	-	-	-	-
Related person				
Balance, beginning of the period/year	-	2,000,000	-	-
<u>Less</u> Decrease during the period/year	-	(2,000,000)	-	-
Balance, end of the period/year	-	-	-	-
Total	-	-	-	-

4.2 Revenues and expenses transactions with related parties

Revenues and expenses transactions among the Company with subsidiaries, related person and companies for the three-month periods ended 31 March are as follows:

	In Baht			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
<u>Rental income</u>				
Subsidiaries	-	-	1,451,075	327,956
<u>Interest income</u>				
Subsidiaries	-	-	56,674,080	48,754,509
<u>Transportation expense</u>				
Subsidiaries	-	-	8,001,766	13,974,298
<u>Legal fee</u>				
Related company	1,054,730	983,000	702,000	893,000
<u>Directors and management's benefits</u>	4,415,435	3,649,986	2,815,435	1,963,236

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5. CASH AND CASH EQUIVALENTS

	In Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2017	31 December 2016	31 March 2017	31 December 2016
Cash	180,516	215,046	67,110	99,766
Current deposits	326,658,482	50,802,676	323,935,355	49,254,914
Saving deposits	110,625,532	660,091,331	1,044,382	216,516,492
Fixed deposits	96,351	95,966	10,109	10,109
Total	<u>437,560,881</u>	<u>711,205,019</u>	<u>325,056,956</u>	<u>265,881,281</u>

6. TRADE AND OTHER RECEIVABLES

	In Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2017	31 December 2016	31 March 2017	31 December 2016
Trade receivables - related companies (Note 4.1)	100,312,793	100,312,793	-	-
Trade receivables - other companies	943,043,663	868,372,033	626,273,194	565,801,784
Total trade receivables	<u>1,043,356,456</u>	<u>968,684,826</u>	<u>626,273,194</u>	<u>565,801,784</u>
Other receivables - related companies (Note 4.1)	12,850,112	288,900	159,396,344	149,996,911
Other receivables - other companies	90,689,005	335,141,516	667,581	1,956,354
Prepaid expenses	46,854,518	36,225,408	4,850,805	4,933,147
Advances payment for inventories	10,215,015	74,190,794	4,977,510	717,329
Advance payment	526,745	11,804,349	-	-
Total other receivables	<u>161,135,395</u>	<u>457,650,967</u>	<u>169,892,240</u>	<u>157,603,741</u>
Total	<u>1,204,491,851</u>	<u>1,426,335,793</u>	<u>796,165,434</u>	<u>723,405,525</u>

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Trade receivables classify by aging as at 31 March 2017 and 31 December 2016 are as follows:

	In Baht			
	Consolidated financial statements		Separate financial statements	
	31 March 2017	31 December 2016	31 March 2017	31 December 2016
Trade receivables - related companies				
Within credit terms	-	18,204,460	-	-
Overdue:				
Less than 3 months	18,204,460	-	-	-
6 - 12 months	-	13,416,956	-	-
Over 12 months	82,108,333	68,691,377	-	-
Total trade receivables - related companies	<u>100,312,793</u>	<u>100,312,793</u>	-	-
Trade receivables - other companies				
Within credit terms	511,635,138	517,150,486	448,727,188	355,513,467
Overdue:				
Less than 3 months	278,038,196	188,486,823	91,698,471	129,639,278
3 - 6 months	84,548,595	78,865,099	80,847,535	75,649,039
6 - 12 months	1,187,918	78,844,378	-	-
Over 12 months	79,638,799	6,080,442	5,000,000	5,000,000
Total trade receivables - other companies	955,048,646	869,427,228	626,273,194	565,801,784
<u>Less</u> Allowance for doubtful accounts	<u>(12,004,983)</u>	<u>(1,055,195)</u>	-	-
Trade receivables - other companies	<u>943,043,663</u>	<u>868,372,033</u>	<u>626,273,194</u>	<u>565,801,784</u>
Total Trade receivables	<u>1,043,356,456</u>	<u>968,684,826</u>	<u>626,273,194</u>	<u>565,801,784</u>

At the stage of development solar power projects in Japan, the Company appointed a lawyer firm in Japan to be an Escrow Agent to maintain Escrow Accounts that opened with a Japanese bank on behalf of the Escrow Agent for the purpose to use for the solar power generation business in Japan. The Company is the authorized person for approval of disbursements. In addition, the Company has no right to receive the interest from such Escrow Accounts. As at 31 March 2017 the Group has the outstanding balance of Escrow Accounts of Baht 0.39 million, which included in "Other receivables - other companies" in the consolidated financial statements (31 December 2016: amounting to Baht 220.35 million).

