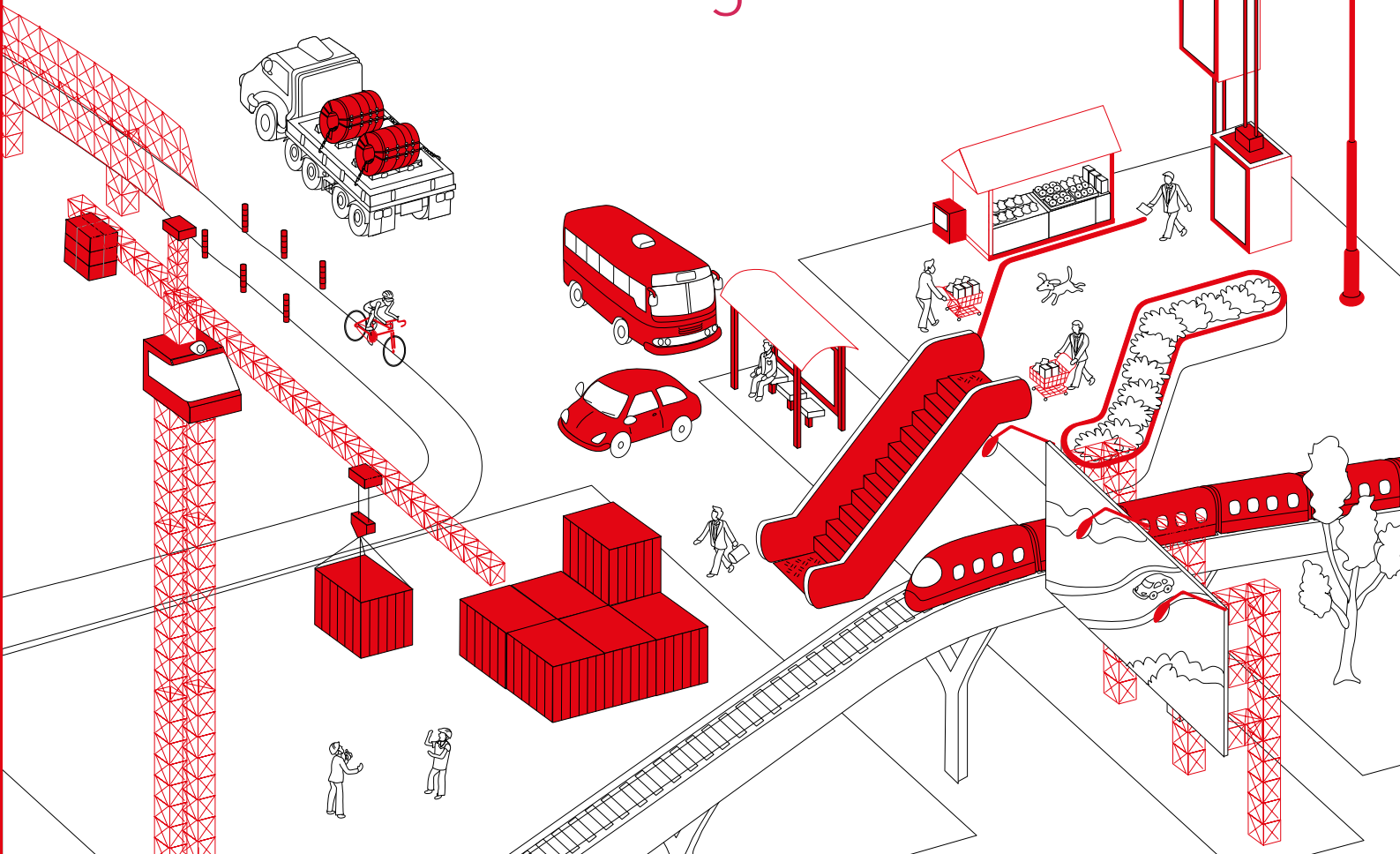


Annual Report 2014
Sahaviriya Steel Industries Public Company Limited

innovate • strength



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Vision and Mission

Innovate premium value steel products and services for customers; generate consistent profit and sustainable value for stakeholders.

Values (iFacts)



Performance Highlights

Financial Highlights		2014	2013	2012
Sales and Services Revenues	Million Baht	65,276	65,387	60,604
Total Revenue	Million Baht	65,781	65,892	61,911
Cost of Sales and Services	Million Baht	65,966	70,250	72,672
Gross Profit (Loss)	Million Baht	(690)	(4,863)	(12,068)
Profit (Loss) Attributable to Owners of the Company	Million Baht	(4,903)	(7,053)	(15,918)
Total Assets	Million Baht	77,293	84,726	88,520
Total Liabilities	Million Baht	71,833	74,116	74,910
Total Equity	Million Baht	5,460	10,610	13,610
Equity Attributable to Owners of the Company	Million Baht	4,660	9,794	12,766
Net Profit (Loss) Margin	%	(7.51)	(10.79)	(26.27)
Return on Equity	%	(67.84)	(62.52)	(86.37)
Return on Assets	%	(6.05)	(8.14)	(18.20)
Interest Bearing Debt to Equity Ratio	Times	9.62	4.89	3.81
Earning (Loss) per Share	Baht	(0.15)	(0.24)	(0.84)
Book Value per Share	Baht	0.14	0.30	0.47

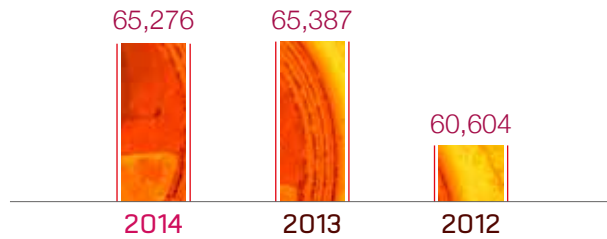
Key Data of "SSI" Share		2014	2013	2012
Closing Price ¹⁾	Baht	0.29	0.30	0.59
High Price	Baht	0.44	0.72	0.86
Low Price	Baht	0.27	0.30	0.52
Average Price	Baht	0.35	0.55	0.69
Number of Listed Shares	Million Shares	32,166	32,166	27,081
Par Value	Baht	1.00	1.00	1.00
Average Daily Trading Volume	Million Shares	57	86	48
Average Daily Trading Value	Million Baht	20	47	33
Market Capitalisation ¹⁾	Million Baht	9,328	9,650	15,978
Foreign Limit	%	49.00	49.00	49.00
Foreign Ownership ²⁾	%	30.41	30.31	37.78
Free Float ²⁾	%	44.68	48.45	45.72
P/E Ratio ¹⁾	Times	N.A.	N.A.	N.A.
Dividend per Share	Baht	-	-	-
Dividend Yield	%	-	-	-

¹⁾ As at the last business day in December

²⁾ As at the last business day in December or the latest closing date of the share register book, as the case may be.

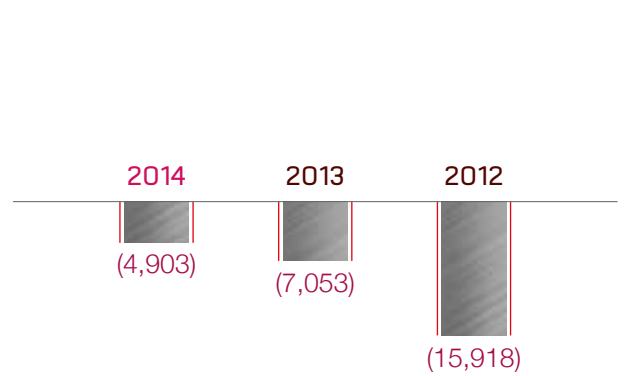
Sales and Service Revenues

(Million Baht)



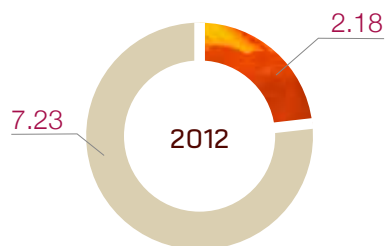
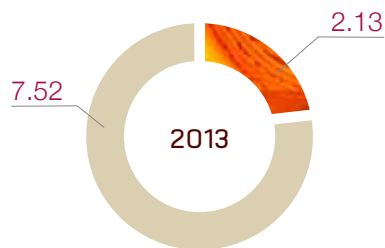
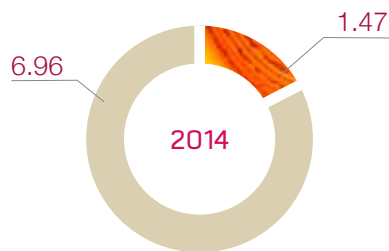
Net Profit (Loss)

(Million Baht)



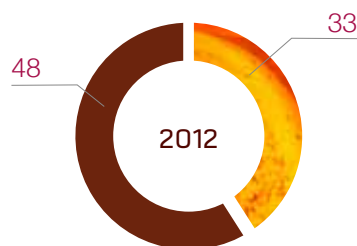
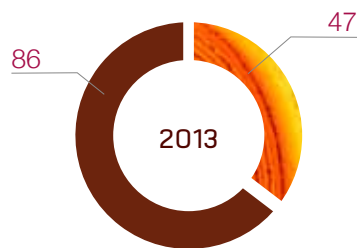
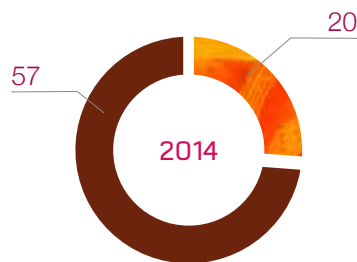
SSI's Sales Volume and Thailand HRC Consumption

- SSI's Sales Volume (Million Tons)
- Thailand HRC Consumption (Million Tons)

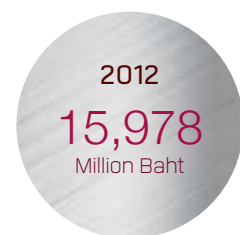
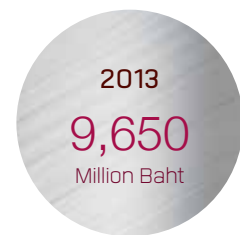
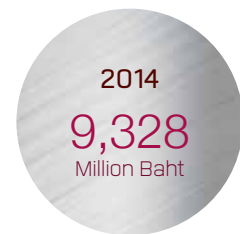


Average Trading Volume and Average Daily Trading

- Average Trading Volume (Million Shares)
- Average Daily Trading (Million Baht)



Market Capitalisation



Message from the Chairman



A handwritten signature in black ink, consisting of several fluid, overlapping strokes that form the name 'Wit Viriyaprapaikit'.

Mr. Wit Viriyaprapaikit

Chairman of the Board of Directors

Dear Shareholders,

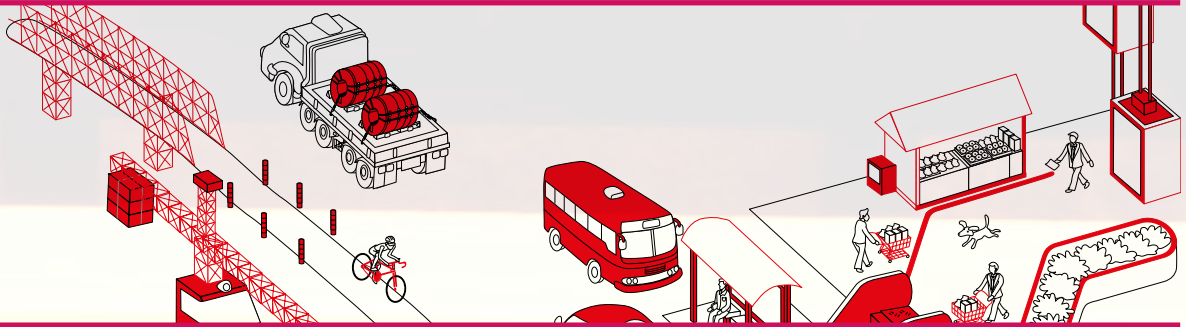
In 2014, Sahaviriya Steel Industries Public Company Limited or “SSI” has sustained its business to move forward under a plenty of unfavorable pressures. Domestic economy remains sluggish. Government projects under the development plan have not encouraged steel consumption demand, despite the more stabilised domestic politics whereas, on the global scale, the powerful China’s economy has slowed down, causing steel oversupplies. The Chinese government has subsidised steel export, which poses a serious threat to steel industries in various countries around the world.

Among the aforementioned surrounding factors, the Board of Directors has supervised the Management Committee to run the Company, with emphasis on innovation and integration among other businesses in the Group, as well as, a plan to add business value through investment projects, in order to achieve high returns and turn the business to profit. It has been our great pleasure that the Upstream Business has shown its operating performance with the positive EBITDA for the first time in the 3rd quarter of 2014 while the Company’s consolidated financial statements for the year 2014 presented total sales and service revenues of Baht 65,276 million, Group EBITDA of Baht 808 million, and net loss of Baht 4,903 million, a remarkable decrease from Baht 7,053 million in 2013.

In addition, the Board of Directors resolved, at the Meeting 10/2014 held on 18 September 2014, to restructure the organisation into the form of a holding company, under which the business is managed and driven forward, with the focuses on investment worthiness and high returns through the mechanism of Business Units and Group Functions. This newly-designed structure will lead the organisation to unity and efficiency and respond to the business vision of the Group.

Business Units comprise of Upstream Business, HRC Business, Downstream Business, Port Business and Engineering Business which function as a self-independent unit and create growth of their own, such as productivity enhancement, new product development, and capacity expansion. In the meantime, Group Functions are central supporting units overseeing strategic, policy management, and specific purpose projects.

The Board of Directors has been strongly determined to conduct the business based on good corporate governance and social responsibility for sustainable development. The Board of Directors also viewed corruption as a danger detrimental to corporations and the country as a whole. Therefore, in 2013 the Company has announced its intention to participate in the Thai private sector’s campaign against corruption and in 2014 the Board of Directors approved the policy and guidelines, regarding anti-corruption, and also approved the amendment of the Board of Directors’ guidelines regarding Whistle Blowing, which adds clarification of the protection measures for informants or whistleblowers. The Board of Directors will oversee and monitor that the policy and guidelines have been applied.



The Company continually pays attention to Corporate Social Responsibility (CSR) with the clearly developed CSR Framework, which can respond to and create shared value for all stakeholders, through close communication channel in accordance with CSR awareness that has been integrated into the business operating process, so called CSR-in-process, emphasising on the use of internal process to cope with social, economic and environmental dimensions. That means our management team and employees are well aware, with profound insight, of involvement in the social responsibility and commitment to the operation for business success, by placing values on ethics, respecting for human rights and human dignity, society, community and environment. In addition, we have also organised CSR-after-process activities, according to our determination to continuously create contribution to all stakeholders and the society.

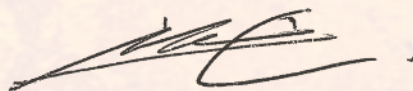
According to the survey conducted on CSR activities of the listed companies, under the CSR Awards Project and CSR Recognition 2014, organised by the Stock Exchange of Thailand, it was our pleasure that SSI outperformed other listed companies in the same group classified by the relative size of market capitalisation. Our score is also higher than the overall average score of every group of listed companies. Such satisfactory result has reflected the fact that our CSR activities have been carried out better than what is required legally and in response to the needs of the society as well.

A number of awards and honors received in 2014 have evidently reflected our strong determination in governing the Company to grow in every aspect. These achievements include the Prime Minister Industry Award 2014 for Outstanding Productivity; the National Outstanding Industrial Establishment Award in Labour Welfare and Relations Category, our tenth consecutive award in this field (2005 - 2014); with no labor union for three consecutive years; the Thailand Outstanding Company Award for Safety, Occupational Health and Working Environment 2014, third consecutive year; an honorable plate for excellent CSR, CSRI Recognition 2014; ASEAN Energy Awards 2014; Thailand Energy Awards 2014 and the Excellent Organization by Environment Impact Assessment Standard 2014 (EIA Monitoring Award 2014).

In addition, the Company was graded "Excellent" from the Annual General Meeting (AGM) 2014, and "Very Good" from the Corporate Governance Report of Thai Listed Companies 2014 Project.

I would like to thank shareholders, investors, customers, suppliers, business partners, financial institutions, regulators, management team and employees, for all the support given to the operation of our company. Please be assured that the Board of Directors will make utmost dedication in governing the management committee to run the business, according to the corporate strategies, and turn our company into profits as well as generate returns back to shareholders.

Message from Group CEO and President



Mr. Win Viriyaprapaikit
Group CEO and President

Dear Shareholders,

Your company's biggest achievement was turning around the performance with Baht 808 million positive EBITDA result in 2014, after 2 years of negative EBITDA. We achieved record group steel sales volume 3.32 million tons (2.3% growth YoY), second highest group revenue Baht 65.3 billion (0.2% reduction YoY), and net loss Baht 4.9 billion (30% improvement YoY).

SSI Group as an integrated steel producer and 2014 Performance

It has been nearly four years since we begun the transformation. As I explained in last year's letter, we had a fair understanding of the challenges, risks and opportunities we faced. We prioritised on delivering operational excellence and capitalising on quick-win improvement projects opportunities (as detailed in our quarterly communications). These efforts started to bear fruits in the *Upstream Business* and we managed to deliver positive Baht 368 million in the second half.

In the *HRC Business*, steel sales volume dropped 31% as the country went through political transition. Despite achieving 3% higher HRC Spread YoY, the volume drop impact was a big hit and we only achieved Baht 1,887 million positive EBITDA in 2014 for the business. *Downstream Business* and *Port Business* similarly was hit with volume drop and achieve lower EBITDA result compared to 2013. *Engineering Business* was a big disappoint as we suffered delay and cost overrun in some EPC projects and took an expensive lesson.

2014 and 2015 Trends

Globally, three key risks (two identified in last year's letter – China slowdown and Ukraine/Russia situation) evolved and exacerbated in the last quarter of 2014, leading into further uncertainties in the first half of 2015.

One – China's twin problems of fixed asset investment slowdown and steel over-capacity led it to export 94 million tons in 2014 (steel export rose to above 10 million-ton monthly rate in recent months), doubling from 2013. While the Chinese government is determined to correct the country's over-capacity problem and is taking action through various initiatives, in the short term it looks like the situation will get worse before it gets better.

Two – The Ukraine/Russia situation evolved and showed two different sides of a coin. Fighting in eastern Ukraine had constrained steel production and steel export from the country, limiting steel supply into the global market.



However, the international sanctions on Russia resulted in the Russia Ruble devaluation and domestic steel demand reduction, leading to an unanticipated flood of Russian steel into the global market. As I write this letter, the situation is still fluid despite the Minsk ceasefire agreement.

Three – The sharp drop in oil price, though directly welcoming as it helps to reduce our energy and transport cost, is indirectly a huge pressure on the market sentiment on all commodities. Steel demand from the energy sector has also dropped as global capital spending is cut.

As a consequence, in a matter of a few months, steel prices dropped by 30%. We prudently had to write down our inventory by Baht 705 million, taking a stock loss hit into our 2014 result.

Going forward, as commodity prices are already at a lower base, we see less risk in steel prices, but the risk in supply-demand imbalance still remains. Therefore, steel margins will remain depressed in the foreseeable near term until the imbalance is corrected.

Domestically, we expect 2015 steel demand to be stronger. Government spending is being expedited and significant investments in infrastructure are being planned. Furthermore, business and consumer confidence while not high is better than where it was at the same time last year during political turmoil.

2015 Priorities

We will maintain the course on the priorities to deliver operational excellence and capitalise on quick-win improvement projects. Though the market outlook in the near term is still very uncertain as explained earlier, the right course of action is to continue to reduce cost and strengthen the competitiveness of our manufacturing base, and to continue to innovate products and services that will add value for our customers.

Our people had made great achievements in the last year turning around your company. I am extremely proud of everyone. The fight is of course not over and we already see another storm coming. Our passion for this company is burning strong and I have no doubt in everyone's fighting spirit.

“If you are going through hell, keep going.”

~Winston Churchill

Business's Strategy and Overview



Sahaviriya Steel Industries Public Company Limited (“the Company” or “SSI”) is Thailand’s first manufacturer of hot-rolled steel sheet in coils (“HRC”) and the largest fully-integrated flat steel producer in Southeast Asia. The SSI Bangsaphan Steelworks is a mid-stream steel manufacturer plant, with a capacity of 4.0 million tons per year for HRC and 1.0 million tons per year for HRC pickled and oiled. The Company’s first main strategy is “Innovate Premium Value Products” to serve the growing demand of the region in various sectors such as automobile, energy, electrical appliances, packaging, transportation, and construction. The second main strategy is “Integrate World Class Businesses” mainly focusing not only on strengthening the competitiveness of each business unit up to world-class standard, but also on promoting the integration among each business unit to obtain competitive advantages from synergy.

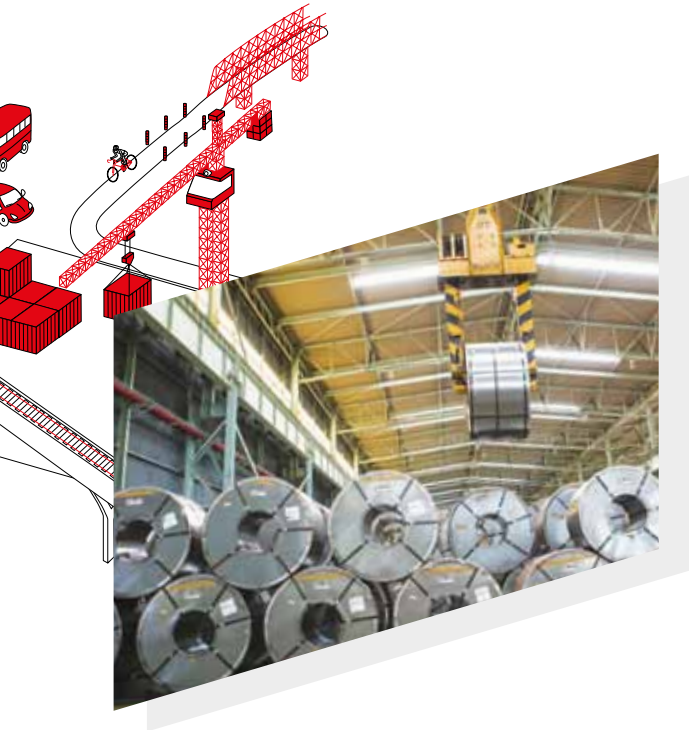
For the upstream steel business, SSI has SSI Teesside Steelworks, a fully-integrated iron and steel making facility at Teesside in the northeast of the United Kingdom, which is operated by Sahaviriya Steel Industries UK Limited (“SSI UK”), the wholly-owned subsidiary of SSI. This facility has a production capacity of 3.6 million tons per year for high-grade steel slabs to supply to SSI and secure source of raw materials for the Group, as well as to distribute to other rolling mills worldwide. Moreover, part of this facility is a deep-sea port, which can help reduce the freight cost by using large vessels to import raw materials such as iron ore and coking coal from major sources around Atlantic-rim. The Teesside area is abundant with qualified and experienced personnel with knowledge of the steel industry as it has been a strategic location of iron and steel making for more than 170 years.



Not only focusing on strengthening the competitiveness of each business unit up to world-class standard, but also on promoting the integration among each business unit to obtain competitive advantages from synergy.

In addition, SSI has joint-venture investments in key downstream projects – namely a joint-venture in Thai Cold Rolled Steel Sheet Public Company Limited (“TCRSS”), Thailand’s first and largest cold-rolled steel mill with a capacity of 1.2 million tons per year, and an equity investment in Thai Coated Steel Sheet Company Limited. (“TCS”), Southeast Asia’s first and largest electro-galvanising steel mill with its capacity of 240,000 tons per year.

All plants of SSI Group in Thailand are located on the western coast of the Gulf of Thailand in Bangsaphan District, Prachuap Khiri Khan Province, 400 kilometers from Bangkok, which is considered the best strategic place to operate the fully-integrated steel business in Thailand. For the further integration, SSI has also invested in Prachuap Port Company Limited (“PPC”) to operate the private deepest commercial sea port in Thailand, which allows import and export of raw materials and finished products on a large scale. SSI extends its engineering capabilities into its wholly-owned subsidiary, West Coast Engineering Company Limited (“WCE”), which provides the engineering services including the industrial maintenance management, design and production of machinery and spare parts, steel structure and fabrication. WCE also provides the Integrated EPC (Engineering Procurement and Construction) services including engineering design, procurement of machinery and equipment, construction of turn-key projects for industrial and process plants.



With two main strategies and passionate teamwork, SSI has become Thailand's only one fully-integrated flat steel manufacturer, from upstream to downstream operations.

As of 31 December 2014, SSI Group employed 4,430 employees – 2,428 in Thailand and 2,002 in the United Kingdom. SSI Group continued its policy to recruit locally; the ratio of local employee was 89% at SSI Bangsaphan Steelworks and 96% at SSI Teesside Steelworks. Moreover, in 2014 SSI has still provided opportunities to Thai and UK employees to fully work together in order to connect the human resources system and the culture of both countries. This was a crucial opportunity for SSI Group employees to gain cross-cultural exposure, grow professionally, and contribute greater benefits to the SSI Group.

Steel Business

Upstream Business operated by SSI UK, relit its Blast Furnace, and casted the first slab on 18 April 2012. In addition, the Pulverised Coal Injection (PCI) plant which had been installed since 2012 was successfully commissioned on 9 July 2013. This technology is the key to reduce the production cost, increase production efficiency, and increase competitive advantages of SSI UK. The two key benefits of PCI technology relating to production cost reduction are 1) to reduce raw material cost by replacing more expensive coke with cheaper PCI coal and 2) to increase the productivity.

HRC Business operated by SSI, supplying to clients in automobile and automotive parts industries, electrical appliances, gas cylinder, steel pipes, and construction, as well as the raw materials for downstream industries.

Downstream Business of the Group consists of **Cold Rolled Coil Business** operated by TCRSS, using SSI's high-grade HRC as a raw material for its production, and **Coated Steel Sheet Business** operated by TCS, using cold rolled steel sheet as a raw material for its production.

 **Port Business**

SSI has jointly invested in PPC, which operates 4 berths with its capability to accommodate two vessels up to 100,000 dead-weight tons ("DWT") at the same time. In 2012, PPC has commercialised the PPC Shore Crane project of two mobile harbor cranes with the maximum lift weight of 100 tons in order to reduce cost of transportation and increase efficiency of the steel products handling processes.

Moreover, SSI has also jointly invested in Redcar Bulk Terminal Limited, a joint venture company between SSI UK and Tata Steel UK Limited, which owns the largest port on the eastern coast of the United Kingdom to provide the port services and raw materials handling for iron and steel making and electricity generating operations.

 **Engineering Business**

This is operated by WCE, originally to provide services to SSI Group. WCE has now extended its services to other customers, both domestic and overseas, in various industries such as steel, paper, cement, energy, and petrochemicals.

With two main strategies and passionate teamwork, SSI has become Thailand's only one fully-integrated flat steel manufacturer, from upstream to downstream operations which secures sources of raw materials and markets for finished products. Furthermore, it also helps strengthen and sustain the Company's competitive advantage to, in the long run, become the leader in fully-integrated flat steel manufacturing in ASEAN and also a world-class steel producer consequently.

Significant Changes and Development in 2014



5 February 2014

Ministry of Commerce announced the final determination of Anti-dumping Measure duty imposition on CRC in coils and not in coils imported from China, Vietnam and Taiwan, being effective for 5 years from 6 February 2014 to 5 February 2019.

14 February 2014

Hot Strip Mill (HSM) of the Company achieved 30 million tons of hot rolled coils (HRC) production since its operation in 1994.

22 February 2014

SSI UK achieved total 5 million tons of slab production since acquisition in April 2012.

23 May 2014

Ministry of Commerce announced the extension of Anti-dumping Measure duty imposition on HRC in coils and not in coils whose origins are from 14 countries for another one year, being effective from 23 May 2014 to 22 May 2015.

6 June 2014

Ministry of commerce announced the Provisional Measure for the case of Safeguard Measure on HRC without other element added (thickness 0.9 - 50 mm and width 600 - 3,048 mm) in coils and not in coils for 200 days, being effective from 7 June 2014 to 23 December 2014.

17 July 2014

The Company was assessed to be in the highest score group of the Annual General Meeting Checklist 2014 (AGM Checklist) with score of 98.93%, an increase from 94.00% in 2013.

5 August 2014

Ministry of Commerce announced the 2nd revision on the Provisional Measure for the case of Safeguard Measure on HRC without other element added (thickness 0.9 - 50 mm and width 600 - 3,048 mm) in coils and not in coils to withdraw Brazil from the exempted Developing Countries List and impose safeguard duties at the same rate as others.



20 August 2014

The Company received the “National Outstanding Industrial Establishment Award 2014 under Labor Welfare/ Relations Category” held by the Department of Labour Protection and Welfare for the 14th consecutive year.

24 September 2014

The Company received the first ASEAN award, “ASEAN Energy Awards 2014” under the Large Industry Category of the ASEAN Best Practices Energy Management for Building and Industries Awards at the 32nd ASEAN Ministers on Energy Meeting (AMEM) and Associated Meetings.

3 October 2014

The Company received an honorable plate for excellent CSR, on the occasion of the 12th anniversary of the Ministry of Social Development and Human Security.

24 October 2014

Ministry of Commerce announced the 5th revision on the Safeguard Measure for the case of imported HRC with

other element added in coils and not in coils to withdraw Turkey from the exempted Developing Countries List and impose safeguard duties at the same rate as others.

21 November 2014

The Company received “Thailand Energy Awards 2014” for outstanding designated factory in energy conservation held by Department of Alternative Energy Development and Efficiency, Ministry of Energy.

26 November 2014

The Company received “The Prime Minister’s Industry Award 2014” for outstanding productivity held by the Ministry of Industry.

19 December 2014

Ministry of Commerce announced Safeguard Committee’s definitive measure to impose the safeguard duties for the case of imported HRC without other element added (thickness 0.9 - 50 mm and width 600 - 3,048 mm) in coils and not in coil, effective from 24 December 2014 to 6 June 2017.

SSI Group Structure

100%

35.19%

Upstream Business

Hot Rolled Coil Business

Cold Rolled Coil Business



Sahaviriya Steel Industries UK Limited

- Manufacturer of slab



Sahaviriya Steel Industries Public Company Limited

- Manufacturer of hot-rolled coil
- Manufacturer of hot-rolled coil picked and oiled



Thai Cold Rolled Steel Sheet Public Company Limited

- Manufacturer of cold-rolled steel sheet



Support core business

Core business

Increase revenues and enhance sustainable growth

3.7%

51%

99.99%

Coated Steel Sheet Business

Port Business

Engineering Business



Thai Coated Steel Sheet Company Limited

- Manufacturer of electro-galvanised steel sheet



Prachuap Port Company Limited

- Provider of the private commercial sea port



West Coast Engineering Company Limited

- Provider of engineering services



Increase revenues and enhance sustainable growth

Reduce costs and increase revenues

Reduce costs and increase revenues

Relationship with Major Shareholder's Group of Business

The Company and its subsidiaries are part of Sahaviriya Group Corporation Limited's group of businesses and is also the Company's major shareholder. Sahaviriya Group Corporation Limited is engaged in manufacturing and distributing of steel-products. The details have been disclosed in the Related Party Transactions.

The Company has a relationship with its major shareholder's group of businesses as a business partner. The Company wholesales to both domestic and overseas customers. Domestic customers are both the Company's related parties and non-related parties consisting of end-users and traders and coil centers. The Company has no policy to directly make business with retailers or be a shareholder of its traders and coil centers due to the associated credit risk. One of the common strategies for the business is to separate manufacturer and distributor. As such, there are related companies under Sahaviriya Group Corporation Limited's group of businesses which have been established as distributors of HRC and other steel products before the Company which was established as a manufacturer. The Company has become a major supplier for those related companies with higher sales portion compared with non-related customers.

The shareholders protection mechanism exists within the Company, as a hot rolled coil manufacturer, the Company has applied the same pricing policies which depend on ordering quantity and frequency to both related and non-related parties. For any related party transaction, the Company usually discloses the transfer pricing policies in the notes to the financial statements.

Business Description



Product Description

Hot-rolled steel sheet in coil, which is a raw material for industries such as heavy construction, steel pipe, gas cylinder, automotive parts, electric appliance, steel furniture, container, cold re-rolling, pressure vessel, shipbuilding and coil service center.

Hot-rolled steel sheet in coil includes

- Hot-rolled steel sheet in coil for domestic use according to TIS standard and international standards including Japanese, American, DIN and British with width between 750 and 1,550 mm and thickness between 0.9 and 20.0 mm. The hot-rolled coil capacity expansion project, to expand production capacity to 4 million tons per annum, was completed in February 2005. The production capability has been improved to produce hot-rolled coils with thickness ranging from 0.9 mm to 20.0 mm with continuous improvement and reduced cost. SSI was one of a few mills which could produce commercial hot-rolled steel sheet in coil at 0.9 mm in thickness in 2008 and achieved production at 0.8 mm in thickness recently.

- Hot-rolled pickled and oiled steel or “CleanStrip”, high-grade product, are delivered to the automotive industry or for use in electrical appliances. The width is between 750 and 1,550 mm and thickness between 1.2 and 7.0 mm. This has been under way since May 2004.

SSI adheres to product development to improve quality to meet customer demand and to take our place as a leader in the high quality hot-rolled coil market. We focus on innovation of Premium Value Products to the market with specific characteristic as follows:

1. High Grade Products, for use of high quality hot-rolled coil for re-rolling mill, automotive parts and electric appliances.
2. Unique Products, oligopoly products or specific products of SSI such as thin gauge hot-rolled coil product or checkered plate.
3. Innovated Value Products which can increase customer's profit in various ways, to be used in production or as a finished good.

Marketing and Competition

A marketing plan was produced by SSI for effective sales management, focusing on the key areas: raw material procurement; continuous quality improvement; maintaining market share; customer requirement responsiveness; along with on-time delivery and efficient customer service.

Marketing Strategy

SSI mainly focuses on the domestic market covering all market segments that could enhance competitiveness over imported steel product. SSI also maximises its market share by developing competitive pricing and customer service strategies. In addition, SSI expands the high-end market into new customers by producing a premium quality of hot-rolled steel. The Company also exports when it has sufficient capacity, and the market situation is favorable.

Target Customers

SSI specifically targets hot-rolled steel sheet users in downstream industries, for example cold-rolled steel producers, cars and automotive parts makers, electrical appliances and furniture producers, gas cylinder and container producers, steel pipe producers and construction industries. Customers also include service centers and trading firms.

Types of Customer, Pricing Policies and Distribution Channels

SSI clients are divided into 4 groups as follows:

1. Domestic Market A1 includes cold-rolled steel manufacturers and manufacturers of gas cylinders whom the Company directly sells to. There are 4 cold-rolled steel manufacturers in Thailand whose cold-rolled steels are used as raw materials for the coated steel industry. This customer group requires an emphasis on surface quality, on-time delivery and price stability. Sales/purchase agreements are on quarterly/monthly basis in US dollar and/or Thai Baht depending on the agreement.

2. Domestic Market A2 includes hot-rolled steel sheet pickled and oiled coils and the high grade hot-rolled steel market. End users are automotive and parts makers, electric appliance producers, as well as furniture and container manufacturers. Steel processing is provided by the Service Center. Sales and purchasing agreements are completed through trading firms, with an importance being placed on the quality of the steel product, particularly its mechanical properties and the steel surface. Price stability and on-time delivery are also required by this group of customers which leads to sales/purchase agreements mostly made on a quarterly basis in Thai Baht.

3. Domestic Market B includes steel pipe makers and general users. This group of customers is price sensitive. SSI is therefore required to compete with importing companies. Sales takes place on a spot basis by direct users, trading firms and service centers.

4. Export Market includes cold-rolled steel manufacturers and general users requiring thin gauge coils thickness less than 2.0 mm. Sales takes place on a spot basis and depend on the global market situation and US dollar or Euro currency rates. Normally, the Company sets up the pricing for exports not less than the domestic market price with most sales being made through foreign trading companies.

Sales Ratio of Hot-rolled Steel Products by Market (%)

Year	A1	A2	B	Export	Total
2012	10.9	7.0	81.7	0.4	100
2013	8.9	7.9	81.8	1.4	100
2014	7.6	12.4	79.6	0.4	100

In addition, SSI also plans to continuously increase the proportion of premium value products (PVPs). In 2014, the PVPs sales volume was 561,975 tons, decreasing 22% compared with 2013 due to decreased total sales volume. However, the proportion of PVPs to total sales volume increased to approximately 38%, compared with 34% in 2013.

The Proportion of Premium Value Products to Total Sales Volume (%)

Product Type	2012	2013	2014
Premium Value Products	37	34	38
Commercial Products	63	66	62

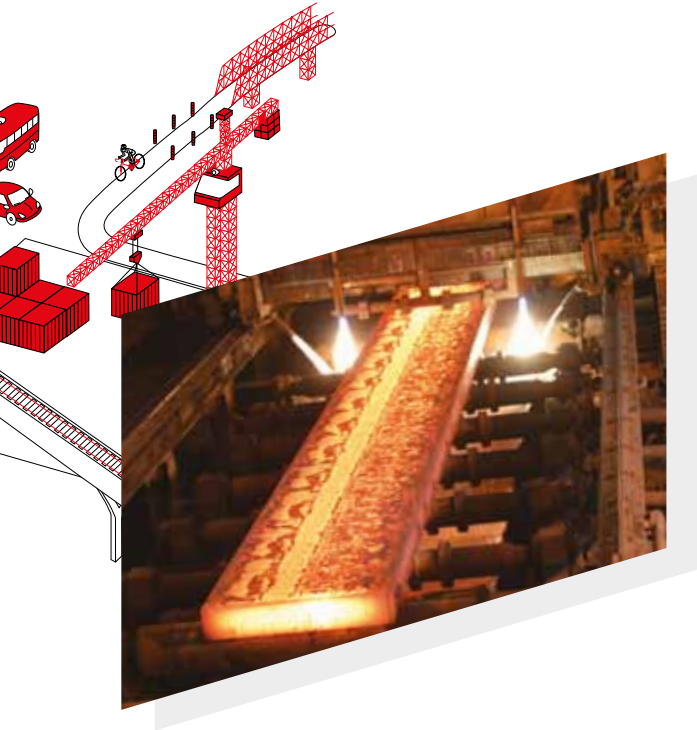
Hot-rolled Steel Industry in Thailand

Historically, hot-rolled steel had to be imported from abroad until SSI opened the first hot strip mill in Thailand in 1994. Currently, there are 5 hot-rolled steel manufacturers in Thailand as follow:

Hot-rolled Steel Manufacturers in Thailand

Hot-rolled Steel Manufacturers	Maximum Capacity (Tons/year)	Production Began	Product
1) Sahaviriya Steel Industries Plc.	4,000,000	February 1994	Hot-rolled Steel Coil
2) G Steel Plc.	1,800,000	End of 1999	Hot-rolled Steel Coil
3) G J Steel Plc.	1,500,000	4 th Quarter 1997	Hot-rolled Steel Coil
4) Sahaviriya Plate Mill Plc.	1,000,000	1996	Hot-rolled Steel Plate
5) LPN Plate Mill Plc.	500,000	1996	Hot-rolled Steel Plate

According to Thailand Apparent HR Sheet Consumption Statistics provided by the Iron and Steel Institute of Thailand (ISIT), in 2014 SSI had 21% of the approximate hot-rolled steel demand market share, decreasing from 29% in 2013. Imports had 59% market share; decreasing from 62% a year earlier and the other 4 domestic manufacturers had 20% in total; higher growth than 9% in 2013. If focusing only the hot-rolled steel coil market, SSI's share is 22%, a decrease from 31% in the previous year. Imports market share was 60%, a decrease from 64% in a year earlier. The other 2 domestic manufacturers had a combined market share 18%, improving from 5% in 2013. This was encouraged by the two manufacturers resumed their production after a long period of shutdown.



Product Procedure

Production

The Company has 1 Hot Strip Mill to produce Hot-rolled steel sheet in coil and 1 Pickling and Oiling (P/O) Line to produce Hot-rolled pickled and oiled steel or “CleanStrip”, located in the same area in Bangsaphan District of Prachuap Khiri Khan Province.

Capacity and Production Policy

Hot Strip Mill has maximum capacity of 4.0 million tons per annum and effective capacity at 3.2 million tons per annum.

The Company’s policy is to produce according to customer orders (Made to Order) including manufacturing in order to have an inventory of approximately one month (Made to Stock) from which products will be selected by considering market demand and appropriate technical production. There is a monthly advance production plan which provides 3 production shifts per day, 8 hours per shift. There is also a 10 day maintenance break annually.

Raw Material

The Company uses slab as an only raw material for the rolling process. As there was no slab production in Thailand, all slabs are imported from abroad.

Slab is a flat steel semi-finished product produced from the iron and steel making process. After the casting process, slab will come out with thickness of 160 - 250 mm, width 800 - 1,550 mm, length from 4,300 to 10,800 mm and weight 15.5 to 32.0 tons.

There are many kinds of slabs in the global market; depending on type of steel used such as low carbon, medium carbon, high carbon, or stainless, and each type has several grades. At present, low carbon is the primary production of SSI. The grade of slab used for rolling is dependent on the type of hot-roll sheet to meet the customer’s requirement.

Sources and Suppliers

The Company imports all of slabs from abroad. Slab manufacturing countries are located in every part of the world such as China, CIS, South Korea, Japan, South America countries, European countries, and Australia. In 2014, the Company purchased Slabs from 8 manufacturers in 5 countries including United Kingdom, Russia, Japan, Australia, and Brazil. SSI purchases quarterly on the spot market through third party distributors without obligation to any specific company. The Company will notify the suppliers in advance of the demand for raw materials annually or quarterly. The agreement is based on the price in each period. The advance notice requirement enables the Company to reduce the risk of raw material shortage.

Revenue Structure

Product/ Business Unit	Operated by	Shareholding by SSI (%)	2014		2013		2012	
			Revenue (Million Baht)	%	Revenue (Million Baht)	%	Revenue (Million Baht)	%
HRC Business	Sahaviriya Steel Industries Plc.	-	32,382 ¹⁾	49.23	45,599 ¹⁾	69.20	48,470 ¹⁾	78.29
Engineering Business	West Coast Engineering Co., Ltd.	99.99	551	0.84	487	0.74	277	0.45
Port Business	Prachuap Port Co., Ltd.	51.00	144	0.22	169	0.26	169	0.27
Upstream Business	Sahaviriya Steel Industries UK Ltd.	100.00	32,200	48.95	19,132	29.04	11,688	18.88
Other Revenues	Sahaviriya Steel Industries Plc.		124	0.19	445	0.68	408	0.66
	Prachaup Port Co., Ltd.		3	0.00	3	0.00	3	0.00
	West Coast Engineering Co., Ltd.		3	0.00	2	0.00	-	-
	Sahaviriya Steel Industries UK Ltd.		374	0.57	55	0.08	896	1.45
			65,781	100.00	65,892	100.00	61,911	100.00

¹⁾ Including sales to Thai Cold Rolled Steel Sheet Plc. amounting to Baht 1,485 million, Baht 2,569 million, and Baht 2,737 million in 2014, 2013, and 2012 respectively.

Steel Industry and Market Overview



World Steel Industry in 2014

World Steel Association (“WSA”) reported an estimated figure of Global Apparent Steel Use of 1,562 million tons, an annual increase of 2.0%. This is less growth than experienced in 2013 when there was a 3.8% annual increase. Crude Steel Production in 2014 was approximately 1,624 million tons, an annual increase of 3.3%. China contributed 50.1% of world crude steel production and maintained its position as the production leader with 814 million tons, an annual increase of 5.1%.

Although Global Apparent Steel Use rose, the growth was less than a year earlier due to the slowdown of the global economy impacted by the ongoing slowdown of the European economies as a result of the Greek economy. There has also been a decrease of South Africa’s Apparent Steel Use and slow recovery in the manufacturing sector of the U.S. Moreover, China and Asian countries’ Apparent Steel Use slightly increased from previous year.

In term of steel prices in 2014, slab prices (CFR East Asia Import) decreased from the range of USD 532 - 552 per ton in Q1/2014 to the range of USD 495 - 515 per ton in Q2/2014, then slightly went up to the range of USD 498 - 515 per ton in Q3/2014 and dropped again to the range of USD 445 - 455 per ton in Q4/2014. Meanwhile, HRC prices (CFR East Asia Import) continuously decreased from the range of USD 535 - 565 per ton in Q1/2014 to the range of USD 517 - 532 per ton, USD 512 - 527 per ton and USD 472 - 481 per ton in Q2/2014, Q3/2014 and Q4/2014 respectively. Iron ore prices (IODEX 62% Fe CFR North China) declined from the range of USD 105 - 135 per ton in Q1/2014 to the range of USD 89 - 119 per ton, USD 78 - 98 per ton and USD 66 - 84 per ton in Q2/2014, Q3/2014 and Q4/2014 respectively.



Global Apparent Steel Use rose, the growth was less than a year earlier due to the slowdown of the global economy.

Thailand Steel Industry in 2014

Thailand steel industry in 2014 shrank from the previous year with Apparent Steel Supply of 17.3 million tons, an annual decrease of 3.5%, compared with 2013 when there was an annual increase of 6.3% (Source: Iron and steel Institute of Thailand, ISIT). Flat steel consumption dropped by 6.1% YoY dragged by the 23% reduction in automotive production volume. Long steel consumption grew by 1.5% YoY, driven by an expansion in construction sector and the government's disbursement.

In 2014, domestic crude steel production decreased by 4.6% YoY, following the decline in Thailand domestic consumption. This was mainly resulted from the Gross Domestic Product (GDP) in Thailand which slightly increased only 0.7%. Meanwhile, export volume of steel products was impacted from the world's economic slowdown.

The details of effective Anti-dumping Measures and Safeguard Measures during 2014 are as follows:

Products	Country of Origin	Measures	Duty Rate	Status ¹⁾	Effective Period
HRC	China, Malaysia	Anti-dumping	30.91% - 42.51%	Final	12 Aug 11 - 11 Aug 16
HRC (with Boron added)	China	Anti-dumping	14.28% - 19.47%	Final	26 Dec 12 - 25 Dec 17
HRC	Japan, South Africa, Russia, Kazakhstan, India, South Korea, Taiwan, Venezuela, Argentina, Ukraine, Algeria, Indonesia, Romania, Slovakia	Anti-dumping	0% - 128.11%	Final (Extension)	23 May 14 - 22 May 15 ²⁾
HRC (with other elements added)	All (UN developing countries excluded, except Turkey)	Safeguard	44.20% 43.57% 42.95%	Final	15 Sep 13 - 26 Feb 14 27 Feb 14 - 26 Feb 15 27 Feb 15 - 26 Feb 16
HRC (without other elements added; thickness 0.9 - 50 mm and width 600 - 3,048 mm)	All (UN developing countries excluded, except Brazil)	Safeguard	21.92% 21.52% 21.13%	Final	24 Dec 14 - 6 Jun 15 7 Jun 15 - 6 Jun 16 7 Jun 16 - 6 Jun 17
CRC	China, Vietnam, Taiwan	Anti-dumping	4.22% - 20.11%	Final	6 Feb 14 - 5 Feb 19

¹⁾ According to Thai regulations, the two stages of AD and Safeguard measure are Provisional and Final Measure. Provisional Measure may be imposed if there is clear evidence and a preliminary determination that increased imports have caused or are threatening to cause serious injury. After making the Final Determination that dumped imports are causing injury for AD or imports are causing serious injury for SG, the Final measures will be applied.