The management of the Group believes that allowance for doubtful debts in the financial statements is adequate in the current circumstances.

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7. INVENTORIES

Consolidated financial statements

	In Baht					
	Cost		Allowance for diminution of inventories		Inventories - net	
	31 March 2017	31 December 2016	31 March 2017	31 December 2016	31 March 2017	31 December 2016
Finished goods	646,319,457	654,611,244	(23,837,945)	(22,368,861)	622,481,512	632,242,383
Raw materials	137,511,295	53,105,766	-	-	137,511,295	53,105,766
Supplementary						
Material	70,508,249	34,667,649	(4,898,632)	(4,898,632)	65,609,617	29,769,017
Supplies	69,342,276	70,969,341	(528,307)	(528,307)	68,813,969	70,441,034
Total	<u>923,681,277</u>	<u>813,354,000</u>	<u>(29,264,884)</u>	<u>(27,795,800)</u>	<u>894,416,393</u>	<u>785,558,200</u>

Separate financial statements

	In Baht					
	Cost		Allowance for diminution of inventories		Inventories - net	
	31 March 2017	31 December 2016	31 March 2017	31 December 2016	31 March 2017	31 December 2016
Finished goods	449,009,527	412,254,177	(23,837,945)	(22,368,861)	425,171,582	389,885,316
Raw materials	80,762,437	53,105,766	-	-	80,762,437	53,105,766
Supplementary						
Material	41,829,025	34,667,649	(4,898,632)	(4,898,632)	36,930,393	29,769,017
Supplies	69,342,276	70,969,341	(528,307)	(528,307)	68,813,969	70,441,034
Total	<u>640,943,265</u>	<u>570,996,933</u>	<u>(29,264,884)</u>	<u>(27,795,800)</u>	<u>611,678,381</u>	<u>543,201,133</u>

During the period, the Company recognized reversal of allowance for diminution of inventory amounted to Baht 1.47 million which was included in cost of sales.

8. PROJECT COSTS UNDER DEVELOPMENT

	In Baht			
	Consolidated financial statements		Separate financial statements	
	31 March 2017	31 December 2016	31 March 2017	31 December 2016
Project costs under development	1,358,363,868	1,015,373,842	-	-
Capitalized interest	18,092,113	71,217,091	-	-
Total	<u>1,376,455,981</u>	<u>1,086,590,933</u>	<u>-</u>	<u>-</u>

The Group is developing the generating projects from renewable energy in Japan.

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9. RESTRICTED DEPOSIT AT FINANCIAL INSTITUTIONS

As at 31 March 2017, the Group had deposit - saving accounts of Baht 107.12 million (31 December 2016 of Baht 96.99 million) in borrowing from financial institutions (Note 18). The financial institution has set the conditions for withdrawal such accounts must be informed by the bank prior to withdrawal.

10. DEPOSITS PLEDGED AS COLLATERAL

As at 31 March 2017, the Group and the Company have fixed deposits of baht 2,673.59 million and Baht 128.79 million, respectively (31 December 2016 : Baht 2,906.20 million and Baht 172.99 million, respectively) were pledged as collateral for performance guarantee and payment of electricity fee (Note 24) and loans facilities from financial institutions (Notes 16 and 18).

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11. INVESTMENT IN SUBSIDIARIES

Separate financial statements

Company's name	Nature of business	Paid-up share capital (Million Baht)		Percentage of holding (%)		In Baht	
		31 March 2017	31 December 2016	31 March 2017	31 December 2016	Investment - At cost	
						31 March 2017	31 December 2016
Vertex Logistics Service Co., Ltd.	Logistics	18.00	18.00	40.00	40.00	7,200,000	7,200,000
Chow Energy Public Co., Ltd.	Holding company invests in Power Supply	570.00	570.00	87.36	87.36	<u>440,085,391</u>	<u>440,085,391</u>
					Total	<u>447,285,391</u>	<u>447,285,391</u>

The Company has power of control in Vertex Logistics Service Co., Ltd. therefore, the Company accounted for as a subsidiary and included in the preparation of the Group's consolidated financial statements.