²⁾ This AD measure was extended from the previous expiration on 22 May 2014 after the 5-year enforcement.

Outlook on World Steel Industry in 2015

World Steel Association (“WSA”) has estimated Global Apparent Steel Use to increase by 2.0% to 1,594 million tons in 2015. This is mainly supported by developed countries, especially an improvement in the US economy with expected growth of 3.1% mainly from the recovery of manufacturing factor and service factor. Moreover, the EU economy is forecasted to have an annual increase of 1.0% next year encouraged by quantitative easing (QE) of European Central Bank (ECB). On the other hand, Japanese economy may slow down slightly while its massive QE stimulus of Bank of Japan is expected to continue with money to be injected into the system approx. Yen 70 - 80 trillion annually. Meanwhile, China’s Restructuring and Rebalancing policy will maintain stability of the economy, thus China’s economic growth is expected to be at the same level as 2014. WSA also anticipates that in 2015, China is to continue as the largest steel production with the growth of Apparent Steel Use by 0.8% YoY, lower growth than the 1.0% experienced in 2014. On the other hand, Apparent Steel Use of India in 2015 is expected to have an annual increase of 6.0%. Apparent Steel Use of other major steel producers, such as the U.S., Brazil, and EU, are expected to have annual growth rate of 1.9%, 3.4% and 2.3% respectively.

Steel prices in Q1/2015 are anticipated to decline. Iron ore prices (IODEX 62% Fe CFR North China) are projected within the range of USD 61 - 72 per ton, whereas slab and HRC prices (CFR East Asia Import) are likely to be in the range of USD 380 - 385 per ton and USD 429 - 434 per ton respectively.



For domestic steel industry, ISIT has anticipated domestic Apparent Steel Supply to increase by 0 - 3% YoY, meanwhile, domestic steel production would maintain at 6.8 million tons in 2015; however, we still need to monitor the impact of the economic slowdown and the clarity of the government’s investment projects as it will influence the apparent steel use. Private construction will still slow as consumers are hesitating to buy and to invest in real estate. The Office of Industrial Economics (“OIE”) anticipated that domestic steel demand in 2014 would be fluctuating following the macroeconomic conditions and the market situation in the downstream steel industry including construction, automotive, and HA/EA. The construction industry could grow immensely with support from the government’s investment projects. However, Thai economy is expected to improve following the recovery of the global economy, resulting in the recovery of the export sector especially to G3 countries including the U.S., EU, and Japan. This will also result in an improvement in household consumption and additional investment.

Report of the Audit Committee for 2014

The Board of Directors' meeting No. 7/2014 held on 19 June 2014 reappointed the Audit Committee whose term expired for another three year term, from 30 June 2014 to 29 June 2017.

In 2014, the Committee held 7 meetings and its members' attendance were as follows:

Audit Committee Members			Number of Meetings Attended/ Number of Meetings
1. Mr. Somchai	Sakulsurarat	Chairperson of the Audit Committee	6/7
2. Mr. Permpoon	Krairiksh	Audit Committee Member	7/7
3. Mr. Yarnsak	Manomaiphiboon	Audit Committee Member	7/7
4. Mrs. Wannee	Sirikanchana	Secretary to the Audit Committee	7/7

The Committee performed the following duties:

1. Reviewed the 2014 interim and annual financial statements as well as its consolidated financial statements together with the external auditors and the management, and submitted them to the Board of Directors for approval before disclosure to the Stock Exchange of Thailand (SET) and the Securities and Exchange Commission (SEC).

2. Considered and approved the establishment of Group Internal Audit under the new organisational structure of the Company as a group function which consists of the Group Internal Audit organisational chart, its function description as well as its vision and mission.

3. Approved the Group Internal Audit master plan, the annual audit plan as well as acknowledged the internal audit reports regarding internal control.

4. Reviewed the adequacy of the internal control system against self-evaluation forms issued by the SEC and external auditors.

5. Reviewed the monthly tasks and activities report of Internal Audit.

6. Reviewed the qualifications, experience and training records of the Head of the Internal Audit Office.

7. Acknowledged reports on corporate compliance with laws pertaining to the Securities and Exchange Act as well as other laws concerning the Company's businesses, and monitored progress in litigations involving the Company.

8. Acknowledged reports from the auditors that there were no issues to be presented to the Audit Committee according to section 89/25 of the Securities and Exchange Act.

9. Reviewed the quarterly Major Risk Management Report prepared by the Risk Management Committee.

10. Reviewed the Risk Management System and its process provided by the Risk Management Committee.
11. Considered, selected, and proposed the appointment of Miss Sureerat Thongarunsang or Mr. Charoen Phosamritert or Miss Orawan Chunhakitpaisan of KPMG Phoomchai Audit Limited as the Company's auditors for fiscal year 2015, together with their fees.
12. Ensured the transactions between the Company and its related companies complied with the Securities and Exchange laws and laws concerning the Company's businesses and followed up on an account receivable/account payable report of the related companies.
13. Acknowledged reports from the Company Secretary to ensure compliance of conflicts of interest transactions as specified in the Company's policy and procedures, as requested by the SEC.
14. Reviewed the Company's Audit Committee charter (3rd edition).
15. Carried out the Audit Committee's self-assessment for 2014 and submitted it to the Board of Directors.
16. Reviewed the information disclosed to the SET and the SEC for publishing in the 2014 Company annual report (Form 56-2) and the annual information disclosure form ending 31 December 2014 (Form 56-1).
17. Reported to the Board of Directors on the Audit Committee's activities for year 2014.

The Audit Committee has independently carried out its duties and responsibilities delegated by the Board of Directors and taken into account the transparency of its view, the Audit Committee was of the opinion that:

1. The annual financial statements of the Company in 2014 are reliable and correct in accordance with generally accepted accounting principles.
2. The Company has suitable and efficient internal control and internal audit systems. The Chief of the Internal Audit Office has sufficient knowledge and competence needed to perform her duties.
3. The Company has complied with relevant laws and regulations.
4. The Audit Committee concurred with reports provided by the Risk Management Committee and gave some additional recommendations. The Company has an appropriate Risk Management System in place.
5. The selection of the external auditors and their fees are to be proposed to the Board of Directors for them to propose to shareholders at the Annual General Meeting of Shareholders No. 26 for their approval.



Mr. Somchai Sakulsurarat
Chairperson of the Audit Committee
6 February 2015

Report of the Risk Management Committee for 2014

1. The Risk Management Committee (the “Committee”) was established by the Board of Directors (the “Board”) on 3 December 2007 for the purpose of assisting the Board in oversight of the Company’s risk management. The Committee shall comprise of at least three Board members appointed by the Board, and the Vice President in charge of finance and accounting shall act as the secretary to the Committee.

The current Committee serves a term of three years from 4 December 2013 to 3 December 2016. Members of the Committee are now listed as follows:

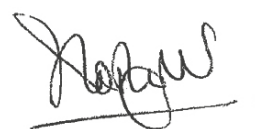
- | | | |
|-----------------|----------------|---|
| 1. Dr. Tongchat | Hongladaromp | Chairman of the Risk Management Committee |
| 2. Mr. Somchai | Pipitvijitkorn | Risk Management Committee Member |
| 3. Mr. Permpoon | Krairiksh | Risk Management Committee Member |

2. 2.1 The Committee is in charge of the responsibility of overseeing the Company’s management of key risks. To perform its duties, the Committee regularly reviewed risk management reports in order to monitor the effectiveness of the management of the Company’s risk exposures. The Committee also advised the Board on risk management policy and strategy as well as expressed its thought on the problems and obstacles encountered in the development of the Company’s risk management system to assist the Board in oversight of the Company’s enterprise risk management. During the year 2014, the Committee had reviewed and provided recommendation to managements in the quarterly Risk Management Committee meeting held in January, April, July, and October. In the meetings, it had monitored risk management results of the 4th quarter of 2013, and the 1st, 2nd, and 3rd quarter of 2014 as well as assessed risk exposures and measurement of the 1st, 2nd, 3rd, 4th quarter of 2014 and the 1st quarter of 2015 reported by Risk Management Working Committee to ensure the systematic implementation of risk management process in order to be prepared for any contingency that might occur and have impacts on the Company.

2.2 During the year 2014, besides the risks of Sahaviriya Steel Industries Public Company Limited (SSI), the Committee had also reviewed risk management reports of Sahaviriya Steel Industries UK Limited (SSI UK), the Company’s affiliate, incorporated in the United Kingdom, which operates Upstream Business producing steel slabs.

2.2.1 For SSI, the major risks of the Company that have been closely monitored including Market risk and Financial risk. The Committee had considered risk management reports and provided comments about the market risks which had impact of continuing political situation from year 2013 till year 2014 and price competition in the world market. To mitigate the risk, the Company had changed its strategies for sales and raw material management as well as monitored other impacts that might affect the Company’s performance. For Financial risks, the Committee provided suggestion for management of commercial debt and loan in order to ensure the efficiency of debt management.

2.2.2 For SSI UK, management of SSI UK had assessed exposures, implemented mitigation plan and reported the major risk exposures associated with the operations of SSI UK to the Committee. Regarding the SSI UK’s major risks including Market risk, Manufacturing risk and Financial risk, the Committee expressed its opinions and made recommendations to have a long term strategic plan for sustainable and effective management which will result in the overall group performance.



Dr. Tongchat Hongladaromp

Chairman of the Risk Management Committee

3 February 2015

Risk Factors



The Company has pursued the enterprise risk management function in a systematic manner through a risk management structure involving the Risk Management Committee (RMC) who helps the Board of Directors to oversee risk management tasks, and monitor key risks of the Company and Audit Committee (AC) who reviews the adequacy of risk management system. Throughout 2014, the Company has reviewed and assessed risk factors as well as set control measures to mitigate risks on a quarterly basis. The major risks and key risk management measures of the Company in 2014 can be summarised as follows:

Corporate Risk

Market Risk

- Risk from Fluctuation of Prices and Steel Product Demand

Fluctuation of prices and steel product demand is a risk that may affect the Company's performance and cause it to be unable to achieve its objectives. The fluctuation is a result of direct and indirect changes in economic, social, and competition factors, as well as other changes occurring domestically and overseas. The Company summarised major risk factors that related to product prices, sales quantity, and metal spread as follows:

1. Demand side: domestic and overseas economic factors as well as domestic situation throughout the year has significantly impacted product demand and the Company's shipment volume has not been as planned.
2. Supply side: domestic sales volume served by imported products and domestic competitors may affect the Company's sales volume.
3. Other factors: such as government's trade policy, foreign exchange rate, interest, transportation cost, etc.



In response to the fluctuation of prices and steel demand driven from the factors mentioned above, the Company evaluated the risks and employed various measures to mitigate the risks caused by external factors beyond the control of the Company. Measures to mitigate the risks include the following

1. Carefully manage the raw material procurement concerning the raw material price that will make the Company satisfied with the required spread between the selling price and the raw material price given an expected sales volume. In a normal course of business, it is necessary for the Company to maintain inventories of raw materials and finished goods in an appropriate quantity to allow sales and production to run efficiently as well as to reduce price volatility and carrying cost especially an interest expense.
2. Focus on premium value products with value added and lower price fluctuation.
3. Closely monitor domestic and overseas markets in order to analyse and consider product sales to well respond to the order and import of slabs from foreign countries as well as search for more raw material sources in order to obtain raw materials with high quality, low cost, adequate quantity and short delivery time.
4. Control a proper level of inventories for both slabs and finished goods to meet sales projection and reduce raw material and inventory turnover period for the purpose of risk mitigation of negative price effect.

5. Ensure that the production plan meets the sales plan and shorten delivery time of finished products.

6. Closely monitor on dumping situation of imported products and the government's price control policy in order to take proper and timely actions.

Production Risk

- **Production Process and Technology Risk**

In production of hot-rolled coil, the Company is exposed to the risk of production incurred from machinery, production process and production technology. Key risks related to the production process and technology include risks of major machinery damage from normal use, improper production process resulting in the products that are unable to meet the customer requirements or inability to produce some grade of products, significant yield loss in production, and unusable machinery due to obsolete part. These may affect hot-rolled coil production or may lead to production suspension which will further impact product delivery to customers.

To prevent the production risks, the Company has determined the procedures to improve the production process for problem solving and risk management, conducted the inventory management plan to maintain spare parts to be ready for use at all times and acquired new technologies for production to enhance the quality control efficiency and accuracy by installing the Surface Inspection System. The Surface Inspection System facilitates real-time decision making which will enable a prompt reaction on unqualified products leading to significant reduction of inferior goods. The Company has also obtained an automatic system to be used in product quality management to accommodate the ability to meet the customer requirements, reduce human errors and improve product quality consistency. Moreover, the Company has encouraged setting up a working group for the development of production process aiming to figure out solutions for particular problems. The working group is responsible for analysis, improvement planning and implementation of existing and new projects to increase efficiency and reduce production cost as well as improve product quality. The projects are as follows: 1. Zero Scrap Project, 2. Furnace Temperature Reduction Project,

3. Reduction in Work-roll Consumption of Finishing Mill Stands Project, 4. In-house Maintenance of Edge Induction Heater Project, 5. Pinch Roll Force & Position Hybrid Control Project, 6. Self Revamping and Migration Alpha Server to Itanium Server for Process Control Project, 7. Increase Productivity of Pickling and Oiling Process Project and 8. Slab Development Cooperation Project with SSI UK.

Risk from Natural Disaster, Fire and Other Emergency Incidents

- **Risk from Natural Disaster and Other Emergency Incidents**

The Hot Strip Mill is located in a lowland area adjacent to the sea. In the monsoon season, natural disasters frequently occur, for example, storm and flood. If these natural disasters happen, they will cause an opportunity loss in production and product delivery. The Company has realised that the damage might occur from this risk and managed to minimise the severity of impacts probably caused by natural disasters to the plant and employees. Flood barriers in the risky areas where machines were deteriorated by the flood in 2005 have been built. The Company has also prepared its personnel for news monitoring, the team to handle disasters with necessary equipment and practices to be ready for emergency incidents according to the natural disaster handling plan as well as set up an amateur radio station to gather outside news and information in case of failure in other communication network.

- **Fire**

The Hot Strip Mill is exposed to the risk of fire due to several activities carried out in the plant such as production process, repair and maintenance, etc. Fire possibly happened in the plant area may cause a lost opportunity in production and delivery and may be so severe that results in employees' loss of life or injury.

The Company has managed to mitigate the fire risk in the plant by establishing the Fire Protection and Emergency Rescue sub-committee, under supervision of the Safety, Occupational Health and the Working Environment Committee of the Company, with responsibility in supervising and conducting activities to reduce chances of fire occurrence in

the plant. Several activities have been introduced including training programs to increase the number of trained personnel who can handle emergency incidents. Practices to cope with emergency situations including fire, gas leaking, chemical spill, boiler malfunction, flood, and equipment inspection to ensure that they are always in good condition and installed in the risk area have been conducted regularly. There was also reviewing and conducting of a long term plan to improve an existing automated fire safety system in aspects of technology, suitability and value to reduce the severity and damage from the incident especially in the area where significant equipment located. Moreover, the Company also has the insurance covering natural disasters from flood, storm, tsunami, thunderbolt, earthquake and landslide to relieve cost of damages. The insurance covers property damage, loss from business interruption, damages on goods and products caused by such incidents as well as loss in case of fire in all circumstances.

There was no fire incident that caused damage to production process, property or life of employees in 2014. During the year, the sub-committee had practiced emergency plan in all areas to ensure readiness of personnel to control the incident in case of fire.

Risk from Impacts of Production on Environment, Society and Community

The Company has evaluated risk from impacts of production on environment, society and community in all aspects to cover the risk possibly incurred in the area of environment, resource utilisation, living and society, safety and community economy, and to ensure the Company's efficient risk management.

In order to reduce impacts possibly occurred from the Company's production to the external community, the Company has operated under the Environmental Standard ISO 14001:2004 and continually monitored changes in environmental laws. In addition, the Company has utilised fuel oil with not over 2% sulfur, controlled and inspected the fuel system to ensure the complete combustion, controlled and inspected the water and air treatment equipment to be always ready for use, reused treated water without releasing wastewater to outside area, ensured the result of water and

air quality complying with the standard imposed by the government agencies, evaluated the waste management companies and used the service of the waste management companies approved by the Department of Industrial Works. Moreover, practices of emergency response plan have also been implemented to relieve impacts from possible emergency situations.

The Company has established the Sahaviriya Transportation Control Working Committee monitored by the Community Leaders Council, to run activities promoting the elimination of accidents occurred from transportation of goods. The activities include driver training, CCTV installation to monitor driving through community area, arranging patrol to monitor driving activities and availability for assistance when needed. There is also Sahaviriya Transportation complaint center opened 24 hours to submit any request or complaint related to goods transportation of Sahaviriya group.

Financial Risk

- **Exchange Rate Risk**

Most of the Company's revenues are denominated in Thai Baht, while the costs of imported slab are in US dollar currency. The Company, then, exposes to foreign exchange rate risk and may have profit or loss from foreign exchange.

The Company realises the need for efficient risk management to generate value for shareholders. Therefore, management has managed the exchange rate risk under the approved policy by the Board of Directors using matching method. The method has conducted by matching the income received from one trading partner to expenses, with the same currency, owed to another trading partner. The rest of the unmatched expenses are covered by forward contracts without any speculation.

- **Trade Credit Risk**

Trade credit risk is the risk incurred from inability of counterparties of the Company to satisfy the terms and conditions stated in the sale and purchase agreement, thus the payment is not made on the due date. This may result in a negative impact on the Company.

The Company has concentrated on the quality of trade credit by conducting efficient control of credit collection, implementing suitable internal control, having a strict credit policy and reviewing credit allowance and credit granted authority. This is to ensure that the trade credit standard has been followed consistently and to limit level of risk from non-generating income trading credit to be at the level that has not affected the Company's performance.

- **Liquidity Risk**

Liquidity risk is incurred when the Company is unable to satisfy the obligations upon due date due to its inability to turn assets into cash or to manage sufficient cash as required within a given period at a reasonable cost. This may lead to an unfavorable result for the Company. The significant risk factors that have directly impacted the Company are unexpected sales volume that was below the target and debt default from customers who were not able to pay trading debt to the Company, which affected cash inflow, cash outflow, and working capital of the Company.

The Company has monitored its working capital closely through regular projection on cash inflow and cash outflow in order to be aware of future liquidity requirements and have sufficient preparation time for liquidity solving. It has currently been sourcing for new investors or new loans to be reserved for the future need of cash. However, the Company was able to pay some portion of the overall debt due within year 2014. Currently, the new payment schedule is under negotiation.

In 2014, the Company was considered having unfavorable liquidity. It has been monitoring and controlling financial ratios within the stipulated limit and in accordance with the agreements with the financial institutions granted credit facilities to the Company. The applicable financial ratios calculated from the consolidated financial statements include (a) Interest Bearing Debt to Equity Ratio of not greater than 1.5 times while the Company reported the ratio exceeding the limit at 9.6 times at year end, (b) Debt Service Coverage Ratio of not lower than 1.2 times while the Company reported the ratio below the limit at 0.1 time. In addition, as one of the conditions agreed with the financial institutions providing credit facilities to SSI UK, SSI UK has to maintain the current ratio of not less than 1 time while at

the end of 2014, SSI UK reported the ratio at 0.3 time which was lower than the agreed rate. However, the Company and SSI UK have already been given a waiver for not maintaining the financial ratios as agreed as of 31 December 2014 and are able to draw the credit facilities as usual.

Risk from Operations of Sahaviriya Steel Industries UK Ltd.

Sahaviriya Steel Industries UK Ltd. (SSI UK), producer and exporter of steel slab located in the northeast of the United Kingdom, is the Company's wholly owned subsidiary after an acquisition on 24 March 2011. The investment was made to acquire a complementary business to the current business of the Company for the purpose of long term strength and stabilised raw material management with required quality and adequate volume at reasonable price.

Since investing in SSI UK required a huge amount of capital which may impact the Company's performance in terms of liquidity, raw material management, as well as management of other resources related to SSI UK's business, the Company has started to monitor risk factors and risk management reported by SSI UK since 2014. In 2014, SSI UK has assessed its risk covering several areas, especially major risks including market risk, financial risk, and manufacturing risk. The risk factors include fluctuation of raw material and product prices, economic uncertainty, interest, exchange rate, as well as product demand during the economic slowdown. Those factors might have impact on the liquidity of SSI UK and its production consequently.

To mitigate the market risks, SSI UK has closely monitored and controlled lead time between raw material order date and slab selling date which the selling price was agreed in order to reduce the fluctuation of the prices during such period. Moreover, together with the Company, SSI UK has sourced for a strategic partner to support financial liquidity and to eliminate other risks resulted from the liquidity risks. For manufacturing risk, SSI UK has precisely inspected significant machines and equipments regularly to monitor whether any repair or replacement is required.

Risk of investment in SSI securities

Risk of investment in SSI securities refers to chances of decrease in value of investment at selling date due to a decrease in stock price. Investors may take risks that have impact on the Company, group of the Company, or investors directly, other than general business risks, as follows:

1. Risk arising from the changes in prices of commodity (Commodity risk), as steel is one of the commodity goods which selling price is referred to those in the world market where demand and supply are key drivers. The prices also tend to depend on the world economy. In the situation where the global economy is slowly recovering while geographical tension in various parts of the world becomes risky, and China's steel is over-capacity, the price of securities of steel companies worldwide could be impacted and decline.
2. Risk arising from changes in domestic market (Market risk) i.e. sluggish domestic economy may result in a decrease in the price of securities.
3. Risk arising from political change (Political risk) i.e. protests, revolution or a state of political uncertainty may affect the investment sentiment and confidence of foreign investors which may result in a negative market condition and price reduction of the securities in the market.

To mitigate the risks from investment in SSI securities, the Company has provided financial results and business outlook to investors accurately, completely, transparently, and consistently in quarterly basis, in accordance with the Securities and Exchange Commission and the Stock Exchange of Thailand. Key information also has been published on the Company's website. In addition, there is Group Investor Relations Department team who is directly in charge of responding to investors' inquiries via telephone and e-mails to enhance investors' accessibility to information, so that investors can understand and assess whether investing in SSI securities is under their risk suitability. The closing price of SSI on 27 February 2015, which was an announcement date of the Company's financial results for the year ended 31 December 2014, was Baht 0.24 with market capitalisation Baht 7,720 million and book value Baht 4,660 million.

General Information and Other Key Information

Name	: Sahaviriya Steel Industries Public Company Limited
Abbreviation	: SSI
Company Registration No.	: 0107537000688
Website	: http://www.ssi-steel.com
Type of Business	: The Company manufactures and distributes hot-rolled coils with a maximum production capacity of 4 million tons per annum and hot-rolled coils pickled and oiled with maximum production capacity of 1 million tons per annum. The Company endeavors to supply premium-grade steel sheets to cater to the region's growing demand in automobile, energy, transportation, and construction sector. In the upstream industry, the Company invests in the Upstream Business to manufacture and distribute high-grade steel slabs for use in the Company's production and to feed the world's growing demand with a maximum production capacity of 3.6 million tons per annum under operation of Sahaviriya Steel Industries UK Limited (SSI UK). In the downstream industry, the Company has investments in Cold Rolled Coil Business under operation of Thai Cold Rolled Steel Sheet Public Company Limited (TCRSS) and Coated Steel Sheet Business under operation of Thai Coated Steel Sheet Company Limited (TCS), and also has investments in related businesses including Engineering Business under operation of West Coast Engineering Company Limited (WCE) and Port Business under operation of Prachuap Port Company Limited (PPC).