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12. INVESTMENT IN JOINT VENTURES

12.1 Details of joint ventures

Company's name	Nature of business	Country of incorporation	In Baht					
			Share holding percentage (%)		Consolidated financial statements			
					At Cost		At Equity Method	
			31 March 2017	31 December 2016	31 March 2017	31 December 2016	31 March 2017	31 December 2016
Overseas Green Energy Co., Ltd.	Management in Power generation	Thailand	40	40	6,400,000	6,400,000	7,816,796	4,257,385
RICI International Investment Pte. Ltd.	Investment in Power generation	Singapore	40	40	206,050,000	206,050,000	209,353,059	211,627,966
Total					212,450,000	212,450,000	217,169,855	215,885,351

12.2 Summarized financial information of joint ventures

Financial information of the joint ventures are summarized below:

Company's name	In Baht									
	Issued and paid - up capital (including share premium)		Total assets		Total liabilities		Total revenues for the three - months period ended 31 March		Profit (loss) for the three - months period ended 31 March	
	31 March 2017	31 December 2016	31 March 2017	31 December 2016	31 March 2017	31 December 2016	2017	2016	2017	2016
Overseas Green Energy Co., Ltd.	16,000,000	16,000,000	30,249,658	18,967,647	7,462,696	1,659,688	10,425,407	3,756,697	8,898,525	1,488,414
RICI International Investment Pte. Ltd.	515,125,000	515,125,000	549,773,559	599,350,442	779,985	1,100,890	-	-	(5,687,266)	(1,574,901)
Total	531,125,000	531,125,000	580,023,217	618,318,089	8,242,681	2,760,578	10,425,407	3,756,697	3,211,259	(86,487)

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12.3 Share of profit (loss)

During the period, the Group has recognized its share of profit (loss) from investments in joint venture in the consolidated financial statements for the three - months period ended 31 March as follows:

Company's name	In Baht	
	Consolidated financial statements	
	Share of profit (loss)	
	2017	2016
Overseas Green Energy Co., Ltd.	3,559,410	595,366
RICI International Investment Pte. Ltd.	(2,274,906)	(1,185,829)
Total	<u>1,284,504</u>	<u>(590,463)</u>

	In Baht	
	Consolidated financial statements	
	31 March 2017	31 December 2016
Changes in investments in joint ventures		
Beginning balance of period/year	215,885,351	217,092,272
Share of profit (loss)	<u>1,284,504</u>	<u>(1,206,921)</u>
Ending balance of period/year	<u>217,169,855</u>	<u>215,885,351</u>

13. PROPERTY, PLANT AND EQUIPMENT

	In Baht	
	Consolidated financial statements	Separate financial statements
For the three - months period ended 31 March 2017		
Net book value, beginning of period	5,187,096,346	1,037,545,164
Acquisition of assets	222,566,182	556,414
Less Disposals/transfer	(564,121,296)	(2)
Depreciation	(49,140,264)	(26,754,965)
Accumulated exchange differences on translating Financial statements	<u>8,516,644</u>	<u>-</u>
Net book value, end of period	<u>4,804,917,612</u>	<u>1,011,346,611</u>

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As at 31 March 2017 and 31 December 2016, net book value of property, plant and equipment of the Group amounting to Baht 2,687.21 million and Baht 1,490.49 million, respectively, are mortgaged as collateral for loans from financial institutions (Notes 16 and 18).

As at 31 March 2017 and 31 December 2016, assets under finance lease agreements included above, comprise of vehicle and office equipment with net book value of Baht 27.51 million and Baht 28.99 million, respectively.

As at 31 March 2017 and 31 December 2016, net book value of property, plant and equipment of the Company amounting to Baht 863.32 million and Baht 884.20 million, respectively are mortgaged as collateral for loans from financial institutions (Notes 16 and 18).

The Company arranged for an independent professional value to appraise the value of certain assets in 2015. The bases of the revaluation Land were revalued using the market approach.

14. INTANGIBLE ASSETS

	In Baht	
	Consolidated financial statements	Separate financial statements
For the three - months period ended 31 March 2017		
Net book value, beginning of period	518,833,999	1
Additions	2,561,177	-
Transfer in	393,216,811	-
Amortization	(8,546,927)	-
Accumulate exchange differences on translating financial statements	(7,841,191)	-
Net book value, end of period	<u>898,223,869</u>	<u>1</u>

15. OTHER NON - CURRENT ASSETS

	In Baht			
	Consolidated financial statements		Separate financial statements	
	31 March 2017	31 December 2016	31 March 2017	31 December 2016
Share purchase deposit	33,670,000	33,670,000	-	-
Investment in the project	9,338,781	18,014,366	-	-
Other deposit	46,307,389	21,929,182	2,099,910	2,093,910
Prepaid land rental	21,513,816	4,619,258	-	-
Withholding taxes	4,950,213	4,371,218	4,950,213	4,371,218
<u>Less</u> Allowance for doubtful accounts	<u>(16,835,000)</u>	<u>(16,835,000)</u>	<u>-</u>	<u>-</u>
Total other non - current assets	<u>98,945,199</u>	<u>65,769,024</u>	<u>7,050,123</u>	<u>6,465,128</u>

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Share purchase deposit

The Board of Directors' Meeting of Chow Steel Industries Public Company Limited on 9 June 2015 passed a resolution to have Chow International Company Limited invested in solar power project in Republic of the Philippines. The project size is approximately 25 megawatt and the project value is approximately Baht 1,500 million. The Company appointed Premier Solution Company Limited to be the solar power developer of Chow International Company Limited.

On 19 June 2015, Premier Solution Company Limited had paid USD 1 million (Baht 33.7 million) for share purchase deposit of a company in Republic of the Philippines. Such deposit could be half regained when the Company cancel the due diligence.

16. BANK OVERDRAFTS AND SHORT - TERM LOANS FROM FINANCIAL INSTITUTIONS

	In Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2017	31 December 2016	31 March 2017	31 December 2016
Overdrafts	1,861,912,246	1,853,037,618	6,643,036	-
Bills of exchange	1,194,114,271	3,124,499,023	1,135,314,271	2,617,713,205
Short - term loans	568,630,981	616,250,126	568,630,981	616,250,126
Total	<u>3,624,657,498</u>	<u>5,593,786,767</u>	<u>1,710,588,288</u>	<u>3,233,963,331</u>

As at 31 March 2017, the Group and the Company have overdraft and short - term loan facilities of Baht 10,217.02 million and Baht 9,140.00 million, respectively, (31 December 2016 : Baht 9,695.12 million and Baht 8,118.25 million, respectively), bear interest at the rate of MMR, Prime+1% per annum.

The overdrafts and short - term loans from financial institutions are secured by fixed deposits (Note 10), property, plant and equipment (Note 13) and guarantee by the director.

As at 31 March 2017, the Group and the Company have unsecured bills of exchange of Baht 1,194.11 million and Baht 1,135.31 million, respectively, the rate of interest was 2.82% - 6.00% per annum (31 December 2016: the Group of the Company had unsecured bills of exchange with interest rate at 3.90% - 5.50% per annum of Baht 3,124.50 million and Bath 2,617.71 million, respectively.)

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17. TRADE AND OTHER PAYABLES

	In Baht			
	Consolidated Financial statements		Separate Financial statements	
	31 March 2017	31 December 2016	31 March 2017	31 December 2016
Trade payables - related companies (Note 4.1)	-	-	1,903,121	645,541
Trade payables - other companies	326,298,911	178,635,017	58,270,506	20,044,201
Other payables				
Advance received	282,234,438	-	180,257,923	-
Accrued expenses	39,575,319	63,333,247	23,748,384	14,598,219
Other payables - related companies (Note 4.1)	295,463	701,208	13,610,563	13,339,759
Other payables - other companies	58,786,480	169,624,065	39,331,012	39,331,012
Total Other payables	380,891,700	233,658,520	256,947,882	67,268,990
Total trade and other - payables	707,190,611	412,293,537	317,121,509	87,958,732

18. LONG - TERM LOANS FROM FINANCIAL INSTITUTIONS

	In Baht			
	Consolidated financial statements		Separate financial statements	
	31 March 2017	31 December 2016	31 March 2017	31 December 2016
Long - term loans from financial institutions				
Long - term loan - classified as current liabilities	58,672,165	62,703,612	58,672,165	62,703,612
Current portion				
- Loan from financial institutions	2,296,696,005	223,383,929	16,071,497	16,035,712
- Debentures	593,154,721	595,886,666	593,154,721	595,886,667
Total current portion	2,889,850,726	819,270,595	609,226,218	611,922,379
Long - term				
- Loan from financial institutions	2,192,709,382	3,695,512,033	-	-
- Debentures	2,130,928,777	1,224,008,116	2,031,145,444	1,124,274,783
Total long - term portion	4,323,638,159	4,919,520,149	2,031,145,444	1,124,274,783
Total long - term loans from financial Institutions	7,272,161,050	5,801,494,356	2,699,043,827	1,798,900,774

CHOW STEEL INDUSTRIES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE - MONTHS PERIOD ENDED 31 MARCH 2017 (UNAUDITED)