Location

Head Office	: 28/1 Prapawit Building, 2 nd - 3 rd Floor, Surasak Road, Silom, Bangrak, Bangkok 10500 Tel. 0-2238-3063-82, 0-2630-0280-6 Fax 0-2236-8890, 0-2236-8892
Plant Office	: 9 Moo 7, Ban Klang Na - Yai Ploy Road, Mae Ramphueng, Bangsaphan, Prachuap Khiri Khan 77140 Tel. 0-3269-1403-5, 0-3269-1412-5, 0-3269-1419-20 Fax 0-3269-1416, 0-3269-1421

Type and Number of Shares (As of 31 December 2014)

Registered Capital	39,867,778,559	Baht
Ordinary Shares	39,867,778,559	Shares
Par Value	1	Baht per share
Paid-up Capital	32,166,258,124	Baht
Ordinary Shares	32,166,258,124	Shares
Par Value	1	Baht per share

Name, Head Office Location, Type of Business, and Number of Paid-up Shares of Companies in which Shareholding by the Company is More Than 10% of Paid-up Shares as at 31 December 2014

Name and Head Office Location	Type of Business	Registered Capital (Baht)	Par Value (Baht)	Number of Paid-up Ordinary Shares (Shares)	Shareholding (%)
West Coast Engineering Company Limited 6 th Floor, Prapawit Building, 28/1 Surasak Road, Silom, Bangrak, Bangkok 10500 Tel. 0-2237-6746-9 Fax 0-2630-0516	Engineering Business	75,000,000	10	7,500,000	99.99
Prachuap Port Company Limited 6 th Floor, Prapawit Building, 28/1 Surasak Road, Silom, Bangrak, Bangkok 10500 Tel. 0-2630-0323-32 Fax 0-2236-7046, 0-2236-7057	Port Business	400,000,000	10	40,000,000	51
Thai Cold Rolled Steel Sheet Public Company Limited 5 th Floor, Prapawit Building, 28/1 Surasak Road, Silom, Bangrak, Bangkok 10500 Tel. 0-2630-0300 Fax 0-2630-0320-2	CRC Business	4,816,350,000	4.50	1,070,300,000	35.19
Sahaviriya Steel Industries UK Limited Steel House, Trunk Road, Redcar, TS10 5QW United Kingdom Tel. +4416 4240 8000 Fax +4416 4240 4552	Upstream Business	GBP 556,999,000	GBP 1,000	556,999	100
Redcar Bulk Terminal Limited Steel House, Trunk Road, Redcar, TS10 5QW United Kingdom Tel. +4416 4240 5500	Port Business	GBP 26,502,718	GBP 1	26,502,718	50

Name and Location of Other References

Share Registrar

Ordinary Shares : Thailand Securities Depository Co., Ltd.
62, The Stock Exchange of Thailand Building,
Ratchadapisek Road, Klongtoey, Bangkok 10110
Tel. 0-2229-2800
Fax 0-2359-1259
TSD Call Center 0-2229-2888

Convertible Debentures : Siam Commercial Bank Public Company Limited
Markets Operations Division
Building 2, 3rd Floor,
1060 Phetchaburi Road, Makkasan,
Ratchathewi, Bangkok 10400
Tel. 0-2256-2323
Fax 0-2256-2414

Convertible Debenture Holders' Representatives : Siam Commercial Bank Public Company Limited
Chidlom Office, Building 2, 3rd Floor,
1060 Phetchaburi Road, Makkasan,
Ratchathewi, Bangkok 10400
Tel. 0-2256-2316
Fax 0-2256-2401-2

Auditors : Miss Sureerat Thongarunsang C.P.A. Registration No. 4409
Mr. Winid Silamongkol C.P.A. Registration No. 3378
Mr. Charoen Phosamritlert C.P.A. Registration No. 4068
KPMG Phoomchai Audit Limited
Empire Tower, 50th - 51st Floors,
195 South Sathorn Road, Bangkok 10120
Tel. 0-2677-2000
Fax 0-2677-2222

Corporate Secretary : Mr. Surasak Ngamsidhipongsa
Assistant Vice President - Corporate Secretariat Office
Tel. 0-2238-3063-82
Fax 0-2236-8892
E-mail: surasakn@ssi-steel.com

Major Shareholders

List of Major Shareholders

Listed are the names and shareholdings of the ten largest shareholders (as per article 258, voted the same way) as of 25 March 2014, the latest closing date of the shareholder register book for the rights to attend the 25th Annual General Meeting of Shareholders.

Names	As of 25 March 2014	
	Number of Shares	Percentage of Shareholding
1. SAHAVIRIYA GROUP	11,373,215,265	35.36
2. VANOMET HOLDING AG	6,341,157,453	19.71
3. MARUBENI-ITOCHEU STEEL INC.	1,133,908,088	3.53
4. JFE STEEL CORPORATION	1,133,908,088	3.53
5. MR. KOMOL JUNGRUNGRUENKIT	806,942,300	2.51
6. THE BANK OF NEW YORK (NOMINEES) LIMITED A/C 5100	761,624,600	2.37
7. MR. PRATEEP TUNGMATITHAM	300,013,780	0.93
8. THAI NVDR COMPANY LIMITED	259,259,108	0.81
9. MISS SUMAL LIMPIYACHART	244,542,400	0.76
10. MR. VICHIT RATANASIRIVILAI	203,511,840	0.63
THAI SHAREHOLDERS	22,415,560,943 shares	
FOREIGN SHAREHOLDERS	9,750,697,181 shares	

Note:

Sahaviriya Group consists of:

1. Sahaviriya Group Corporation Limited	Percentage of Shareholding
is an investment holding company whose shareholders are:	25.07%
1. Mr. Win Viriyaprapaikit who owns 47.15% of all shares	
2. Mrs. Theerarat Kunattanonda who owns 30.91% of all shares	
3. Mr. Piya Viriyaprapaikit who owns 20.95% of all shares	
4. Others who own 0.99% of all shares	
2. Sahaviriya Inter Steel Holdings Company Limited	8.56%
(formerly named SSV ASSET Company Limited)	
is an investment holding company whose shareholders are:	
1. Sahaviriya Group Corporation Limited who owns 97.89% of all shares	
2. KP Capital Company Limited who owns 1.93% of all shares	
3. Others who own 0.18% of all shares	
3. Mrs. Sirikul Viriyaprapaikit Bendi	1.12%
4. Ms. Kanokvalee Viriyaprapaikit	0.39%
5. Mrs. Krisna Viriyaprapaikit	0.14%
6. Mrs. Theerarat Kunatthanonda	0.08%
7. Mrs. Prapa Viriyaprapaikit	100 shares
8. Mr. Wit Viriyaprapaikit	100 shares
Total shareholding in SSI	35.36%

The latest shareholding can be viewed via the Company's website at <http://www.ssi-steel.com> before the Annual General Meeting of Shareholders.

Foreign Limit

The Company's foreign shareholding was limited at 49% of the paid-up capital. As of 30 December 2014, the Company's foreign shareholding was 30.42% of the paid-up capital.

Dividend Policy

The Company has a policy to pay dividend at a rate of not less than 25% of net profit after income tax, legal reserve, and other reserves, from the Company's separated financial statements in each year. Dividend payment; nonetheless, depends on economic conditions, operating profit, investment plans, covenant in various contracts, and other appropriated factors, both at present and in the future.

According to the Board of Directors' resolution on the dividend payment, the shareholders' meeting shall approve dividend payment unless there is an interim dividend payment in which the Board of Directors is authorised to approve interim dividend payment. In this case, such payment should be submitted to the next meeting of shareholders for acknowledgement.

As for the dividend policy of the Company's subsidiaries, the Company does not fix any particular rates of dividend payment. It depends on the operational results of each subsidiary, and the Board of Directors of that subsidiary will make the decision concerning dividends on a case-by-case basis.

In 2014, the 25th Annual General Meeting of Shareholders held on 28 April 2014 considered and approved that no dividend payment shall be made for the operating results of the year 2013, as the Company had retained deficit as at 31 December 2013. Therefore, the Company was unable to allocate dividend payment to shareholders.

The Board of Directors

1. Mr. Wit Viriyaprapaikit

Chairman of the Board of Directors

Age 79 years

Family Relationship with Other Directors:

Father of Mr. Win Viriyaprapaikit

Uncle of Mr. Piya Viriyaprapaikit

Servicing Period:

20 years and 11 months

(from 21 January 1994 to 31 December 2014)

% of Shareholding:

0.00000031% (100 shares)

Education:

Honorary B.A., Rajamangala Institute of Technology

Director Training Program:

- None -

Work Experience:

- | | |
|-------------|--|
| 2008 - 2012 | <ul style="list-style-type: none"> • Chairman of the Board of Directors, Thai Cold Rolled Steel Sheet Public Company Limited |
| 1995 - 2010 | <ul style="list-style-type: none"> • Director, Bangpakong Lighter Company Limited • Director, Bangpakong Port Company Limited |
| 1994 - 2010 | <ul style="list-style-type: none"> • Chairman of the Board of Directors, Bangsaphan Barmill Public Company Limited |
| 1990 - 2010 | <ul style="list-style-type: none"> • Director, Thai Coated Steel Sheet Company Limited • Director, Prachuap Port Company Limited |
| 1990 - 2003 | <ul style="list-style-type: none"> • Director and Chairman of the Board of Executive Directors, Thai Cold Rolled Steel Sheet Public Company Limited |
| 1982 - 2000 | <ul style="list-style-type: none"> • Director, SVOA Public Company Limited |
| 1982 - 1998 | <ul style="list-style-type: none"> • Director, Bank of Ayudhya Public Company Limited |

Current Position in Other Organisation:

In listed companies:

- None -

In non-listed companies:

- Director, Sahaviriya Group Corporation Limited
- Director, Sahaviriya Inter Steel Holdings Company Limited
- Director, Sahaviriya Iron and Steel Company Limited

In other organisations that may cause any conflict of interest to the Company:

- Director, Sahaviriya Plate Mill Public Company Limited
- Director, B.S. Metal Company Limited
- Director, Prapawit Building Property Company Limited
- Director, Sahaviriya Panich International Company Limited
- Director, Western Housing Company Limited

Meeting Attendance in Year 2014:

- | | | |
|--------------------------------------|---|-------------|
| 1. The Board of Directors Meeting | = | 12/14 times |
| 2. The Shareholders' Meeting in 2014 | = | 1/1 time |

Criminal Record during the Past 10 Years:

1. Never been sentenced by a judgment in criminal offence.
2. Never been sentenced by a judgment to be bankrupt or insolvent.

Punishment Record during the past 5 years related to the commission of offences under the provisions of the Securities and Exchange Act B.E. 2535 or Derivatives Act B.E. 2546 in the following cases:

1. Act in bad faith or with gross negligence.
 - None -
2. Disclosure or providing the information or a false statement which may be misled, or concealing facts which should have been stated in materiality that may affect on the decision-making to shareholders, investors, or related persons.
 - None -
3. Unfair practices or taking advantage of investors in the trading of securities or derivatives, or being or having been participated in or supported such act.
 - None -

2. Mr. Somchai Sakulsurarat

Deputy Chairman of the Board of Directors,
Independent Director
and Chairman of the Audit Committee
Age 66 years

Family Relationship with Other Directors:

- None -

Servicing Period:

4 years and 10 months
(from 26 February 2010 to 31 December 2014)

% of Shareholding:

- None -

Education:

- M.B.A., Sasin Graduate Institute of Business Administration, Chulalongkorn University
- Bachelor of Economics (English program), Thammasat University
- The Joint State-Private Sectors Regular Course, National Defense College
- Certificate of Financial and Banking, Associateship Diploma of the Institute of Bankers, London
- Advance Certificate Course in Public Administration and Law for Executives, King Prajadhipok's Institute

Director Training Program:

- Director Certification Program (DCP 80/2006), Thai Institute of Directors Association

Work Experience:

- Chairman of the Board of Directors, Thai Agro Exchange Company Limited
- Advisor of Deputy Minister of Finance (Mr. Pradit Phattharaprasit)
- The Senate, the National Legislative Assembly of Thailand
- Chief Executive Officer, Thai Military Bank Public Company Limited
- Chief Executive Officer, Bangkok Metropolitan Bank Public Company Limited
- President, Bank of Ayudhya Public Company Limited

Current Position in Other Organisation:

In listed companies:

- Chairman of the Board of Directors and Chairman of the Nomination and Remuneration Committee, Chumporn Palm Oil Industry Public Company Limited
- Chairman of the Board of Directors, S. Khonkaen Food Public Company Limited
- Director and Chairman of Audit Committee, Globlex Holding Management Public Company Limited

In non-listed companies:

- Chairman of the Board of Directors, Prachuap Port Company Limited
- Director, West Coast Engineering Company Limited
- Director, Lenso Corporation Public Company Limited
- Chairman of the Board of Directors, SCJ & Associates Company Limited

In other organisations that may cause any conflict of interest to the Company:

- None -

Meeting Attendance in Year 2014:

- | | | |
|--------------------------------------|---|-------------|
| 1. The Board of Directors Meeting | = | 12/14 times |
| 2. The Independent Directors Meeting | = | 4/4 times |
| 3. The Audit Committee Meeting | = | 6/7 times |
| 4. The Shareholders' Meeting in 2014 | = | 1/1 time |

Criminal Record during the Past 10 Years:

1. Never been sentenced by a judgment in criminal offence.
2. Never been sentenced by a judgment to be bankrupt or insolvent.

Punishment Record during the past 5 years related to the commission of offences under the provisions of the Securities and Exchange Act B.E. 2535 or Derivatives Act B.E. 2546 in the following cases:

1. Act in bad faith or with gross negligence.
 - None -
2. Disclosure or providing the information or a false statement which may be misled, or concealing facts which should have been stated in materiality that may affect on the decision-making to shareholders, investors, or related persons.
 - None -
3. Unfair practices or taking advantage of investors in the trading of securities or derivatives, or being or having been participated in or supported such act.
 - None -

Additional information on holding independent directors status:

1. Not being related to management, major shareholder of the Company or its subsidiaries.
2. Not being related to the Company, its subsidiaries, its associated companies, or a juristic entity that may have conflict of interest at present or the past 2 years.
 - Not being a director in roles of management, employees, or advisor who receives full time salary.
 - Not providing professional service (i.e. auditor or legal counsel).
 - Not having significant business relationship with the Company in the manner that may interfere with the independent judgment.

3. Mr. Tongchat Hongladaromp Director, Independent Director and Chairman of the Risk Management Committee Age 76 years

Family Relationship with Other Directors:

- None -

Servicing Period:

20 years and 10 months
(from 1 March 1994 to 31 December 2014)

% of Shareholding:

- None -

Education:

- Ph.D.Eng. (Civil), Northwestern University, U.S.A.
- M.Eng. (Civil), Asian Institute of Technology
- B.Eng. (Civil), Chulalongkorn University
- The National Defense Regular Course (Class 32), National Defense College

Director Training Program:

- Director Accreditation Program (DAP 36/2005), Thai Institute of Directors Association
- Finance for Non-Finance Director 24/2005 (FND 24/2005), Thai Institute of Directors Association

Work Experience:

2005 - 2012	• Director, Asian Institute of Technology
2004 - 2010	• Independent Director, Bangkok Polyethylene Public Company Limited
2006 - 2008	• Director, PTT Exploration and Production Public Company Limited
2003 - 2008	• Director, PTT Chemical Public Company Limited
1997 - 2008	• Chairman of the Board of Directors, TMB Asset Management Company Limited
2001 - 2003	• President, Thai Petrochemical Industry Public Company Limited
1996 - 2001	• President, Thai Telephone & Telecommunication Public Company Limited
1987 - 1991	• President, PTT Exploration and Production Public Company Limited
1979 - 1987	• Governor, Petroleum Authority of Thailand
1976 - 1979	• Governor, Expressway and Rapid Transit Authority of Thailand

Current Position in Other Organisation:

In listed companies:

- Chairman of the Board of Directors, Samart Corporation Public Company Limited

In non-listed companies:

- Director, West Coast Engineering Company Limited
- Chairman of the Board of Directors, Linde (Thailand) Public Company Limited
- Chairman of the Board of Directors, C.T. Land Company Limited
- Chairman of the Board of Directors, Chuchawal-Royal Haskoning Company Limited
- President of the University Council, King Mongkut's University of Technology Thonburi

In other organisations that may cause any conflict of interest to the Company:

- None -

Meeting Attendance in Year 2014:

1. The Board of Directors Meeting	= 11/14 times
2. The Independent Directors Meeting	= 3/4 times
3. The Risk Management Committee Meeting	= 4/4 times
4. The Shareholders' Meeting in 2014	= 1/1 time

Criminal Record during the Past 10 Years:

1. Never been sentenced by a judgment in criminal offence.
2. Never been sentenced by a judgment to be bankrupt or insolvent.

Punishment Record during the past 5 years related to the commission of offences under the provisions of the Securities and Exchange Act B.E. 2535 or Derivatives Act B.E. 2546 in the following cases:

1. Act in bad faith or with gross negligence.
 - None -
2. Disclosure or providing the information or a false statement which may be misled, or concealing facts which should have been stated in materiality that may affect on the decision-making to shareholders, investors, or related persons.
 - None -
3. Unfair practices or taking advantage of investors in the trading of securities or derivatives, or being or having been participated in or supported such act.
 - None -

Additional information on holding independent directors status:

1. Not being related to management, major shareholder of the Company or its subsidiaries.
2. Not being related to the Company, its subsidiaries, its associated companies, or a juristic entity that may have conflict of interest at present or the past 2 years.
 - Not being a director in roles of management, employees, or advisor who receives full time salary.
 - Not providing professional service (i.e. auditor or legal counsel).
 - Not having significant business relationship with the Company in the manner that may interfere with the independent judgment.

4. Mr. Siripol Yodmuangcharoen

Director, Independent Director,
and Chairman of the Nomination
and Remuneration Committee
Age 66 years

Family Relationship with Other Directors:

- None -

Servicing Period:

4 years and 8 months

(from 30 April 2010 to 31 December 2014)

% of Shareholding:

- None -

Education

- D.B.A., University of South Australia, Australia
- M.B.A., Thammasat University
- B.A. Economics, Thammasat University
- The National Defense Regular Course, National Defense College
- Top Executive Program in Commerce and Trade (TEPCoT 1)
- Certificate, The Civil Service Commission (CSC 17)

Director Training Program:

- Director Certification Program (DCP 131/2010), Thai Institute of Directors Association
- Capital Market Academy Leadership Program (CMA 7), Capital Market Academy

Work Experience:

- 2012 - 2013 • Director, CAT Telecom Public Company Limited
- Director, Thailand Institute of Scientific and Technological Research
- 2011 - 2013 • Director and Chairman of the Risk Management Committee, Thai Credit Guarantee Corporation (TCG)
- 2010 - 2011 • Director and Chairman of the Risk Management Committee, Government Housing Bank
- 2009 - 2010 • Director, Siam City Bank Public Company Limited
- 2007 - 2009 • Commission Member, Securities and Exchange Commission
- Director, Office of Insurance Commission
- Commission Members, The Office of the Agricultural Futures Trading Commission
- Permanent Secretary, Ministry of Commerce
- 2003 - 2009 • Chairman of the Executive Board, The Office of the Agricultural Futures Trading Commission
- 2005 - 2008 • Director, Government Savings Bank
- 2001 - 2007 • Director General Department of Internal Trade, Ministry of Commerce

Current Position in Other Organisation:

In listed companies:

- Independent Director, Thai President Foods Public Company Limited
- Director and Chairman of the Risk Management Committee, Siam Food Products Public Company Limited

In non-listed companies:

- Vice Chairman of the Board of Directors, Plantheon Company Limited
- Chairman of the Board of Executive Directors, The Gem and Jewelry Institute of Thailand (Public Organization)
- Public Sector Development Commission OPDC, Office of the Public Sector Development Commission

In other organisations that may cause any conflict of interest to the Company:

- None -

Meeting Attendance in Year 2014:

- | | |
|--|---------------|
| 1. The Board of Directors Meeting | = 12/14 times |
| 2. The Independent Directors Meeting | = 4/4 times |
| 3. The Nomination and Remuneration Committee Meeting | = 3/3 times |
| 4. The Shareholders' Meeting in 2014 | = 1/1 time |

Criminal Record during the Past 10 Years:

1. Never been sentenced by a judgment in criminal offence.
2. Never been sentenced by a judgment to be bankrupt or insolvent.

Punishment Record during the past 5 years related to the commission of offences under the provisions of the Securities and Exchange Act B.E. 2535 or Derivatives Act B.E. 2546 in the following cases:

1. Act in bad faith or with gross negligence.
- None -
2. Disclosure or providing the information or a false statement which may be misled, or concealing facts which should have been stated in materiality that may affect on the decision-making to shareholders, investors, or related persons.
- None -
3. Unfair practices or taking advantage of investors in the trading of securities or derivatives, or being or having been participated in or supported such act.
- None -

Additional information on holding independent directors status:

1. Not being related to management, major shareholder of the Company or its subsidiaries.
2. Not being related to the Company, its subsidiaries, its associated companies, or a juristic entity that may have conflict of interest at present or the past 2 years.
 - Not being a director in roles of management, employees, or advisor who receives full time salary.
 - Not providing professional service (i.e. auditor or legal counsel).
 - Not having significant business relationship with the Company in the manner that may interfere with the independent judgment.

5. Mr. Permpoon Krairiksh
Director, Independent Director,
Audit Committee Member
and Risk Management Committee Member
Age 63 years

Family Relationship with Other Directors:

- None -

Servicing Period:

14 years and 1 month

(from 8 December 1999 to 31 December 2014)

% of Shareholding:

- None -

Education:

- B.A., Boston University, U.S.A.
- The Joint State-Private Sectors Regular Course, National Defense College

Director Training Program:

- Director Accreditation Program (DAP 3/2003), Thai Institute of Directors Association
- Understanding the Fundamental of Financial Statements (UFS 12/2007), Thai Institute of Directors Association

Work Experience:

- 1999 - 2011 • Executive Vice President,
 Division Head, Retail Credit and Business Support Division, The Siam Commercial Bank Public Company Limited
- 2007 - 2009 • Chairman of the Board of Directors, SCB Asset Management Company Limited

Current Position in Other Organisation:

In listed companies:

- Independent Director and Audit Committee Member, The Siam Commercial Samaggi Insurance Public Company Limited

In non-listed companies:

- Independent Director and Chairman of the Risk Management Committee, The Cambodian Commercial Bank

In other organisations that may cause any conflict of interest to the Company:

- None -

Meeting Attendance in Year 2014:

- | | |
|--|---------------|
| 1. The Board of Directors Meeting | = 13/14 times |
| 2. The Independent Directors Meeting | = 4/4 times |
| 3. The Audit Committee Meeting | = 7/7 times |
| 4. The Risk Management Committee Meeting | = 4/4 times |
| 5. The Shareholders' Meeting in 2014 | = 1/1 time |

Criminal Record during the Past 10 Years:

1. Never been sentenced by a judgment in criminal offence.
2. Never been sentenced by a judgment to be bankrupt or insolvent.