18.1 Long - term loans from financial institutions

	In Baht			
	Consolidated financial statements		Separate financial statements	
	31 March 2017	31 December 2016	31 March 2017	31 December 2016
Long - term loans from financial institutions	4,548,077,552	3,981,599,574	74,743,662	78,739,324
<u>Less</u> Current portion	(2,296,696,005)	(223,383,929)	(16,071,497)	(16,035,712)
<u>Less</u> Long - term loan classified as current liabilities	(58,672,165)	(62,703,612)	(58,672,165)	(62,703,612)
Long - term loans	<u>2,192,709,382</u>	<u>3,695,512,033</u>	<u>-</u>	<u>-</u>

As at 31 March 2017, loans from financial institutions of Baht 4,548.08 million (31 December 2016: Baht 3,981.60 million) bear interest at the rate of MLR - 0.5% per annum. The loans will be repaid on a monthly basis as stipulated in the loan agreements. Such credit facilities are guaranteed by fixed deposits (Note 10) and property, plant and equipment (Note 13) and guarantee by the director.

The movements of long-term loans from financial institutions for the three - months period ended 31 March 2017 are as follows:

	In Baht	
	Consolidated financial statements	Separate financial statements
Transactions during the three - month period ended 31 March 2017		
Balance, beginning of the period	3,981,599,574	78,739,324
Additions of loan	736,457,583	-
Loans payments	(156,793,745)	(4,155,000)
Amortization of bank fee	341,740	159,338
Unrealized loss on foreign exchange rate	(5,138,523)	-
Exchange differences on translating financial statement	(8,389,077)	-
Balance, end of the period	<u>4,548,077,552</u>	<u>74,743,662</u>

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NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)
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The maturity periods of long - term loans from financial institutions are as follows:

	In Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2017	31 December 2016	31 March 2017	31 December 2016
Current portion	2,296,696,005	223,383,929	16,071,497	16,035,712
Current liabilities	58,672,165	62,703,612	58,672,165	62,703,612
Total portion within 1 year	<u>2,355,368,170</u>	<u>286,087,541</u>	<u>74,743,662</u>	<u>78,739,324</u>
Due within 1 - 3 years	235,093,195	1,847,429,031	-	-
Due within 3 - 5 years	183,041,535	250,406,819	-	-
Due over 5 years	1,774,574,652	1,597,676,183	-	-
Total portion over 1 year	<u>2,192,709,382</u>	<u>3,695,512,033</u>	<u>-</u>	<u>-</u>
Total long - term loans from financial Institutions	<u>4,548,077,552</u>	<u>3,981,599,574</u>	<u>74,743,662</u>	<u>78,739,324</u>

The loan agreement contains normal covenants pertaining to matters such as the maintenance of a certain Debt to - equity ratio. According to the conditions stipulated in the loan agreements, the Company agrees not to mortgage or otherwise encumber its assets with any other parties throughout the loan period. In addition, the Company has to comply with certain covenants, pertaining to matters such as maintaining certain financial ratios. As at the end of the reporting period, the Company was unable to maintain certain financial ratios as stipulated in the loan agreements, to comply with generally accepted accounting principles, the Company therefore reclassified such loan as current liabilities.

CHOW STEEL INDUSTRIES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE - MONTHS PERIOD ENDED 31 MARCH 2017 (UNAUDITED)

During the period 2017 and 2016, the Company and its subsidiaries entered into the long-term loans agreements with the financial institutions as follows:

Lender	Borrower	Loan Amount	Period	Interest rate (%)	Repayment	Collateral	Objective of loan
A local bank in Thailand	The Company	A loan limit of Baht 91.25 million	6 years	BIBOR plus 3.5% per annum	Repay every months at the repayment amount as stipulated in the loan agreement. The first installment will be paid at the end of the 7 th months from the date of drawdown loan and the last installment will be due in March 2021.	Pledged by the bank deposit and a subsidiary's shares	Equity Finance to invest in subsidiaries for Solar Power Plant in Japan.
A local bank in Thailand	The Company	As at 31 December 2015, the Company withdrew the loan of Yen 2,500.00 million, (equivalent to Baht 696.5 million) and at 31 March 2017 the Company repaid total amount of loan.	5 years	Cost of Funds plus 1.0% per annum	Repay every 6 months at the repayment amount as stipulated in the Loan agreement. The first installment will be due in March 2017.	Pledged by Bill of Exchange each of the drawdown loan	Construction Finance for Solar Power Plant in Japan.
A bank in Japan	A subsidiary in Japan	A loan limit of Yen 983.00 million	15 years	The interest is repayment on the amount specified in the loan agreement with the fixed interest rate.	The repayment period of 28 installations, the first installment is due on 29 April 2017 and the final installment will be due on 31 October 2029.	- Mortgage machinery and equipment of the power plant project. - Reassignment of charge from the sale of electricity.	Construction Finance for Solar Power Plant in Japan.

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Lender	Borrower	Loan Amount	Period	Interest rate (%)	Repayment	Collateral	Objective of loan
A local bank in Thailand	A subsidiary in Thailand	A loan limit of Yen 3,060.00 million	1 year 3 months	The interest is repayment on the amount specified in the loan agreement with JPY TIBOR plus fixed interest rate	The loan is repayment in full on the due date	The guarantee of bank deposits and shares of director	Construction Finance for Solar Power Plant in Japan.
A local bank in Thailand	A subsidiary in Thailand	A loan limit of Yen 6,820.00 million	2 years	The interest is repayment on the amount specified in the loan agreement with JPY TIBOR plus fixed interest rate	The loan is repayment in full on the due date	The guarantee of bank deposits and shares of director	Construction Finance for Solar Power Plant in Japan.
A bank in Japan	A subsidiary in Japan	A loan limit of Yen 1,120.00 million	17 years	The interest is repayment on the amount specified in the loan agreement with JPY TIBOR plus fixed interest rate	The repayment period is 34 installments with the first installment due on 30 June 2016 and the final installment will be due on 24 December 2032.	<ul style="list-style-type: none"> - Mortgage machinery and equipment of the power plant project - Reassignment of charge from the sale of electricity. 	Construction Finance for Solar Power Plant in Japan.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE - MONTHS PERIOD ENDED 31 MARCH 2017 (UNAUDITED)

Lender	Borrower	Loan Amount	Period	Interest rate (%)	Repayment	Collateral	Objective of loan
A bank in Japan	A subsidiary in Japan	A loan limit of Yen 291.55 million	17 years	The interest is repayment on the amount specified in the loan agreement with JPY TIBOR plus fixed interest rate	The repayment period is 34 installments with the first installment due on 31 March 2017 and the final installment will be due on 29 September 2033	<ul style="list-style-type: none"> - Mortgage machinery and equipment of the power plant project - Reassignment of charge from the sale of electricity. 	Construction Finance for Solar Power Plant in Japan.
A bank in Japan	A subsidiary in Japan	A loan limit of Yen 711.00 million	16 years	The interest is repayment on the amount specified in the loan agreement with JPY TIBOR plus fixed interest rate	The repayment period is 32 installments with the first installment due on 30 June 2017 and the final installment will be due on 15 December 2032.	<ul style="list-style-type: none"> - Mortgage machinery and equipment of the power plant project - Reassignment of charge from the sale of electricity. 	Construction Finance for Solar Power Plant in Japan.
A branch in Japan of a bank in South Korea	A subsidiary in Japan	A loan limit of Yen 4,854.00 million	18 years	The interest is repayment on the amount specified in the loan agreement with JPY TIBOR plus fixed interest rate	The repayment period of 36 installations, the first installment is due in January 2018 and the final installment will be due in December 2035.	<ul style="list-style-type: none"> - Mortgage machinery and equipment of the power plant project - Reassignment of charge from the sale of electricity. 	Construction Finance for Solar Power Plant in Japan.

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Lender	Borrower	Loan Amount	Period	Interest rate (%)	Repayment	Collateral	Objective of loan
A local bank in Thailand	A subsidiary in Thailand	A loan limit of Yen 1,000.00 million	2 years	The interest is repayment on the amount specified in the loan agreement with JPY TIBOR plus fixed interest rate	Full repayments of loans in 2016	The guarantee of bank deposits	Construction Finance for Solar Power Plant in Japan.

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18.2 Debentures

				In Baht		
				Consolidated financial statements	Separate financial statements	
Balance, beginning of the period				1,819,894,782	1,720,161,450	
Issue of debentures				909,500,000	909,500,000	
Debenture issuance fee				(18,816,500)	(18,816,500)	
Amortization of debenture fee				13,505,216	13,455,215	
Balance, end of the period				<u>2,724,083,498</u>	<u>2,624,300,165</u>	