Punishment Record during the past 5 years related to the commission of offences under the provisions of the Securities and Exchange Act B.E. 2535 or Derivatives Act B.E. 2546 in the following cases:

1. Act in bad faith or with gross negligence.
 - None -
2. Disclosure or providing the information or a false statement which may be misled, or concealing facts which should have been stated in materiality that may affect on the decision-making to shareholders, investors, or related persons.
 - None -
3. Unfair practices or taking advantage of investors in the trading of securities or derivatives, or being or having been participated in or supported such act.
 - None -

Additional information on holding independent directors status:

1. Not being related to management, major shareholder of the Company or its subsidiaries.
2. Not being related to the Company, its subsidiaries, its associated companies, or a juristic entity that may have conflict of interest at present or the past 2 years.
 - Not being a director in roles of management, employees, or advisor who receives full time salary.
 - Not providing professional service (i.e. auditor or legal counsel).
 - Not having significant business relationship with the Company in the manner that may interfere with the independent judgment.

6. Mr. Pichai Eursirisub

Director, Independent Director
and Good Corporate Governance Committee
Member
Age 56 years

Family Relationship with Other Directors:

- None -

Servicing Period:

1 year and 10 months
(from 1 March 2013 to 31 December 2014)

% of Shareholding:

0.198% (63,640,600 Shares)

Education:

- Commerce, Bangkok Business College

Director Training Program:

- None -

Work Experience:

- None -

Current Position in Other Organisation:

In listed companies:

- None -

In non-listed companies:

- Business Owner and President,
Kim Heng Seng Steel Company Limited

In other organisations that may cause any conflict of interest
to the Company:

- None -

Meeting Attendance in Year 2014:

- | | |
|---|---------------|
| 1. The Board of Directors Meeting | = 13/14 times |
| 2. The Independent Directors Meeting | = 3/4 times |
| 3. The Good Corporate Governance
Committee Meeting | = 4/4 times |
| 4. The Shareholders' Meeting in 2014 | = 1/1 time |

Criminal Record during the Past 10 Years:

1. Never been sentenced by a judgment in criminal offence.
2. Never been sentenced by a judgment to be bankrupt or insolvent.

Punishment Record during the past 5 years related to the commission of offences under the provisions of the Securities and Exchange Act B.E. 2535 or Derivatives Act B.E. 2546 in the following cases:

1. Act in bad faith or with gross negligence.
 - None -
2. Disclosure or providing the information or a false statement which may be misled, or concealing facts which should have been stated in materiality that may affect on the decision-making to shareholders, investors, or related persons.
 - None -
3. Unfair practices or taking advantage of investors in the trading of securities or derivatives, or being or having been participated in or supported such act.
 - None -

Additional information on holding independent directors status:

1. Not being related to management, major shareholder of the Company or its subsidiaries.
2. Not being related to the Company, its subsidiaries, its associated companies, or a juristic entity that may have conflict of interest at present or the past 2 years.
 - Not being a director in roles of management, employees, or advisor who receives full time salary.
 - Not providing professional service (i.e. auditor or legal counsel).
 - Not having significant business relationship with the Company in the manner that may interfere with the independent judgment.

7. Mr. Yarnsak Manomaiphiboon

Director, Independent Director,
Audit Committee Member
and Good Corporate Governance
Committee Member
Age 51 years

Family Relationship with Other Directors:

- None -

Servicing Period:

2 years and 10 months

(from 27 February 2012 to 31 December 2014)

% of Shareholding:

- None -

Education:

- M.B.A., Indiana University, Bloomington, U.S.A.
- Bachelor Degree in Engineering (2nd Class Hons.), Chulalongkorn University

Director Training Program:

- Director Certification Program (DCP 60/2005), Thai Institute of Directors Association
- Director Accreditation Program (DAP 23/2004), Thai Institute of Directors Association
- Capital Market Academy Leadership Program (CMA 5), Capital Market Academy
- Public Director Certification Program (PDI 3), Public Director Institute

Work Experience:

- | | |
|-------------|---|
| 2011 | <ul style="list-style-type: none"> • Independent Director, Audit Committee Member and Risk Management Committee Member Krung Thai Bank Public Company Limited • Chairman of the Board of Directors, KTB Leasing Company Limited |
| 2010 - 2011 | <ul style="list-style-type: none"> • Director, Federation of Thai Capital Market Organizations |
| 2009 - 2011 | <ul style="list-style-type: none"> • Director and Chairman of the Audit Committee, MCOT Public Company Limited • Chairman of the Risk Management Committee and Executive Director, Bualuang Securities Public Company Limited • Director, The Thai Bond Market Association |
| 2008 | <ul style="list-style-type: none"> • Director, Settrade Dot Com Company Limited |
| 2007 - 2011 | <ul style="list-style-type: none"> • Executive Director, Association of Thai Securities Companies |
| 2007 - 2008 | <ul style="list-style-type: none"> • IT Steering Committee, The Stock Exchange of Thailand |
| 2005 - 2009 | <ul style="list-style-type: none"> • President and Executive Director, Bualuang Securities Public Company Limited |

Current Position in Other Organisation:

In listed companies:

- Independent Director and Chairman of Audit Committee, Principle Capital Public Company Limited

In non-listed companies:

- Chairman of the Board of Directors, Thai Credit Guarantee Corporation (TCG)
- Director, The Krungthep Thanakom Company Limited
- President, Association of Thai Securities Companies
- Advisor, Federation of Thai Capital Market Organizations

In other organisations that may cause any conflict of interest to the Company:

- None -

Meeting Attendance in Year 2014:

- | | |
|--|---------------|
| 1. The Board of Directors Meeting | = 11/14 times |
| 2. The Independent Directors Meeting | = 3/4 times |
| 3. The Audit Committee Meeting | = 7/7 times |
| 4. The Good Corporate Governance Committee Meeting | = 4/4 times |
| 5. The Shareholders' Meeting in 2014 | = 1/1 time |

Criminal Record during the Past 10 Years:

1. Never been sentenced by a judgment in criminal offence.
2. Never been sentenced by a judgment to be bankrupt or insolvent

Punishment Record during the past 5 years related to the commission of offences under the provisions of the Securities and Exchange Act B.E. 2535 or Derivatives Act B.E. 2546 in the following cases:

1. Act in bad faith or with gross negligence.
- None -
2. Disclosure or providing the information or a false statement which may be misled, or concealing facts which should have been stated in materiality that may affect on the decision-making to shareholders, investors, or related persons.
- None -
3. Unfair practices or taking advantage of investors in the trading of securities or derivatives, or being or having been participated in or supported such act.
- None -

Additional information on holding independent directors status:

1. Not being related to management, major shareholder of the Company or its subsidiaries.
2. Not being related to the Company, its subsidiaries, its associated companies, or a juristic entity that may have conflict of interest at present or the past 2 years.
 - Not being a director in roles of management, employees, or advisor who receives full time salary.
 - Not providing professional service (i.e. auditor or legal counsel).
 - Not having significant business relationship with the Company in the manner that may interfere with the independent judgment.

8. Mr. Somchai Pipitvijitkorn

Director, Risk Management Committee Member
and Nomination and Remuneration
Committee Member

Age 75 years

Family Relationship with Other Directors:

- None -

Servicing Period:

11 years and 8 months

(from 29 April 2003 to 31 December 2014)

% of Shareholding:

- None -

Education:

- M.B.A., Michigan State University, U.S.A.
- Bachelor's Degree (Second Honors), Faculty of Accounting, Chulalongkorn University

Director Training Program:

- Seminar on Directors' Compensation of Thai Companies 2004 held on 22 February 2005

Work Experience:

- | | |
|-------------|---|
| 2010 - 2014 | • Chairman of the Board of Directors, Bangsaphan Barmill Public Company Limited |
| 2004 - 2014 | • Director, Bangsaphan Barmill Public Company Limited |
| 2009 - 2012 | • Director, Thai Cold Rolled Steel Sheet Public Company Limited |
| 1990 - 1999 | • Director, Sahaviriya Steel Industries Public Company Limited
• Director, Thai Cold Rolled Steel Sheet Public Company Limited |
| 1986 - 1998 | • Director, Siam City Cement Public Company Limited |
| 1984 - 1999 | • Director, Bank of Ayudhya Public Company Limited |
| 1983 - 1999 | • Director, Ayudhya Life Assurance Public Company Limited |

Current Position in Other Organisation:

In listed companies:

- Director, MK Restaurant Group Public Company Limited

In non-listed companies:

- None -

In other organisations that may cause any conflict of interest to the Company:

- Director, Sahaviriya Plate Mill Public Company Limited

Meeting Attendance in Year 2014:

- | | |
|--|---------------|
| 1. The Board of Directors Meeting | = 12/14 times |
| 2. The Nomination and Remuneration Committee Meeting | = 3/3 times |
| 3. The Risk Management Committee Meeting | = 4/4 times |
| 4. The Shareholders' Meeting in 2014 | = 0/1 time |

Criminal Record during the Past 10 Years:

1. Never been sentenced by a judgment in criminal offence.
2. Never been sentenced by a judgment to be bankrupt or insolvent.

Punishment Record during the past 5 years related to the commission of offences under the provisions of the Securities and Exchange Act B.E. 2535 or Derivatives Act B.E. 2546 in the following cases:

1. Act in bad faith or with gross negligence.
 - None -
2. Disclosure or providing the information or a false statement which may be misled, or concealing facts which should have been stated in materiality that may affect on the decision-making to shareholders, investors, or related persons.
 - None -
3. Unfair practices or taking advantage of investors in the trading of securities or derivatives, or being or having been participated in or supported such act.
 - None -

9. Mr. Kamol Juntima

Director and Chairman of the Good Corporate Governance Committee Member

Age 76 years

Family Relationship with Other Directors:

- None -

Servicing Period:

16 years and 8 months

(from 28 April 1998 to 31 December 2014)

% of Shareholding:

0.00399% (1,284,000 shares)

Education:

- M.P.A., National Institute of Development Administration (NIDA)
- Bachelor of Commerce, Thammasat University
- Bachelor of Accountancy, Thammasat University
- The National Defense Regular Course (Class 33), National Defense College

Director Training Program:

- Director Certification Program (DCP 3/2000), Thai Institute of Directors Association
- The Role of The Chairman Program (RCP 4/2001), Thai Institute of Directors Association
- Board & CEO 1/2003, Thai Institute of Directors Association
- DCP Refresher Course 4/2007, Thai Institute of Directors Association

Work Experience:

- | | |
|-------------|---|
| 2008 - 2013 | • Chairman of Ethics Committee, Federation of Accounting Professions |
| 2003 - 2013 | • Directors and Chairman of the Audit Committee, Electronic Industry Public Company Limited |
| 2007 - 2012 | • Chairman of Audit and Evaluation Committee, Ministry of Education |
| 2000 - 2002 | • Chairman of the Board Financial Sector Restructuring Authority (FRA) |
| 1998 - 2000 | • Audit Committee Chairman, Provincial Electricity Authority |
| 1998 | • Comptroller General, Ministry of Finance |

- | | |
|-------------|---|
| 1996 - 1998 | • Chairman of the Board Government Lottery Office |
| 1995 - 1999 | • Director and Chairman of Executive Board, Government Housing Bank |
| 1993 - 1998 | • Deputy Permanent Secretary for Finance, Ministry of Finance |

Current Position in Other Organisation:

In listed companies:

- Chairman of the Board of Directors, IT CITY Public Company Limited

In non-listed companies:

- Chairman of the Board of Directors, West Coast Engineering Company Limited
- Director, Prachuap Port Company Limited
- Chairman of the Board of Directors, TRIS Rating Company Limited

In other organisations that may cause any conflict of interest to the Company:

- None -

Meeting Attendance in Year 2014:

- | | |
|--|---------------|
| 1. The Board of Directors Meeting | = 14/14 times |
| 2. The Good Corporate Governance Committee Meeting | = 4/4 times |
| 3. The Shareholders' Meeting in 2014 | = 1/1 time |

Criminal Record during the Past 10 Years:

1. Never been sentenced by a judgment in criminal offence.
2. Never been sentenced by a judgment to be bankrupt or insolvent.

Punishment Record during the past 5 years related to the commission of offences under the provisions of the Securities and Exchange Act B.E. 2535 or Derivatives Act B.E. 2546 in the following cases:

1. Act in bad faith or with gross negligence.
 - None -
2. Disclosure or providing the information or a false statement which may be misled, or concealing facts which should have been stated in materiality that may affect on the decision-making to shareholders, investors, or related persons.
 - None -
3. Unfair practices or taking advantage of investors in the trading of securities or derivatives, or being or having been participated in or supported such act.
 - None -

10. Mr. Piya Viriyaprapaikit

Director and the Nomination
and Remuneration Committee Member
Age 65 years

Family Relationship with Other Directors:

- None -

Servicing Period:

19 years and 8 months

(from 24 April 1995 to 31 December 2014)

% of Shareholding:

- None -

Education:

- M.S. (Economics), Portland State University, Oregon, U.S.A.
- M.S. (Psychology), Portland State University, Oregon, U.S.A.

Director Training Program:

- Director Accreditation Program (DAP 26/2004),
Thai Institute of Directors Association

Work Experience:

- 1992 - 2009 • Director, Western Housing Company Limited
- 1996 - 2001 • Director, Thai Coated Steel Sheet
Company Limited
- 1991 - 2000 • Director, SVOA Public Company Limited
- 1990 - 1998 • Director, Thai Cold Rolled Steel Sheet
Public Company Limited

Current Position in Other Organisation:

In listed companies:

- Director, Bangsaphan Barmill Public Company Limited

In non-listed companies:

- Director, Prachuap Port Company Limited
- Director, Sahaviriya Group Corporation Limited

In other organisations that may cause any conflict of interest
to the Company:

- Director, Sahaviriya Plate Mill Public Company Limited
- Director, Prapawit Building Property Company Limited

Meeting Attendance in Year 2014:

- | | |
|---|---------------|
| 1. The Board of Directors Meeting | = 10/14 times |
| 2. The Nomination and Remuneration
Committee Meeting | = 3/3 times |
| 3. The Shareholders' Meeting in 2014 | = 1/1 time |

Criminal Record during the Past 10 Years:

1. Never been sentenced by a judgment in criminal offence.
2. Never been sentenced by a judgment to be bankrupt
or insolvent.

Punishment Record during the past 5 years related to the commission of offences under the provisions of the Securities and Exchange Act B.E. 2535 or Derivatives Act B.E. 2546 in the following cases:

1. Act in bad faith or with gross negligence.
- None -
2. Disclosure or providing the information or a false statement
which may be misled, or concealing facts which should
have been stated in materiality that may affect on the
decision-making to shareholders, investors, or related
persons.
- None -
3. Unfair practices or taking advantage of investors in the
trading of securities or derivatives, or being or having been
participated in or supported such act.
- None -

11. Mr. Win Viriyaprapaikit

Director, SSI Group CEO, Chairman of the Management Committee, and President
Age 44 years

Family Relationship with Other Directors:

Son of Mr. Wit Viriyaprapaikit

Servicing Period:

15 years and 6 months

(from 30 June 1999 to 31 December 2014)

% of Shareholding:

- None -

Education:

- M.B.A., Sasin Graduate Institute of Business Administration, Chulalongkorn University
- Bachelor's Degree in Industrial Engineering, Keio University, Tokyo, Japan

Director Training Program:

- Directors Certification Program (DCP 100/2008), Thai Institute of Directors Association
- The Role of The Chairman Program (RCP 20/2008), Thai Institute of Directors Association
- Capital Market Academy Leadership Program (CMA 5), Capital Market Academy

Work Experience:

- 2008 - 2014 • Director and Management Committee Member, Thai Cold Rolled Steel Sheet Public Company Limited
- 1996 - 2012 • Director, Thai Coated Steel Sheet Company Limited
- 2010 - 2011 • Director, Redcar Bulk Terminal Limited
- 1992 - 2009 • Director, Western Housing Company Limited
- 1996 - 2005 • Director, Sahaviriya Plate Mill Public Company Limited
- 1999 - 2003 • Director, Thai Cold Rolled Steel Sheet Public Company Limited

Current Position in Other Organisation:

In listed companies:

- Director, Bangsaphan Barmill Public Company Limited

In non-listed companies:

- Director and President, Sahaviriya Steel Industries UK Limited
- Director and Chairman of the Board of Executive Directors, West Coast Engineering Company Limited
- Director and Chairman of the Board of Executive Directors, Prachuap Port Company Limited
- Director, Sahaviriya Group Corporation Limited
- Director, Sahaviriya Inter Steel Holdings Company Limited
- Director, Sahaviriya Iron and Steel Company Limited

In other organisations that may cause any conflict of interest to the Company:

- Director, Sahaviriya Steel Group Company Limited
- Chairman of the Board of Directors, Thai Steel Sales Company Limited
- Director, Prapawit Building Property Company Limited

Meeting Attendance in Year 2014:

- | | |
|--|---------------|
| 1. The Board of Directors Meeting | = 13/14 times |
| 2. The Board of Management Committee Meeting | = 12/12 times |
| 3. The Shareholders' Meeting in 2014 | = 1/1 time |

Criminal Record during the Past 10 Years:

1. Never been sentenced by a judgment in criminal offence.
2. Never been sentenced by a judgment to be bankrupt or insolvent.

Punishment Record during the past 5 years related to the commission of offences under the provisions of the Securities and Exchange Act B.E. 2535 or Derivatives Act B.E. 2546 in the following cases:

1. Act in bad faith or with gross negligence.
- None -
2. Disclosure or providing the information or a false statement which may be misled, or concealing facts which should have been stated in materiality that may affect on the decision-making to shareholders, investors, or related persons.
- None -
3. Unfair practices or taking advantage of investors in the trading of securities or derivatives, or being or having been participated in or supported such act.
- None -

The Management

1. Mr. Win Viriyaprapaikit SSI Group CEO and President Age 44 years

Education:

- M.B.A., Sasin Graduate Institute of Business Administration, Chulalongkorn University
- Bachelor's Degree in Industrial Engineering, Keio University, Tokyo, Japan

Director Training Program:

- Director Certification Program (DCP 100/2008), Thai Institute of Directors Association
- The Role of The Chairman Program (RCP 20/2008), Thai Institute of Directors Association
- Capital Market Academy Leadership Program (CMA 5), Capital Market Academy

Work Experience:

- 2010 - Present • Director and President, Sahaviriya Steel Industries UK Limited
 - Director, Bangsaphan Barmill Public Company Limited
- 2007 - Present • Director, Sahaviriya Iron and Steel Company Limited
- 2005 - Present • Director, Prapawit Building Property Company Limited
- 2002 - Present • Director and Chairman of the Board of Executive Directors, West Coast Engineering Company Limited
- 1999 - Present • Director, Sahaviriya Inter Steel Holdings Company Limited
 - Director, Sahaviriya Steel Group Company Limited
 - Director and Chairman of the Board of Executive Directors, Prachuap Port Company Limited
- 1997 - Present • Chairman of the Board of Directors, Thai Steel Sales Company Limited
- 1996 - Present • Director, Sahaviriya Group Corporation Limited
- 2008 - 2014 • Director and Management Committee Member, Thai Cold Rolled Steel Sheet Public Company Limited
- 1996 - 2012 • Director, Thai Coated Steel Sheet Company Limited
- 2010 - 2011 • Director, Redcar Bulk Terminal Limited
- 1992 - 2009 • Director, Western Housing Company Limited

- 1996 - 2005 • Director, Sahaviriya Plate Mill Public Company Limited
- 1999 - 2003 • Director, Thai Cold Rolled Steel Sheet Public Company Limited

Criminal Record during the Past 10 Years:

1. Never been sentenced by a judgment in criminal offence.
2. Never been sentenced by a judgment to be bankrupt or insolvent.

Punishment Record during the past 5 years related to the commission of offences under the provisions of the Securities and Exchange Act B.E. 2535 or Derivatives Act B.E. 2546 in the following cases:

1. Act in bad faith or with gross negligence.
 - None -
2. Disclosure or providing the information or a false statement which may be misled, or concealing facts which should have been stated in materiality that may affect on the decision-making to shareholders, investors, or related persons.
 - None -
3. Unfair practices or taking advantage of investors in the trading of securities or derivatives, or being or having been participated in or supported such act.
 - None -

2. Miss Wanna Tangcharoenching Vice President, Commercial Division Age 56 years

Education:

- M.B.A., Ramkhamhaeng University

Work Experience:

- 2012 - 2013 • Director, Thai Coated Steel Sheet Company Limited
- 2011 - 2013 • Director and Management Committee Member, Thai Cold Rolled Steel Sheet Public Company Limited
- 1988 - 1991 • Trading Manager, Taipan Textile Company Limited

Criminal Record during the Past 10 Years:

1. Never been sentenced by a judgment in criminal offence.
2. Never been sentenced by a judgment to be bankrupt or insolvent.

Punishment Record during the past 5 years related to the commission of offences under the provisions of the Securities and Exchange Act B.E. 2535 or Derivatives Act B.E. 2546 in the following cases:

1. Act in bad faith or with gross negligence.
- None -
2. Disclosure or providing the information or a false statement which may be misled, or concealing facts which should have been stated in materiality that may affect on the decision-making to shareholders, investors, or related persons.
- None -
3. Unfair practices or taking advantage of investors in the trading of securities or derivatives, or being or having been participated in or supported such act.
- None -

3. Mr. Nava Chantanasurakon
Vice President, Public Affairs
and Social Responsibility Division
Age 49 years

Education:

- Master of Public Administration (Public Policy & Project Management), National Institute of Development Administration (NIDA)
- Bachelor of Arts (Politics and Government) 1st Class Honor, Thammasat University.

Director Training Program:

- Director Certification Program (DCP 104/2008), Thai Institute of Directors Association
- Capital Market Academy Leadership Program (CMA 19), Capital Market Academy

Work Experience:

- 2014 - Present • Chairman of the Board of Directors,
Thai Cold Rolled Steel Sheet
Public Company Limited
- 2012 - Present • Director and Management Committee Member,
Thai Cold Rolled Steel Sheet
Public Company Limited
- Director and Executive Director,
Thai Coated Steel Sheet Company Limited
- 2012 - 2014 • President,
Thai Cold Rolled Steel Sheet
Public Company Limited
- 2003 - 2007 • Director, Corporate Affairs Division,
Pikul-thong Lum-sum Group of Companies

- 1991 - 2003 • Deputy General Manager,
Human Resources Department,
Toyota Motor Thailand Company Limited

Criminal Record during the Past 10 Years:

1. Never been sentenced by a judgment in criminal offence.
2. Never been sentenced by a judgment to be bankrupt or insolvent.

Punishment Record during the past 5 years related to the commission of offences under the provisions of the Securities and Exchange Act B.E. 2535 or Derivatives Act B.E. 2546 in the following cases:

1. Act in bad faith or with gross negligence.
- None -
2. Disclosure or providing the information or a false statement which may be misled, or concealing facts which should have been stated in materiality that may affect on the decision-making to shareholders, investors, or related persons.
- None -
3. Unfair practices or taking advantage of investors in the trading of securities or derivatives, or being or having been participated in or supported such act.
- None -

4. Mr. Kittisak Mapanao

- Chief Technology Officer,
Group Technology Office
 - Acting Vice President,
Group Energy and Environment Office
 - Acting Vice President,
Group Project and Engineering Office
 - Acting Vice President, Group Automation
Technology Development Office
 - Acting Vice President, Group Operation
Technology Office
- Age 48 years

Education:

- M.B.A., Chulalongkorn University
- B.Eng. (Industrial Engineering), Khonkaen University

Director Training Program:

- Directors Certification Program (DCP 104/2009),
Thai Institute of Directors Association

Work Experience:

- 2013 - Present • Director, Sahaviriya Steel Industries UK Limited
- 2012 - Present • Director and Executive Director, Prachuap Port Company Limited
- 2011 - Present • Director and Executive Director, West Coast Engineering Company Limited
- 2010 - 2012 • Director and Management Committee Member, Thai Cold Rolled Steel Sheet Public Company Limited
- 1991 - 1992 • Industrial Engineer, Hana Coil Company Limited

Criminal Record during the Past 10 Years:

1. Never been sentenced by a judgment in criminal offence.
2. Never been sentenced by a judgment to be bankrupt or insolvent.