Limit	Issuer	Issued date	Due date	Loan Amount (Million Baht)	Interest rate (% per annum)	Objective of loan
1.	The Company	25 June 2016	25 December 2016	600.00	5.15	Working capital used in the operation both short - term and long - term
2.	The Company	25 June 2015	25 June 2017	600.00	5.25	Working capital used in the operation both short - term and long - term
3.	The Company	27 November 2015	26 November 2020	100.00	5.60	Working capital used in the operation both short - term and long - term
4.	The Company	11 January 2016	14 November 2018	645.00	5.25	Working capital used in the operation both short - term and long - term
5.	The Company	31 August 2016	30 August 2018	180.00	5.10	Working capital used in the operation both short - term and long - term
6.	The Company	21 October 2016	3 October 2018	200.00	5.10	Working capital used in the operation both short - term and long - term
7.	A subsidiary in Thailand	4 November 2016	2 May 2018	100.00	4.50	Working capital used in the operation both short - term and long - term
8.	The Company	10 February 2017	10 February 2019	859.50	6.00	Working capital used in the operation both short - term and long - term
9.	The Company	14 February 2017	14 February 2019	50.00	6.00	Working capital used in the operation both short - term and long - term

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FOR THE THREE - MONTHS PERIOD ENDED 31 MARCH 2017 (UNAUDITED)

19. LIABILITIES UNDER FINANCE LEASE AGREEMENTS

	In Baht			
	Consolidated financial statements		Separate financial statements	
	31 March 2017	31 December 2016	31 March 2017	31 December 2016
Liabilities under finance lease agreements	9,723,676	10,773,123	-	-
<u>Less</u> Deferred interest charges	(828,480)	(1,007,021)	-	-
Total	8,895,196	9,766,102	-	-
<u>Less</u> Current portion	(3,650,004)	(3,584,397)	-	-
Liabilities under finance lease agreements	<u>5,245,192</u>	<u>6,181,705</u>	<u>-</u>	<u>-</u>

The ownership of assets under finance lease agreements will be transferred to the Company when the last installment is paid.

A subsidiary entered into the agreement with a financial institution to transfer right in collection from parent company for settlement of finance lease liabilities.

20. EMPLOYEE BENEFIT OBLIGATIONS

The reconciliations of retirement benefit obligations for the three - months period ended 31 March 2017 are as follows:

	In Baht	
	Consolidated financial statements	Separate financial statements
Balance, beginning of the period	5,228,084	4,601,827
Current service cost and interest cost	465,258	332,812
Balance, end of the period	<u>5,693,342</u>	<u>4,934,639</u>

21. NON - CONTROLLING INTERESTS

	In Baht
	Consolidated financial statements
	31 March 2017
Balance, beginning of period	76,118,505
Share of loss	(6,442,140)
Balance, the end of period	<u>69,676,365</u>

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22. INCOME TAX

	In Baht	
	Consolidated financial statements	
	2017	2016
For the three - months period ended 31 March		
Current income tax	4,799,707	7,085,836
Deferred tax	(437,032)	(1,645,592)
Income tax expense	<u>4,362,675</u>	<u>5,440,244</u>

Deferred tax is presented in the statements of financial position as follows:

	In Baht			
	Consolidated financial statements		Separate financial statements	
	31 March 2017	31 December 2016	31 March 2017	31 December 2016
<u>Deferred tax assets</u>				
Finance lease agreements	228,336	228,336	-	-
Gain from the sale and leaseback	1,503,915	1,503,915	-	-
Employee benefit obligations	107,825	125,252	-	-
Accumulated tax losses	<u>5,434,056</u>	<u>4,979,597</u>	<u>-</u>	<u>-</u>
Total	<u>7,274,132</u>	<u>6,837,100</u>	<u>-</u>	<u>-</u>
<u>Deferred tax liabilities</u>				
Revaluation surplus on land	<u>(13,657,831)</u>	<u>(13,657,831)</u>	<u>(13,657,831)</u>	<u>(13,657,831)</u>

As at 31 March 2017 and 31 December 2016, the deferred tax liabilities of Baht 13.7 million from revaluation surplus on land, which presented by offset with revaluation surplus on land, was presented in other components of equity.

23. SEGMENT INFORMATION

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 Group is engaged in the business of manufacturing and distribution of steel billet and logistic service and operates in one geographical area in Thailand. The Group also engaged in the business of investment and consultant for Renewable power which operated in one geographical area in Japan. The segment information can be classified into 2 segments as follows:

- a: Segment relating to distribution of steel billet
- b: Segment relating to investment and consultant for Renewable power

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Revenues and expenses classified by segment for the three - months period ended 31 March 2017 and 2016 are as follows:

	In Million Baht					
	2017			2016		
	a	b	Total	a	b	Total
Sales and service income	429.89	183.85	613.74	659.57	581.89	1,241.46
Profit (loss) from segment	54.56	(35.01)	19.55	58.61	30.38	88.99

Asset and liabilities classified by segment are as follows:

Consolidated financial statements

	In Million Baht							
	As at 31 March 2017				As at 31 December 2016			
	a	b	Eliminate	Total	a	b	Eliminate	Total
Assets classified by segment								
Property, plant and equipment	1,039.00	3,785.74	(19.82)	4,804.92	1,066.12	4,135.24	(14.27)	5,187.09
Other assets	5,045.39	6,461.44	(3,353.76)	8,153.07	5,416.19	6,503.44	(3,874.38)	8,045.25
Total assets	6,084.39	10,247.18	(3,373.58)	12,957.99	6,482.31	10,638.68	(3,888.65)	13,232.34
Liabilities classified by segment								
Total liabilities	4,772.63	9,775.75	(2,884.38)	11,664.00	5,166.81	10,118.41	(3,405.00)	11,880.22

Geographical segment

The financial information is classified by geographical segment. Revenue and asset are classified follow by geographical of customer and located of asset respectively.

Geographical segment information

	In Million Baht			
	Total Revenue for the three-months		Total Asset	
	31 March 2017	31 March 2016	31 March 2017	31 December 2016
Thai	596.76	1,150.02	7,233.60	8,099.18
Japan	55.74	142.50	5,724.19	5,132.39
Germany	-	-	0.20	0.77
Total	652.50	1,292.52	12,957.99	13,232.34

Major customers

The Group has revenue from four major customers, represented at 66% of total revenues for the three - months period ended 31 March 2017. (31 March 2016: three major customers, represented at 74% of total revenues).

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 NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)
 FOR THE THREE - MONTHS PERIOD ENDED 31 MARCH 2017 (UNAUDITED)**

24. COMMITMENT AND CONTINGENT LIABILITIES

24.1 Operating lease commitments and service agreements

24.1.1 As at 31 March 2017, a subsidiary in Thailand has entered into a Solar Rooftop Power Purchase Agreement with Metropolitan Electricity Authority (“MEA”) with total capacity of 7 Mwp. kilowatt and the agreement term was 25 years.

24.1.2 As at 31 March 2017, the Company and its subsidiaries had entered into rental agreements with rental and service fee in the future are as follows:

	In Baht
Rental agreements	9,885,665
Other service agreements	10,070,665
Total	<u>19,956,330</u>

24.2 Contingent liabilities

24.2.1 As at 31 March 2017, the Company has letters of guarantee issued by bank for the payment of electricity fee amounting to Baht 64.19 million.

24.2.2 As at 31 March 2017, a subsidiary has letter of guarantee issued by bank for performance guarantee of another subsidiary in a foreign country to engage in business amounted to Baht 1,846.32 million (equivalent to Yen 6,000 million). Fixed deposit was pledge as collateral for issuing such letter of guarantee in full amount.

24.2.3 During the year 2016, a subsidiary in Thailand entered into an agreement to invest in 7 solar projects in Japan with a total projects value of Yen 2,100 million. The subsidiary has already made partial payments of Yen 262.12 million. However, all projects are in the process of investment feasibility studies. According to the agreement, the subsidiary shall be able to refund the entire amount in case of not investing in such projects.

25. EVENT AFTER THE REPORTING PERIOD

The Annual General Meeting of Shareholders for 2017 held on 21 April 2017 has passed the resolutions listed below;

- Increase of Baht 240,000,000 registered shares of the Company, from the existing registered share capital of Baht 800,000,000 to be Baht 1,040,000,000 by issuing 240,000,000 new ordinary shares at the par value of Baht 1 each, in form of general mandate to existing shareholders by way of the Right Offering of not exceeding 160,000,000 new shares and the Private Placement of not exceeding 80,000,000 shares.
- Change the number of the increase share and the allotment of share capital of Chow Energy Public company limited from the resolutions previously approved by the Annual General Meeting of Shareholders for the year 2016 held on 8 April 2016, the increase of the registered capital formerly was 380,000,000 shares with the par value of Baht 0.50 each, totaling Baht 190,000,000, which has been changed to increase the registered capital of 490,000,000 shares with the par value of Baht 0.50 each, totaling Baht 245,000,000 by issuing 490,000,000 new shares at the par value of Baht 0.50 each. Therefore, the registered share capital will be Baht 815,000,000, consisted of 1,630,000,000 shares at the par value of Baht 0.50 each. The new issued share capital shall be offered by way of Initial Public Offering of 367,500,000 shares and offered to the existing proportion of shareholders of the Company of 122,500,000 shares.

26. APPROVAL OF INTERIM FINANCIAL STATEMENTS

These interim financial statements were authorized for issue by the Board of Directors on 15 May 2017.