Punishment Record during the past 5 years related to the commission of offences under the provisions of the Securities and Exchange Act B.E. 2535 or Derivatives Act B.E. 2546 in the following cases:

1. Act in bad faith or with gross negligence.
 - None -
2. Disclosure or providing the information or a false statement which may be misled, or concealing facts which should have been stated in materiality that may affect on the decision-making to shareholders, investors, or related persons.
 - None -
3. Unfair practices or taking advantage of investors in the trading of securities or derivatives, or being or having been participated in or supported such act.
 - None -

5. Mr. Narongrit Chotnuchittrakul

Vice President, Office of the President

Acting Group CFO

Acting Vice President – Finance & Accounting Division and Secretary to the Risk Management Committee

Age 45 years

Education:

- M.B.A., Dhurakijpundit University
- Bachelor of Business Administration, Bangkok University
- Bachelor of Accounting, Siam University

Work Experience:

- 2013 - Present • Director and Executive Director, Thai Coated Steel Sheet Company Limited
- 2011 - Present • Director, Executive Director, and President, West Coast Engineering Company Limited
- 2009 - 2011 • Vice President - Finance and Accounting Division, Thai Cold Rolled Steel Sheet Public Company Limited

Criminal Record during the Past 10 Years:

1. Never been sentenced by a judgment in criminal offence.
2. Never been sentenced by a judgment to be bankrupt or insolvent.

Punishment Record during the past 5 years related to the commission of offences under the provisions of the Securities and Exchange Act B.E. 2535 or Derivatives Act B.E. 2546 in the following cases:

1. Act in bad faith or with gross negligence.
 - None -
2. Disclosure or providing the information or a false statement which may be misled, or concealing facts which should have been stated in materiality that may affect on the decision-making to shareholders, investors, or related persons.
 - None -
3. Unfair practices or taking advantage of investors in the trading of securities or derivatives, or being or having been participated in or supported such act.
 - None -

6. Mr. Somsak Sivapaiboon

Vice President, Head of Group International Trade and Supply Chain

Age 52 years

Education:

- M.S. (Logistics and Supply Chain Management), Sripatum University
- M.B.A., Sukhothai Thammathirat Open University
- Bachelor of Management Science, Sukhothai Thammathirat Open University

Director Training Program:

- Directors Accreditation Program (DAP 60/2006), Thai Institute of Directors Association
- Directors Certification Program (DCP 84/2007), Thai Institute of Directors Association

- Finance for Non-Finance Director (FND 34/2007), Thai Institute of Directors Association
- Capital Market Academy Leadership Program (CMA 9), Capital Market Academy

Work Experience:

- 2013 - Present
- Director, Sahaviriya Steel Industries UK Limited
 - Director and Executive Director, Prachuap Port Company Limited
 - Director and Executive Director, West Coast Engineering Company Limited
- 2010 - Present
- Chairman of the Board of Directors, Pornpiyacharn Transport Company Limited
- 2010 - 2012
- President, Thai Cold Rolled Steel Sheet Public Company Limited
 - Director, Thai Coated Steel Sheet Company Limited
- 2006 - 2012
- Deputy Chairman of the Board of Directors, Chu Kai Public Company Limited
- 2004 - 2012
- Director and Executive Director, Thai Cold Rolled Steel Sheet Public Company Limited
- 2001 - 2012
- Director, Prachuap Port Company Limited
- 2005 - 2010
- President, Line Transport Company Limited
- 2001 - 2010
- President, Prachuap Port Company Limited
- 2000 - 2005
- President, Bangsaphan Transport Company Limited
- 1997 - 2000
- General Manager - Sales & Marketing, Thai Steel Sales Company Limited

Criminal Record during the Past 10 Years:

1. Never been sentenced by a judgment in criminal offence.
2. Never been sentenced by a judgment to be bankrupt or insolvent.

Punishment Record during the past 5 years related to the commission of offences under the provisions of the Securities and Exchange Act B.E. 2535 or Derivatives Act B.E. 2546 in the following cases:

1. Act in bad faith or with gross negligence.
- None -
2. Disclosure or providing the information or a false statement which may be misled, or concealing facts which should have been stated in materiality that may affect on the decision-making to shareholders, investors, or related persons.
- None -

3. Unfair practices or taking advantage of investors in the trading of securities or derivatives, or being or having been participated in or supported such act.
- None -

7. Mr. Thavorn Cananub

Vice President, Office of the President

Age 52 years

Education:

- M.Eng. (Industrial Engineering), Kasetsart University
- B.Eng. (Production Engineering), King Mongkut's University of Technology Thonburi

Work Experience:

- 2013 - Present
- Director, Executive Director and President, Prachuap Port Company Limited
- 1996 - 2013
- Assistant Vice President, Office of the President, Sahaviriya Steel Industries Public Company Limited

Criminal Record during the Past 10 Years:

1. Never been sentenced by a judgment in criminal offence.
2. Never been sentenced by a judgment to be bankrupt or insolvent.

Punishment Record during the past 5 years related to the commission of offences under the provisions of the Securities and Exchange Act B.E. 2535 or Derivatives Act B.E. 2546 in the following cases:

1. Act in bad faith or with gross negligence.
- None -
2. Disclosure or providing the information or a false statement which may be misled, or concealing facts which should have been stated in materiality that may affect on the decision-making to shareholders, investors, or related persons.
- None -
3. Unfair practices or taking advantage of investors in the trading of securities or derivatives, or being or having been participated in or supported such act.
- None -

8. Mr. Thinnakorn Phadungwong

Vice President, Manufacturing Division
Acting Vice President, Group Product
Development Office
Age 47 years

Education:

- Master's Degree of Metallurgical Engineering, Chulalongkorn University
- Bachelor's Degree of Industrial Engineering, Kasetsart University

Work Experience:

- 2000 - 2012 • Assistant Vice President -
Manufacturing Division (Operation),
Sahaviriya Steel Industries Public Company
Limited

Criminal Record during the Past 10 Years:

1. Never been sentenced by a judgment in criminal offence.
2. Never been sentenced by a judgment to be bankrupt or insolvent.

Punishment Record during the past 5 years related to the commission of offences under the provisions of the Securities and Exchange Act B.E. 2535 or Derivatives Act B.E. 2546 in the following cases:

1. Act in bad faith or with gross negligence.
 - None -
2. Disclosure or providing the information or a false statement which may be misled, or concealing facts which should have been stated in materiality that may affect on the decision-making to shareholders, investors, or related persons.
 - None -
3. Unfair practices or taking advantage of investors in the trading of securities or derivatives, or being or having been participated in or supported such act.
 - None -

9. Mr. Ercument Unal

Vice President,
Group Operation Technology Office
Age 44 years

Education:

- Master's Degree on Industrial Engineering, Cukurova University, Turkey
- Bachelor's Degree of Mechanical Engineering, Cukurova University, Turkey

Work Experience:

- 2014 - Present • Advisor/Consultant for Process Improvement, Sahaviriya Steel Industries UK Limited
- 2010 - 2013 • Director - Market Development, Eregli Iron and Steel Marketing Company Limited, Turkey
- 2002 - 2010 • Investment and Optimization Manager, Isdemir Iron and Steel Company Limited, Turkey

Criminal Record during the Past 10 Years:

1. Never been sentenced by a judgment in criminal offence.
2. Never been sentenced by a judgment to be bankrupt or insolvent.

Punishment Record during the past 5 years related to the commission of offences under the provisions of the Securities and Exchange Act B.E. 2535 or Derivatives Act B.E. 2546 in the following cases:

1. Act in bad faith or with gross negligence.
 - None -
2. Disclosure or providing the information or a false statement which may be misled, or concealing facts which should have been stated in materiality that may affect on the decision-making to shareholders, investors, or related persons.
 - None -
3. Unfair practices or taking advantage of investors in the trading of securities or derivatives, or being or having been participated in or supported such act.
 - None -

10. Mr. Peter Rowson

Vice President, Group Financial Accounting
of Group Finance & Accounting Office

Age 51 years

Education:

- The Fellowship of Chartered Accountants, Chartered Accountant (ICAEW), Institute of Chartered Accountants of England and Wales Manchester Metropolitan University

Work Experience:

- 2013 - Present • Finance Director, Sahaviriya Steel Industries UK Limited
- 2009 - 2011 • Finance Director, V2O Management Company Limited
- 2004 - 2008 • CFO, Focus Energy Company Limited

Criminal Record during the Past 10 Years:

1. Never been sentenced by a judgment in criminal offence.
2. Never been sentenced by a judgment to be bankrupt or insolvent.

Punishment Record during the past 5 years related to the commission of offences under the provisions of the Securities and Exchange Act B.E. 2535 or Derivatives Act B.E. 2546 in the following cases:

1. Act in bad faith or with gross negligence.
 - None -
2. Disclosure or providing the information or a false statement which may be misled, or concealing facts which should have been stated in materiality that may affect on the decision-making to shareholders, investors, or related persons.
 - None -
3. Unfair practices or taking advantage of investors in the trading of securities or derivatives, or being or having been participated in or supported such act.
 - None -

11. Mr. Suchart Plysiri

Secretary to the Nomination
and Remuneration Committee

Age 46 years

Education:

- Master of Political Science, Chulalongkorn University
- Bachelor of Political Science, Thammasat University

Work Experience:

- 2008 - 2009 • Human Resources Manager, Siam Toyota Manufacturing Company Limited
- 2006 - 2008 • Human Resources Manager, Colgate Palmolive (Thailand) Company Limited
- 2003 - 2008 • Employment Manager, Toyota Motor Thailand Company Limited

Criminal Record during the Past 10 Years:

1. Never been sentenced by a judgment in criminal offence.
2. Never been sentenced by a judgment to be bankrupt or insolvent.

Punishment Record during the past 5 years related to the commission of offences under the provisions of the Securities and Exchange Act B.E. 2535 or Derivatives Act B.E. 2546 in the following cases:

1. Act in bad faith or with gross negligence.
 - None -
2. Disclosure or providing the information or a false statement which may be misled, or concealing facts which should have been stated in materiality that may affect on the decision-making to shareholders, investors, or related persons.
 - None -
3. Unfair practices or taking advantage of investors in the trading of securities or derivatives, or being or having been participated in or supported such act.
 - None -

12. Mrs. Wannee Sirikanchana
Secretary to the Audit Committee
and Secretary to the Good Corporate
Governance Committee
Age 59 years

Education:

- M.S. (Accounting), Thammasat University
- Bachelor of Law, Thammasat University
- Bachelor of Accounting, Thammasat University

Director Training Program:

- Directors Certification Program (DCP 13/2001), Thai Institute of Directors Association
- Audit Committee Program (ACP 5/2005), Thai Institute of Directors Association

Work Experience:

- 1988 - 1998 • Vice President - Internal Audit Department,
The Stock Exchange of Thailand

Criminal Record during the Past 10 Years:

1. Never been sentenced by a judgment in criminal offence.
2. Never been sentenced by a judgment to be bankrupt or insolvent.

Punishment Record during the past 5 years related to the commission of offences under the provisions of the Securities and Exchange Act B.E. 2535 or Derivatives Act B.E. 2546 in the following cases:

1. Act in bad faith or with gross negligence.
- None -
2. Disclosure or providing the information or a false statement which may be misled, or concealing facts which should have been stated in materiality that may affect on the decision-making to shareholders, investors, or related persons.
- None -
3. Unfair practices or taking advantage of investors in the trading of securities or derivatives, or being or having been participated in or supported such act.
- None -

13. Mr. Surasak Ngamsidhipongsak
Company Secretary
Age 56 years

Education:

- M.B.A., Thammasat University
- M.A. (Economic Law), Chulalongkorn University
- LL.M. (Business Law), Ramkhamhaeng University
- M.P.P.M., National Institute of Development Administration (NIDA)
- Barrister-at-law, Institute of Legal Education Thai Bar Association
- Bachelor of Law, Ramkhamhaeng University

Director Training Program:

- Director Certification Program (DCP 15/2002), Thai Institute of Directors Association
- Company Secretary Program (CSP 5/2004), Thai Institute of Directors Association
- TCLA Executive Development Program (EDP 8), Thai Listed Companies Association

Work Experience:

- 1988 - 1993 • Deputy Secretary to the Board of Directors,
Siam Realty and Services Company Limited
- 1985 - 1993 • Senior Analyst, Bank of Ayudhya
Public Company Limited

Criminal Record during the Past 10 Years:

1. Never been sentenced by a judgment in criminal offence.
2. Never been sentenced by a judgment to be bankrupt or insolvent.

Punishment Record during the past 5 years related to the commission of offences under the provisions of the Securities and Exchange Act B.E. 2535 or Derivatives Act B.E. 2546 in the following cases:

1. Act in bad faith or with gross negligence.
- None -
2. Disclosure or providing the information or a false statement which may be misled, or concealing facts which should have been stated in materiality that may affect on the decision-making to shareholders, investors, or related persons.
- None -
3. Unfair practices or taking advantage of investors in the trading of securities or derivatives, or being or having been participated in or supported such act.
- None -

Shareholding of Directors and Management

No.	Name of Directors and Management	31 December 2013 (Par value of Baht 1 per share)	31 December 2014 (Par value of Baht 1 per share)	Increase (Decrease) in no. of shares during 2014 (Par value of Baht 1 per share)
1.	Mr. Wit Viriyaprapaikit	100 shares	100 shares	-
2.	Mr. Somchai Sakulsurarat	-	-	-
3.	Mr. Tongchat Hongladaromp	-	-	-
4.	Mr. Siripol Yodmuangcharoen	-	-	-
5.	Mr. Permpoon Krairiksh	-	-	-
6.	Mr. Pichai Eursirisub	63,640,600 shares	63,640,600 shares	-
7.	Mr. Yarnsak Manomaiphiboon	-	-	-
8.	Mr. Somchai Pipitvijitkorn	-	-	-
9.	Mr. Kamol Juntima	1,284,000 shares	1,284,000 shares	-
10.	Mr. Piya Viriyaprapaikit	-	-	-
11.	Mr. Win Viriyaprapaikit	-	-	-
12.	Miss Wanna Tangcharoenching	-	-	-
13.	Mr. Nava Chantanasurakon	-	-	-
14.	Mr. Kittisak Mapanao	1,892,000 shares	1,892,000 shares	-
15.	Mr. Narongrit Chotnuchittrakul	-	-	-
16.	Mr. Somsak Sivapaiboon	200,000 shares	200,000 shares	-
17.	Mr. Thavorn Cananub	-	-	-
18.	Mr. Thinnakorn Phadungwong	-	-	-
19.	Mr. Ercument Unal	-	-	-
20.	Mr. Peter Rowson	-	-	-
21.	Mr. Soontorn Wasansaerekul	-	-	-
22.	Mr. Werawat Wongprasert	-	-	-

Remark: No. 21 Mr. Soontorn Wasansaerekul resigned from a management position of the Company on 1 July 2014.
No. 22 Mr. Werawat Wongprasert resigned from a management position of the Company on 1 November 2014.

Report of the Nomination and Remuneration Committee for 2014

The Nomination and Remuneration Committee (the “Committee”) hereby reports the assignments performed by the Nomination and Remuneration Committee for further consideration and presentation to the Annual General Meeting of Shareholders for the year 2015 as appropriate.

The meeting of the Board of Directors of Sahaviriya Steel Industries Public Company Limited No. 5/2011 held on 11 August 2011 resolved to approve the combination of the Nomination Committee and the Remuneration Committee to become the Nomination and Remuneration Committee. The Committee comprises at least 3 directors of the Company as members which at least 1 member has to be an independent director with the Vice President of Human Resources and Administration Division as the Secretary to the Committee. The term of office is from 1 September 2014 to 31 August 2017.

The Committee has the duty to select qualified candidates for the nomination of the directors or the President of the Company which is to be further proposed to the Board of Directors' meeting or the shareholders' meeting as the case may be. Moreover, the Committee has the duty to consider the guidelines for determining the remuneration of the Board of Directors, committees appointed by the Board of Directors, the President as well as the compensation structure of senior executives of the Company based on fair and reasonable criteria or procedure and remuneration structure.

Existing members of the Nomination and Remuneration Committee are as follows:

- | | |
|---------------------------------|--|
| (1) Mr. Siripol Yodmuangchareon | Chairman of the Nomination and Remuneration Committee |
| (2) Mr. Somchai Pipitvijitkorn | Nomination and Remuneration Committee Member |
| (3) Mr. Piya Viriyaprapaikit | Nomination and Remuneration Committee Member |
| (4) Mr. Suchart Plysiri | Secretary to the Nomination and Remuneration Committee |

The duties performed as assigned by the Board of Directors consist of:

1. The Nomination and Remuneration Committee held 2 meetings in 2014 to consider the following matters:

1.1 The meeting of the Nomination and Remuneration Committee was held on 17 April 2014 to consider an adjustment of the President's salary.

The Committee considered an adjustment of the President's salary based on the overall performance of the Company in 2014 as well as other factors including the Company's financial results and historical salary adjustments of the President. Nevertheless, the President expressed his intention not to be considered for an annual salary increase in 2014 in order to moderate the liquidity problem of the Company. The Committee unanimously resolved to approve as proposed and will propose to the Board of Directors for consideration.

1.2 The meeting of the Nomination and Remuneration Committee was held on 18 December 2014 to consider the bonus payment to the President for 2014 operating performance.

The Committee considered the bonus payment to the President for 2014 operating performance based on the criteria stated in the remuneration charter which consist of the overall performance of the Company, the President's key performance and benefit contribution to the Company and shareholders in the long term. Moreover, the Committee also compared the bonus payment with other comparable companies' in the same industry. Consequently, the Committee unanimously resolved the bonus payment to the President at the same rate as applied to the executive and employees approved by the Board of Directors and will propose to the Board of Directors for consideration.

2. The Nomination and Remuneration Committee held 1 meeting in 2015 to consider the following matters:

The meeting of the Nomination and Remuneration Committee on 23 February 2015 considered various issues as follows:

2.1 Stipulation of the directors' remuneration. As the Committee considered that the existing rate of the directors' remuneration was appropriate given the current economic condition, the Committee therefore resolved to maintain the remuneration payment determination from 1 to 6 unless resolved to change by the shareholders' meeting and resolved to refrain the annual payment to the directors in 2014 as the details follows:

Financial Remuneration

The determination of remuneration as approved by the shareholders' meeting:

1. The meeting allowances paid to directors and committees appointed by the Board of Directors and approved by the shareholders' meeting can be summarised as follows:

(1) (1.1) Directors	25,000	Baht/month
(1.2) Chairman of the Audit Committee	18,750	Baht/meeting
Audit Committee Members	15,000	Baht/meeting
(1.3) Chairman of the Good Corporate Governance Committee	12,500	Baht/meeting
Good Corporate Governance Committee Members	10,000	Baht/meeting
(1.4) Chairman of the Risk Management Committee	12,500	Baht/meeting
Risk Management Committee Members	10,000	Baht/meeting
(1.5) Chairman of the Nomination and Remuneration Committee	12,500	Baht/meeting
Nomination and Remuneration Committee Members	10,000	Baht/meeting

(2) Any director of the Company appointed as a member of any committees by the Board of Directors is entitled to receive additional remuneration being such a committee member according to more duties and time dedicated.

2. The Chairman and the Deputy Chairman of the Board of Directors are entitled to monthly remuneration for full-time duties of Baht 300,000 per month and Baht 200,000 per month respectively. However, they are not entitled to receive meeting allowances from the meeting of Board of Directors and the meeting of committees appointed by the Board of Directors.

3. The Chairman of Audit Committee is entitled to receive extra remuneration of Baht 10,000 per month from the duty to advise the particular audit in detail apart from the regular audit as an audit committee member.

4. The director who is also an employee of the Company is only entitled to receive the remuneration as an employee; no director's remuneration is to be paid.

5. The premium for health insurance, accident insurance and life insurance of not over Baht 20,000 per person is to be paid to each director. For any director the insurance company refuses to cover, in whole or in part, and/or refuses to cover some specific diseases by any reason in case of health insurance, the Company will be directly responsible for covering all such directors refused by the insurance company in the coverage amount equal to the insurance coverage and/or the benefits which the life, health and accident insurance company covers the directors in accordance with the premium rate approved by the shareholders' meeting.

6. The director's remuneration in the form of annual payment or bonus:

(6.1) Director's annual payment is to be paid when dividend is distributed to the shareholders. In any year the Company does not pay dividend to the shareholders, directors will not receive the annual payment in that year.

(6.2) The rate of annual payment, as approved by the meeting of shareholders, is in range of 0.25% to 0.50% of dividend paid to the shareholders. The annual payment for the Chairman and the Deputy Chairman of the Board of Directors are 10% and 5% higher than the rate paid to directors, respectively.

(6.3) In case any director is in the position for less than 1 year, the annual payment will be proportionately paid according to the period of the position taken.

2.2 Nominated qualified candidates to be the Company's directors replacing 4 directors retiring by rotation in the Annual General Meeting of Shareholders for the year 2015 as follows:

- | | |
|-------------------------------|--|
| (1) Mr. Wit Viriyaprapaikit | Chairman of the Board of Directors |
| (2) Mr. Somchai Sakulsurarat | Deputy Chairman of Board of Director,
Independent Director and Chairman of the Audit Committee |
| (3) Mr. Piya Viriyaprapaikit | Director and Nomination and Remuneration Committee Member |
| (4) Mr. Yarnsak Manomaiphobon | Director, Independent Director, Audit Committee Member
and Good Corporate Governance Committee Member |

The directors retiring by rotation as listed above may be re-elected by the shareholders' meeting to be in the position of director for another term of office.

The Nomination and Remuneration Committee considered selecting qualified candidates to replace the directors retiring by rotation in accordance with the following procedures:

(1) The Nomination and Remuneration Committee to acknowledge the list of directors who will retire by rotation and the list of outside persons nominated to be candidates for the position of the Company's directors either by shareholders or the Company's directors.

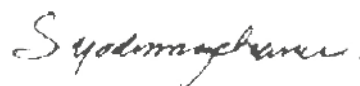
(2) The Nomination and Remuneration Committee to consider the list of candidates to be the Company's directors concerning the qualifications and disqualifications as stipulated by the public limited company laws.

(3) The Nomination and Remuneration Committee to approve the list of qualified candidates to be the Company's directors.

(4) The Nomination and Remuneration Committee to nominate the qualified candidates to replace the directors retiring by rotation to the Board of Directors' meeting for considering and further proposing to the Annual General Meeting of Shareholders.

For the coming Annual General Meeting of Shareholders for the year 2015, the Company distributed the invitation letter to the shareholders via the Company's website and electronic media of the Stock Exchange of Thailand to give shareholders an opportunity to propose qualified candidates to be the Company's directors during the period from 29 August 2014 to 31 January 2015. However, after the specified due date, there was no shareholder proposing any candidate in advance for the director election.

The Nomination and Remuneration Committee considered the education and past and current working experience of each director and had an opinion that all 4 directors retiring by rotation had high level of knowledge, competency, and experience in various areas and had been the key persons to generate strengths and growth to the Company. Therefore, the Committee resolved to propose all 4 directors to the Board of Directors' meeting to further propose to the shareholders' meeting for re-election.



(Mr. Siripol Yodmuangchareon)

Chairman of the Nomination and Remuneration Committee

23 February 2015

Remuneration of Directors and Management

1. Total Monetary Remuneration

The directors' remuneration, approved by the Annual General Meeting of Shareholders, was as follows:

1.1 The remuneration of Meeting Allowance for directors and the members of committees appointed by the Board of Directors, approved by the Meeting of Shareholders, was as follows:

(1) (1.1) Directors	25,000 Baht/month
(1.2) Chairperson of the Audit Committee	18,750 Baht/meeting
Audit Committee Members	15,000 Baht/meeting
(1.3) Chairman of the Good Corporate Governance Committee	12,500 Baht/meeting
Good Corporate Governance Committee Members	10,000 Baht/meeting
(1.4) Chairman of the Risk Management Committee	12,500 Baht/meeting
Risk Management Committee Members	10,000 Baht/meeting
(1.5) Chairman of the Nomination and Remuneration Committee	12,500 Baht/meeting
Nomination and Remuneration Committee Members	10,000 Baht/meeting

(2) The Company's directors who were appointed as a member of each committee by the Board of Directors should receive the additional remuneration according to additional job responsibilities and working hours.

1.2 The Chairman of the Board of Directors and the Deputy Chairman of the Board of Directors shall be entitled to monthly remuneration for full-time performance of Baht 300,000 and Baht 200,000 respectively. However, they shall not be entitled to any other meeting allowances, both to be paid for the Board of Directors and other committee appointed by the Board of Directors.

1.3 The Chairman of the Audit Committee shall receive extra remuneration for the provision of suggestion regarding the details of special audit other than normal audit serviced as an audit committee in an amount of Baht 10,000 per month.

1.4 Directors who are also an employee of the Company shall be entitled to compensation as an employee only, and shall not receive any other remuneration as a director.

1.5 Health, accident, and life insurance premiums shall not exceed Baht 20,000 per person. For any directors whom insurance companies decline to offer any or all insurance coverage and/or exclude coverage of certain types of illness in the case of health insurance for whatever reason, the Company shall be directly responsible for disbursement to such directors for amount up to the claim or sum insured available from the health, accident and life insurance policies had the director been insured for the same insurance premium approved by shareholders.

1.6 The directors' remuneration or annual bonuses

(1) The directors' bonuses shall be paid only if there is a dividend payment to the shareholders. If the Company has no dividend payment in any year, the directors shall not receive the directors' bonuses on such year.

(2) The directors' bonuses rates should account for 0.25% to 0.50% of the dividend payment to the shareholders. The Chairman of the Board of Directors and the Deputy Chairman of the Board of Directors should receive the directors' bonuses at 10% and 5% higher than those of the directors respectively.

(3) The directors whose working period is less than one year shall receive the directors' bonuses in proportion to their actual working period.

Remunerations shall be paid according to principles 1.1 to 1.6 mentioned above unless the shareholders' meeting resolves otherwise.

In 2014, the 25th Annual General Meeting of Shareholders held on 28 April 2014 acknowledged the remunerations paid for the year of 2013 to each director and each committee appointed by the Board of Directors. The meeting also acknowledged the directors' annual bonuses for the year of 2013 to be omitted. As at 31 December 2013, the Company's retained earnings after deduction of discount on ordinary shares was insufficient for an allocation of dividend payment; therefore, the Company was neither able to pay dividends to the shareholders nor pay annual bonuses to the directors in accordance with criteria as approved by the shareholders' meeting.

Summary of 2014 Monetary Remuneration for the Directors of the Company and the Members of the Committees Appointed by the Board of Directors

Name and Position	Meeting Allowance (Baht)					Total Remuneration
	Board of Directors	Audit Committee	Nomination and Remuneration Committee**	Good Corporate Governance Committee	Risk Management Committee	
1. Mr. Wit Viriyaprapaikit ¹⁾	-	-	-	-	-	-
2. Mr. Somchai Sakulsurarat ^{2) 3)}	-	-	-	-	-	-
3. Mr. Tongchat Hongladaromp ⁴⁾	300,000	-	-	-	50,000	350,000
4. Mr. Siripol Yodmuangcharoen ⁵⁾	300,000	-	50,000	-	-	350,000
5. Mr. Permpoon Krairiksh	300,000	105,000	-	-	40,000	445,000
6. Mr. Pichai Eursirisub	300,000	-	-	40,000	-	340,000
7. Mr. Yarnsak Manomaiphiboon	300,000	105,000	-	40,000	-	445,000
8. Mr. Somchai Pipitvijitkorn	300,000	-	40,000	-	40,000	380,000
9. Mr. Kamol Juntima ⁶⁾	300,000	-	-	50,000	-	350,000
10. Mr. Piya Viriyaprapaikit	300,000	-	40,000	-	-	340,000
11. Mr. Win Viriyaprapaikit*	-	-	-	-	-	-
Total	2,400,000	210,000	130,000	130,000	130,000	3,000,000

- Remarks:
- 1) Chairman of the Board of Directors
 - 2) Deputy Chairman of the Board of Directors
 - 3) Chairman of the Audit Committee
 - 4) Chairman of the Risk Management Committee
 - 5) Chairman of the Nomination and Remuneration Committee
 - 6) Chairman of the Good Corporate Governance Committee
- * Mr. Win Viriyaprapaikit, Director and the President, considered as an employee of the Company, shall not receive the meeting allowance or a director's remuneration.
- ** The remuneration for the Nomination and Remuneration Committee totaled 3 times in the year 2014 and 1 time accrued for the remuneration for the Nomination and Remuneration Committee during the year 2013.
- The Chairman of the Board of Directors and Deputy Chairman of the Board of Directors, who were already entitled remuneration for their full-time performance, shall not receive the meeting allowance.

Remunerations for Full-time Performance of Chairman of the Board of Directors and Deputy Chairman of the Board of Directors in 2014

No.	Name and Position of Director	Remuneration for Full-time Performance (Baht)
1.	Mr. Wit Viriyaprapaikit Chairman of the Board of Directors	3,600,000
2.	Mr. Somchai Sakulsurarat Deputy Chairman of the Board of Directors	2,400,000

Remuneration of Independent Directors of the Company Who Hold Directorship in the Company's Subsidiary in 2014

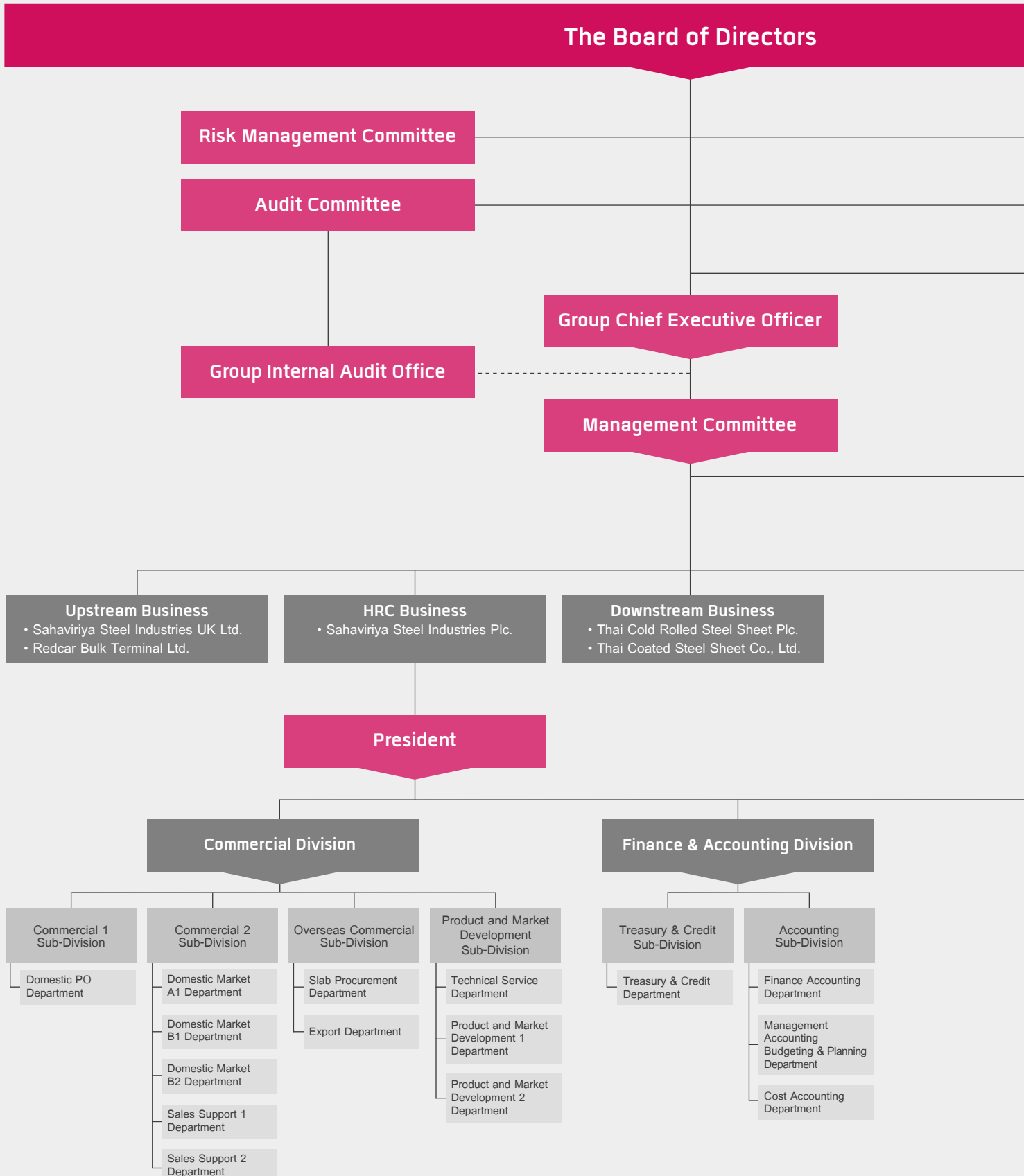
No.	Name of the Company's Independent Directors Who Hold Directorship in the Company's Subsidiary	Position in the Subsidiary	Meeting Allowance in 2014 (Baht)
West Coast Engineering Company Limited			
1.	Mr. Somchai Sakulsurarat	Director	150,000
2.	Mr. Tongchat Hongladaromp	Director	150,000
Prachuap Port Company Limited			
1.	Mr. Somchai Sakulsurarat	Chairman of the Board of Directors	360,000

1.7 Remunerations for executives in a position of Vice President and higher in the form of salaries, retirement compensation, vehicle allowances, insurance premiums and traveling allowances, for 11 people plus the President, totaled Baht 49,574,801.49 for the year.

2. Other Remunerations

Contributions to the provident fund for executives in a position of Vice President and higher, for 10 people plus the President, totaled Baht 2,850,567.74 for the year.

Organisation Structure



Nomination and Remuneration Committee

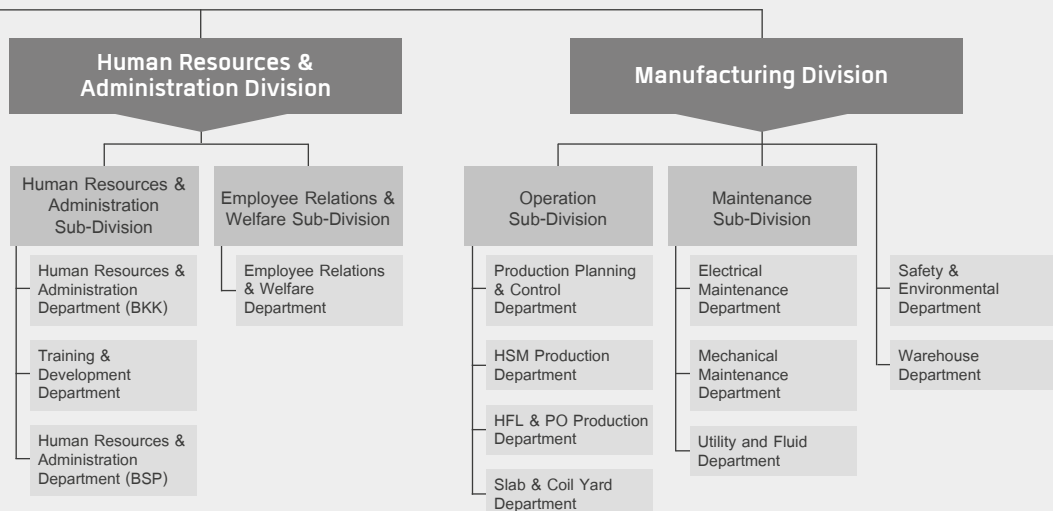
Good Corporate Governance Committee

Office of the Chairman
• Corporate Secretariate Office

- Group Technology Office (GTO)
- Group Finance & Accounting Office (GFA)
- Group Human Resources Office (GHR)
- Group Legal Office (GLO)
- Group Purchasing Office (GPO)
- Group International Trade Office (GIO)
- Group IT Office (GIT)
- Group Corporate Strategy Office (GCS)
- Group Risk Management Office (GRM)
- Group Public Affairs Office (GPA)

Port Business
• Prachuap Port Co., Ltd.

Engineering Business
• West Coast Engineering Co., Ltd.



Report of the Good Corporate Governance Committee for 2014

The Good Corporate Governance Committee (the "Committee") was established in accordance with the resolution of the Board of Directors' meeting No. 7/2007 held on 3 December 2007. The Committee currently consists of three members of the Company's directors namely Mr. Kamol Juntima (director) as chairman, Mr. Yarnsak Manomaiphiboon (independent director and member of the Audit Committee) and Mr. Pichai Eursirisub (independent director).

The duties and responsibilities of the Committee are:

- To propose any revision of the Company's policy and guidelines concerning good corporate governance to the Board of Directors and to oversee the implementation of company management in accordance with the approved policy and guidelines;
- To provide an opinion to the management regarding corporate social responsibility (CSR) and to monitor the management in establishing a clear action plan regarding CSR, as well as to follow up on the implementation of the plan with the management and then submit the results to the Board of Directors;
- To propose to the Board of Directors an opinion on any revisions and updates of the Company's business philosophy, code of business conduct, code of ethics for directors, code of ethics for executives and employees, and guidelines concerning the same as it deems appropriate.

These tasks are to ensure that the Company maintains its sustainable and effective development of good corporate governance practices and is in compliance with the rules and procedures for a listed company.

In 2014, the Committee held four meetings to carry out its allotted duties and submitted a summary of reports to the Company's Board of Directors as follows:

1. Revision of the determination of a significant amount of commercial or business transactions between the Company, its subsidiaries and their customers, suppliers, debtors and creditors. This was then used to establish the criteria of reporting the interests of the Company's directors and executive officers in 2014.

The above complies with the Board of Directors' guidelines regarding the rules and procedures of reporting on conflicts of interest of the directors and executives of the Company which became effective on 1 July 2009.

2. Proposal of the new Board of Directors' policy and guidelines regarding anti-corruption. The Board of Directors' policy No. 1/2014 and guidelines regarding anti-corruption was approved and became effective on 28 February 2014.

3. Revision of the amendments of the Board of Directors' guidelines regarding Whistle Blowing (Revision No. 2) became effective on 28 February 2014, replacing the previous version which became effective on 11 August 2008 by adding the protection of the informants or whistleblowers to conform with the anti-corruption policy and guidelines.

4. Revision of the amendments of the Board of Directors policy No. 2/2014 regarding the Good Corporate Governance Policy became effective on 19 September 2014, replacing the previous version of the Board of Directors' policy No. 1/2007 which became effective on 3 December 2007.

5. Revision of the amendment of the Board of Directors' guidelines regarding the use and protection of inside information for trading of the Company's securities (Revision No. 3) became effective on 18 October 2013. The proposed revision is to specify reference dates and time periods for the prohibition of directors and executive officers from buying or selling or transferring the Company's securities, which they, their spouses and minor children hold, to be more clearly understood and practical.

6. Intensive supervision of the corporate social and environmental responsibility activities conducted by officers of the Public and Community Relations Office and the Safety and Environment Office. There were in total 36 social and community development activities with a total budget of Baht 4,087,397.47, and 11,400 beneficiaries.

7. Acknowledgments of various reports that are deemed beneficial to the Committee in monitoring the Company's management on the implementation of the approved policy and guidelines concerning good corporate governance. The following were reported to the Company's Board of Directors:

7.1 Report on significant changes in shareholding and securities trading status of the Company's executive officers including Vice Presidents, Assistant Vice Presidents, managers of the Finance & Accounting Division and the section manager of the Group Investor Relations Department. This was undertaken in order to prevent any insider trading of the Company's securities.

7.2 Report on the interests of the Company's directors and executive officers including the President, Vice Presidents and Assistant Vice Presidents.

8. Acknowledgement of the result of evaluation from regulators:

8.1 Letter from the Securities and Exchange Commission No. Por Sor 614/2014 regarding results on the sustainable development progress assessment for listed companies dated 29 July 2014, assessed by Thaipat Institute. The Company received the following results:

- 1) Level 3 - Integrated for CSR progress indicator
- 2) Level 2 - Declared for Anti-corruption progress indicator.

8.2 Letter from the Stock Exchange of Thailand No. Por Tor Tor (Wor) 2/2014 regarding results on the Corporate Governance Report of Thai Listed Companies 2014 (CGR) dated 6 November 2014, rated by the Thai Institute of Directors. The Company was rated "Very good", lower than that for the year 2013 which was "Excellent".

9. Others

9.1 Regular monitoring of the progress and results from the implementation of the resolutions of the Committee.

9.2 Consideration of whistle blower report and execution.

9.3 Revision of the information disclosed to the SET and the SEC, as published in the Annual Information Disclosure form ending 31 December 2014 (Form 56-1) and in the 2014 Company Annual Report (Form 56-2) regarding the good corporate governance report. Since 2013, the Company has also disclosed a report on anti-corruption practices in the Corporate Social Responsibility Report.

9.4 Report to the Board of Directors on the Committee's activities for year 2014.

The Board of Directors and the Good Corporate Governance Committee are committed on raising the Company's level of good corporate governance and corporate social responsibility to international standards. We aim to achieve sustainable development and to increase its value and protect the interests of all stakeholders with transparency, fairness, integrity, and dedication. The Committee also has significant responsibilities for environmental protection, preservation, as well as social responsibility and community development.

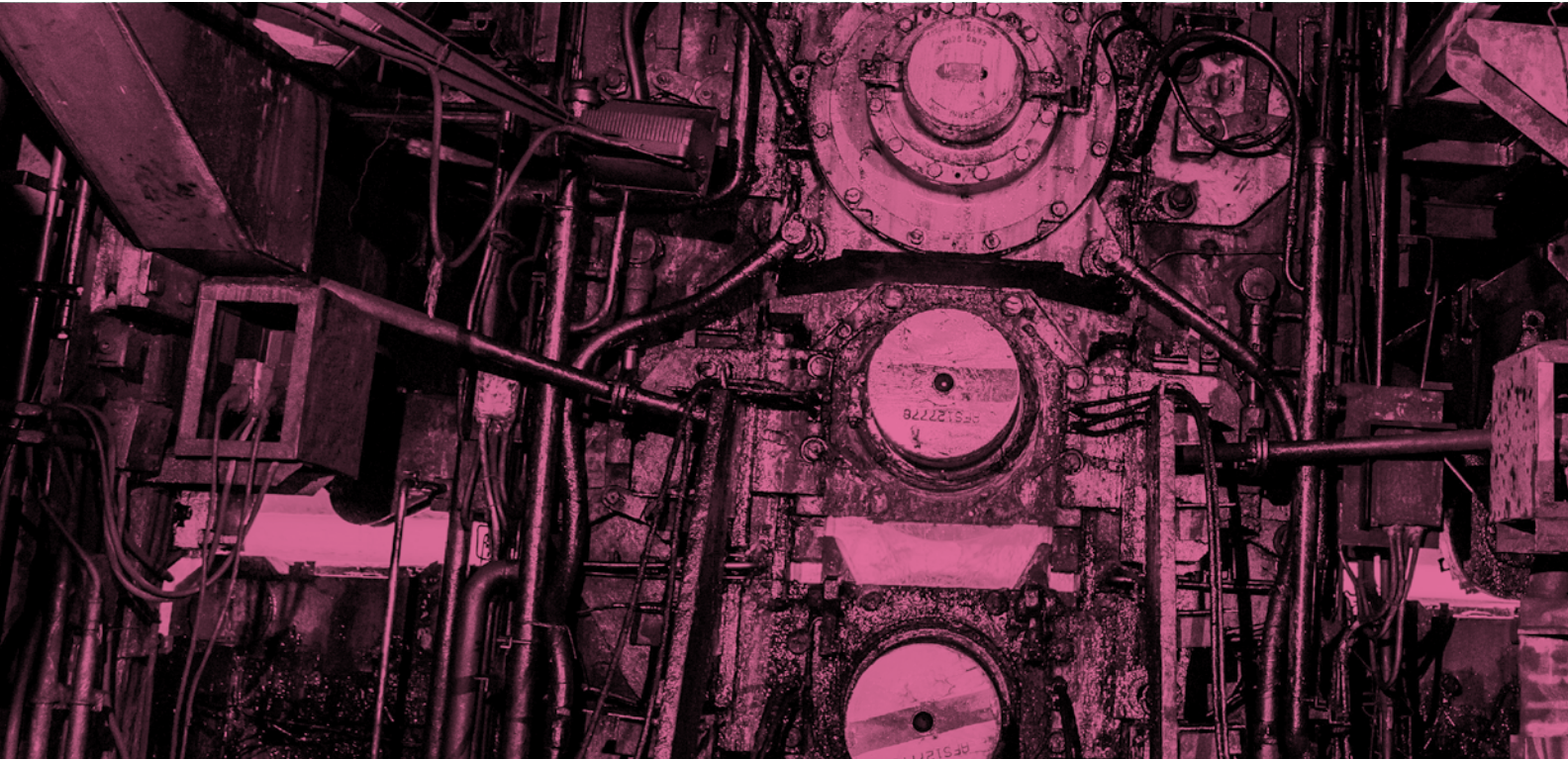


Mr. Kamol Juntima

Chairman of the Good Corporate Governance Committee

17 February 2015

Good Corporate Governance

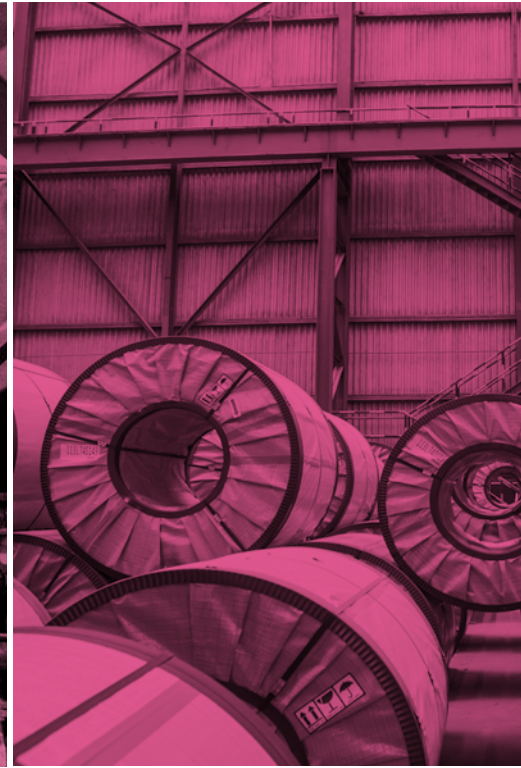
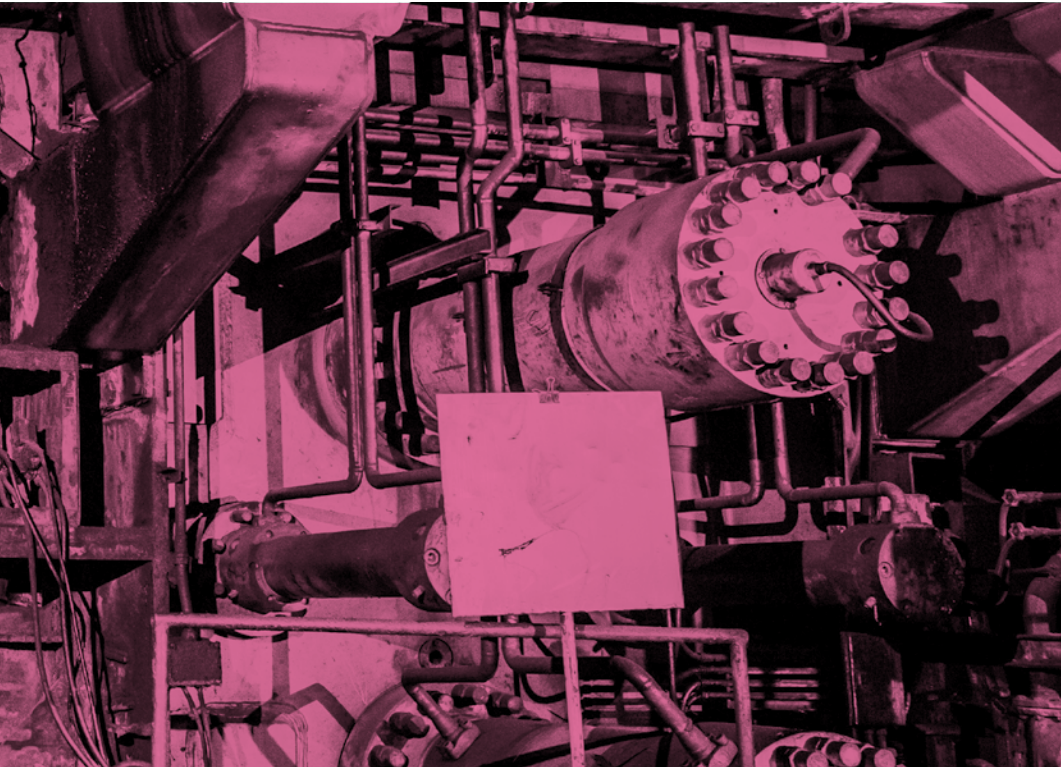


Good Corporate Governance Policy

The Board of Directors at Sahaviriya Steel Industries Public Company Limited are well aware of their role, responsibilities and fiduciary duties assigned to them by the Company's shareholders. The shareholders expect the Board of Directors to govern the Company to ensure efficient and transparent management that creates trust and confidence amongst all stakeholders. The Company conducts its business by adhering to the principles of good corporate governance and business ethics in order to lead the Company's businesses to develop and prosper at a stable and sustainable rate.

The Board of Directors has continuously been taking the good corporate governance of the Company seriously since the adoption of a good corporate governance policy as the principles of management accomplishment in 2002. They subsequently revised the policy in late 2007 to raise the standard of the corporate governance of the Company and to conform to the best practices as required by the Office of the Securities and Exchange Commission and the Stock Exchange of Thailand. In 2013, the Corporate Governance Center of the Stock Exchange of Thailand announced the Principles for Good Corporate Governance for Listed Companies 2012 which were revised to be compatible with ASEAN CG Scorecard criteria and international best practices based on the Principle of Corporate Governance of the Organisation for Economic Co-operation and Development (OECD Principles of Corporate Governance) thus helping Thai listed firms to have their common stocks considered as one of the ASEAN asset classes. The principle comprises of 5 categories, namely:

1. Rights of Shareholders
2. Equitable Treatment of Shareholders
3. Role of Stakeholders
4. Disclosure and Transparency
5. Responsibilities of the Board of Directors



The Board of Directors are well aware to ensure efficient and transparent management by adhering to the principles of good corporate governance in order to lead the Company's businesses to develop and prosper at a stable and sustainable rate.

To ensure the Company's vigorous implementation, as prescribed in the aforementioned policy, the meeting of the Board of Directors in December 2007 resolved to establish a Good Corporate Governance Committee as a sub-committee to assist the Board of Directors on good corporate governance matters. The Good Corporate Governance Committee consists of 3 directors with a 3 years term of office. Although the Chairman of the Good Corporate Governance Committee is not an independent director, the other two committee members are independent directors.

The meeting of the Good Corporate Governance Committee in February 2013 resolved to have the Company amend the good corporate governance policy to comply with the Principles of Good Corporate Governance for Listed Companies 2012. The Board of Directors aims for the enhancement of good corporate governance within the organisation, which requires the collaboration of four parties, namely the Board itself, the Company's management, the Company's independent auditors, and the Company's internal auditors.

In order to enable the Company to achieve the above objectives and be adopted to conform to the SEC's and SET's principles of good corporate governance for listed companies, the Board of Directors meeting No. 10/2014 on 18 September 2014 resolved to cancel the Board of Directors' policy No. 1/2007 regarding the Good Corporate Governance Policy which became effective on

3 December 2007 and promulgate the Good Corporate Governance Policy as detailed below.

1. The Board of Directors emphasizes its responsibility to protect the rights and interests of shareholders, to promote the rights of shareholders as provided by laws, and to treat shareholders equally as well as provide each of them with equal access to corporate information.

Principles 1 - 3:

- Rights of Shareholders
- Equal Treatment of Shareholders

2. The Board of Directors shall ensure that shareholder meetings and disclosures of corporate information are conducted in accordance with the laws and the guidelines laid down by the Securities and Exchange Commission and the Stock Exchange of Thailand.

3. The Board of Directors shall ensure that guidelines concerning the use and protection of insider information for trading of the Company's securities are implemented and thoroughly communicated to all relevant parties.

4. The Board of Directors shall attend to the rights of stakeholders and oversee that the Company's operations are conducted in compliance with all relevant laws.

Principles 4 - 6:

- Rights of stakeholders

5. The Board of Directors gives special importance to uphold its corporate social responsibility, and especially in regard to those impacts from the business of the Company. To ensure that the business of the Company takes into account environmental, community and societal factors for sustainable development as well as communicated to all stakeholders.

6. The Board of Directors believes the anti-corruption policy to be important, and shall oversee and monitor the implementation of the Anti-corruption policy and guidelines. The Company shall not accept or involve in any type of corruption either directly or indirectly.

7. The Board of Directors emphasizes the transparency of its business operations, whereby conflicts of interest between the Company and its shareholders, and directors, employees, shareholders, and other stakeholders will be eliminated. The Board shall oversee and monitor procedures on conflicts of interest in ways that are scrupulous, honest, reasonable, independent, and moral.

Principles 7 - 8:

- Information Disclosure and Transparency

Stakeholders with interests in any transaction must not participate in decision making relating to such transactions, and decisions must be made based on the benefit to the Company and its shareholders. Transaction-related information must be disclosed correctly, completely, and promptly.

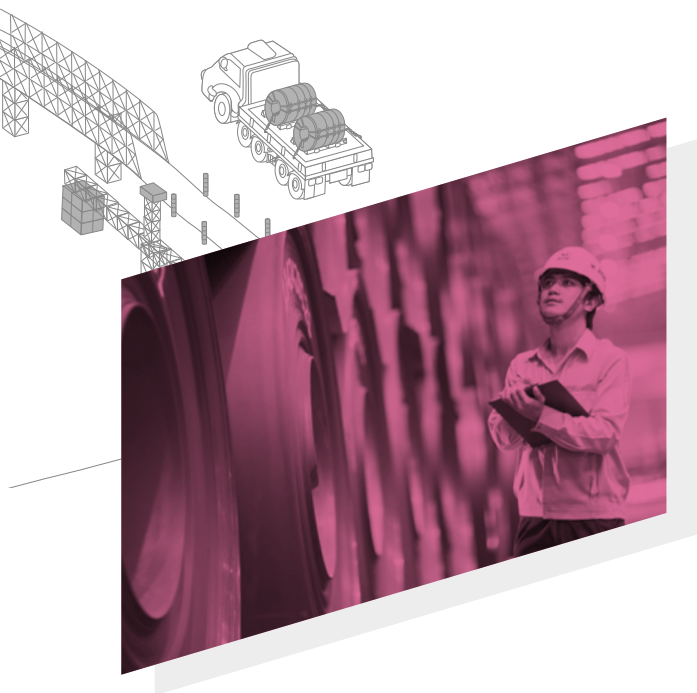
8. The Board of Directors shall ensure that investors will have confidence in such a way that disclosures of corporate information are accurate, complete, and promptly.

9. The Board of Directors must consist of no less than three independent directors.

Principles 9 - 17:

- Responsibilities of Board of Directors

10. The Board of Directors may establish various committees, whose purpose is to perform the tasks assigned by the Board of Directors, and to study or consider matters before submitting them for consideration to the Board. These committees are the Audit Committee, Nomination and Remuneration Committee, Good Corporate Governance Committee, and Risk Management Committee.



Other committees may be established as required for ensuring efficiency, fairness, and transparency of the directors' work.

11. The Board of Directors has seen fit to divide the functions of the Chairman of the Board of Directors, the Group CEO, and the President, among separate and different individuals, with the authority and duties of each position being clearly defined. It has also seen fit to adjust the Manual of Authorisation Chart from time to time to clarify the scope of authority to be exercised by the Board and by those in management who have been assigned authority.

Principles 9 - 17:

- Responsibilities of Board of Directors

12. The Board of Directors are responsible for determining the Company's vision, mission, and business strategies which must be reviewed periodically as well as ensuring that management conducts company business according to these plans.

13. The Board of Directors emphasises its responsibility to oversee risk management and internal control systems of the Company, and the Board has established an independent Office of Internal Audit within the Company.

14. The Board of Directors shall commit to the Company's business philosophy and shall ensure that the Company's operations are conducted according to the Company's business ethics, a code of ethics for directors, a code of ethics for employees, and shall inform relevant parties.

15. The Board of Directors must hold regular meetings at least once a month, and other special meetings may be held at other times if necessary. Each meeting must be arranged in advance, along with a clear agenda for the meeting. All documents necessary for the meeting must be prepared and sent to board members, as written in the Company Articles, so that they have sufficient time to peruse the documents before the meeting.

16. Each sub-committee must have meetings on a regular basis: the Audit Committee, the Good Corporate Governance Committee and Risk Management Committee must have meetings at least once every three months, and the Nomination and Remuneration Committee must have

meetings at least twice a year. Other special meetings may be held at other times if necessary. Each meeting must be arranged, along with a clear agenda for the meeting. All documents necessary for the meeting must be prepared and sent to the Board/Committee members, so that they have sufficient time to peruse the documents before the meeting.

17. The Board of Directors is responsible for considering remuneration for company directors, Group CEO and president as proposed by the Nomination and Remuneration Committee. Remuneration for Group CEO and president is determined by a resolution made at the Board of Directors meeting, and any other remuneration for directors is determined by a resolution made at a shareholder meeting, whereby the amount of remuneration is considered appropriate, transparent and has no conflicts of interest.

18. This policy shall be regularly reviewed and updated as necessary and appropriate.

19. The guidelines to define the details/rules/practices in accordance with the policy will be issued as appropriate, however, those announcements or guidelines issued by virtue of the previous Good Corporate Governance Policy, dated 3 December 2007 will remain in force as far as it does not conflict with this policy or until further notice or new guidelines is issued by the enforcement of this policy.

In 2014, the Company received the assessment results related to good corporate governance activities as follows:

- The Company's Corporate Governance Report was rated by the Thai Institute of Directors (IOD) in cooperation with the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET). The Company received a "Very Good" accomplishment in the Corporate Governance Report of Thai Listed Companies 2014 lower than that for the year 2013 which was "Excellent".

- The Company was evaluated by the Office of the Securities and Exchange Commission, in cooperation with Thai Investors Association and Thai Listed Companies Association, on the quality of the Annual General Meeting for the year 2014. The Annual General Meeting of shareholders No. 25 for the year 2014 was rated "Excellent", the same result received for the years 2008 - 2013.



Compliance with the Company's Corporate Governance

The Company's work in 2014 to ensure compliance with the Good Corporate Governance Policy, with reference to the Organization for Governance Economic Co-operation and Development (OECD) principles of Corporate Governance, can be summarised as follows:

1. Rights of Shareholders

1.1 Shareholders' Meetings

1.1.1 According to the articles of association, the Company is required to hold an annual general meeting of shareholders within 4 months of end of each fiscal year. The Board of Directors may call for an extraordinary meeting of shareholders when it deems appropriate. An extraordinary meeting of shareholders may also be called upon when a number of shareholders whose aggregate shareholdings represent no less than one fifth of the total issued shares, or at least 25 shareholders whose aggregate shareholdings represent no less than one tenth of the total issued shares, propose in writing with reasons and clear objectives specified.

In 2014, the Board of Directors meeting No. 3/2014 held on 28 February 2014 approved the date of the Annual General Meeting of Shareholders No. 25 which was held on 28 April 2014.

In each shareholder's meeting, the Board of Directors is aware of the shareholders' rights in compliance with the Company Articles of Association, pertinent legislation, and the regulations of the Stock Exchange of Thailand ("SET"). The Company has to notify the date of determining the names of shareholders entitled to attend the shareholders' meeting (Recorded Date) and compile the names of entitled shareholders under section 225 of the Securities and Exchange Act B.E. 2535 and its amendments in the Securities and Exchange Act (No. 4) B.E. 2551 by closing the share register at the SET no less than 14 days prior to its closing date.

1.1.2 The Company issued a notification of the meeting clearly specifying the meeting's agenda with sufficient details for each agenda and opinions of the Board of Directors on them together with significant information for consideration prior to decision making. For example:

The 2013 annual report to allow the shareholders to have adequate information on their voting rights and other supporting documents; A copy of the Minutes of the Annual General Meeting of Shareholders No. 24 held on 29 April 2013; The Company's Articles of Association regarding the part relating to the shareholders' meeting; A proxy form; A list of documents and evidence to be presented by the shareholders at the shareholders' meeting; Instructions on how to attend the annual general shareholders' meeting No. 25 and a map of the meeting venue. The notification and relevant documents were sent in advance to Thailand Securities Depository Company Limited (TSD) for further distribution to all shareholders 18 days before the Annual General Meeting of Shareholders No. 25.

1.1.3 The Company also provided notification of the shareholders' meeting and all supporting documents, especially those for decision-making at the meeting, on the Company's website, both in Thai and English, 34 days before the Annual General Meeting of Shareholders No. 25. This was to facilitate the shareholders with quick and easy access to essential information of the meeting and to allow them sufficient time for consideration before the actual documents were delivered.

1.2 Convenience of Shareholders

1.2.1 The Board of Directors takes into consideration the convenience of the time and place of the meetings of its shareholders. The Annual General Meeting of Shareholders No. 25 was held on 28 April 2014 at 14.00 hrs. at the Grand Ballroom, 889 Thai CC Tower, 12th Floor (parking building), South Sathorn Road, Yannawa, Sathorn, Bangkok. This venue can be accessed easily, conveniently and fast via the Bangkok Mass Transit System (BTS).

At the meeting venues warm hospitality is offered to all shareholders by having staff in place to welcome and assist the shareholders in the registration process. Registration is open 2 hours in advance of the meeting to allow shareholders sufficient time. In addition, a computerised system was used to search and verify shareholders' identities in order to improve the speed of the registration process. Since the Annual General Meeting of Shareholders No. 23, the Company has introduced a Barcode System of registration result in the effectiveness, convenience and accuracy of the process.

1.3 On the Day of the Shareholders' Meeting

1.3.1 Board of Directors' attendance in the shareholders' meetings

Shareholders' Meeting	Date of Meeting	Board of Directors' Attendance	
		Attended / Total	Absent
Annual General Meeting of Shareholders No. 25	28 April 2014	10 / 11 directors	1) Mr. Somchai Pipitvijitkorn

1.3.2 The chairman of the meeting allotted sufficient time for the shareholders to express their opinions and make inquiries at the meeting. The Chairman of the Board of Directors, the Vice Chairman of the Board of Directors, the chairmen of various sub-committees, directors, the President and the senior management of the Company were present to answer questions pertaining to their particular functions. The shareholders were also encouraged to freely propose ideas and suggestions to the Board of Directors.

1.3.3 The Company assigned 2 independent representatives from the auditor to observe the Annual General Meeting.

In addition, for the Annual General Meeting of Shareholders No. 25, the Company provided the shareholders an opportunity to submit questions concerning the Company's operational results in advance. This measure has been in place since the Annual General Meeting of Shareholders No. 18. Shareholders can communicate with the Company via e-mail address: agm25@ssi-steel.com or by mail to the Chairman of the Board of Directors, the Deputy Chairman, directors, the President or the Company Secretary within a specified time period.

1.4 Disclosure of Minutes on Shareholders' Meeting

1.4.1 The Company Secretary prepares and discloses the minutes of each shareholders' meetings to the Stock Exchange of Thailand on the same day of the meeting. For the Annual General Meeting of Shareholder No. 25 held on 28 April 2014, the Company additionally disclosed the vote count of each resolution of the meeting, analysed by the number who agreed, disagreed or abstained. The minutes of the meetings were made within the period stipulated by law after each meeting. The minutes contained a list of attending and nonattending directors

and executives, the voting methods, a summary of announcements, explanations, observations, questions, and answers. Moreover, The Company submitted the minutes of the shareholder's meeting No. 25 to the Stock Exchange of Thailand on 28 April 2014 at 19.13 hrs and disclosed online to the public on the Company's website at <http://www.ssi-steel.com> on 9 May 2014, within 11 days of the shareholder's meeting.

1.4.2 The Company Secretary has supervised and filed the minutes and notices of the shareholders' meetings since the Company was founded.

2. Equitable Treatment of Shareholders

2.1 Right of Shareholders to Propose Meeting Agenda and Nomination of Directors

2.1.1 At the Annual General Meetings of Shareholders, the Company provides minority shareholders an opportunity to suggest what they consider important and constructive matters which can be included in the meeting agendas. They are also given the right to propose qualified candidates for the position of Company Director. The proposal must be submitted in compliance with the time frame, conditions, and guidelines published on the Company's website at <http://www.ssi-steel.com>.

2.1.2 In preparation of the Annual General Meeting of Shareholders No. 25 held on 28 April 2014, the Company notified to the Stock Exchange of Thailand on 29 August 2013 regarding the rights of shareholders to propose an agenda of the shareholder's meeting as well as the right to propose qualified candidates to be nominated as a director. The proposal must be submitted in advance via e-mail to agm25@ssi-steel.com; or by regular mail to the Company Secretary within a specified period, and in compliance with the guidelines published on the Company's website at <http://www.ssi-steel.com>.

2.1.3 In preparation of the Annual General Meeting of Shareholders No. 26 held on 20 April 2015, the Company disclosed to the Stock Exchange of Thailand on 29 August 2014: The right of minority shareholders to propose matters considered important and constructive as agenda items at the shareholder's meeting and to propose qualified candidates to be nominated as a Company director and on 14 November 2014: the right of shareholders to submit questions in advance before the date of the Annual General Meeting of Shareholders No. 26 for the year 2015. The shareholders had to propose the matters via an e-mail address: agm26@ssi-steel.com or by mail to the Company Secretary within a specified period in compliance with the guidelines and procedures stipulated by the Board of Directors of the Company. In cases when the Board of Directors approved the proposed matters, or the proposed matters were pursuant to the law, the Company Secretary included such matters as an agenda item of the meeting in the notification of the Annual General Meeting of Shareholders No. 26 and clarified and answered the questions at the meeting.

2.2 Proxy

The Company enclosed 3 types of proxy forms as provided by the Ministry of Commerce with the notification of every shareholders' meeting so that shareholders can have the opportunity to exercise their voting rights without attending in person. Shareholders are able to freely use any proxy form for their requirements. Since the Extraordinary General Meeting of Shareholders No. 1/2004 held on 18 November 2004, the Company has provided an alternative Proxy Form B as provided by the Ministry of Commerce, which allows the shareholders to appoint an independent director to attend and vote on their behalf. The people determined by the Company for the proxy for the Annual General Meeting of Shareholders No. 25 comprised 3 directors: 1 independent director, 1 non-executive director and 1 executive director or any other person designated by each shareholder.

2.3 Procedures on the Day of the Shareholders' Meeting

2.3.1 Before the meeting starts, the Chairman of the Board of Directors acting as the Chairman of the Meeting informs the shareholders of their rights according to the

Company's Articles of Association, the meeting procedures and the voting procedures.

2.3.2 The Chairman of the meeting ensures the meeting complies with the Company's Articles of Association for the meeting and conducts the meeting in accordance with the agenda as indicated in the meeting notification.

If there is a proposal to rearrange the order of agenda, the Chairman of the Meeting will be able to change the order as proposed after receiving approval from no less than two thirds of the attending shareholders. However, up to 2014, there has never been a request to rearrange the order of agenda, nor has there ever been a request by one third of the votes to introduce other matters not previously listed in the agenda. Moreover, the Company has never added any other items to the agenda apart from those indicated in the notification of the meeting.

2.3.3 The Company has specified the voting procedure should be by the use of ballots in every agenda. In the election of directors, a majority vote must be obtained in accordance with the following rules and procedures:

- 1) Each shareholder has a vote equal to the number of shares he/she holds.
- 2) Each shareholder must cast his/her entire vote according to 1) to elect one or more candidates to be the director. In case of electing more than one candidate to be a director, each shareholder must cast his/her entire vote according to 1) for each candidate. The vote cannot be divided for any candidate.
- 3) The candidates who receive the most votes, in descending order, will be elected as directors depending on the number of positions available. If candidates receive equal votes for the last available position, the Chairman of the Meeting shall cast the deciding vote.

3. The Rights of Stakeholders

The Board of Directors of the Company approved the business philosophy and business ethics, as proposed for revision in 2010. The approved philosophies are to be the principles, beliefs and guidelines for the Company and its personnel to adhere and implement to allow the Company identity to be developed and values given to all groups of stakeholders. This will be a vehicle to drive the Company's existence, development and sustainable growth.

Business Philosophy of the Company

The management of the Company leading to the goal of sustainable growth is based on fundamental business philosophies composed of:

1. Devotion to excellence
2. Adherence to quality of products and services
3. Belief in the value of personnel
4. Commitment to ethics
5. Dedication to social responsibilities

The business plan for 2014 to 2016 consisted of:

- 1) Vision and Mission, Business objectives and Values
- 2) Global Economic Prospects
- 3) SWOT Analysis
- 4) Business opportunities and trends
- 5) Strategy Statement and Project

The Management Committee reviewed the Vision and Mission of the Company and gave a preliminary opinion that it should remain unchanged as the Company remain committed to developing products and services to provide added value for customers. Thus creating shared value with stakeholders through the supply chain and also remain consistent with the Company's business philosophy, as follows:

"Innovate premium value steel products and services for customers; generate consistent profit and sustainable value for stakeholders."

This Vision and Mission was proposed to the Board of Director for their review and approval on 12 February 2015.

Business Ethics of the Company

In conducting the business, the Company adheres to the principles of accountability, transparency, integrity, and business competitiveness by acting in the best interest of all stakeholders in an equitable manner.

1. Shareholders

The Company realises the shareholders are the owners of the Company and the Company has the duty to generate added value to the shareholders in the long term. The Company has therefore stipulated guidelines for the directors, executives, and employees to perform the following:

1) Perform duties to their fullest capacity with integrity, care, prudence and fair treatment for the best interest of all shareholders.

2) Present the operating performance report, financial status report and other reports with accuracy and completeness and in a timely manner.

3) Report the trend of the Company, on both the positive and negative sides, to all shareholders in an equitable manner based upon sufficient factual basis, quantitative information and rationale.

4) Ensure that there is no exploitation of undisclosed information or any wrongful action for improper advantage for oneself, or others, which may cause conflicts of interest for the Company.

2. Customers

The Company values the vital role and satisfaction of customers which contribute to the success of the Company's businesses. Therefore, the Company has the strong intention to pursue methods that are reliable for customers and that can fulfill the needs of customers in a more efficient and effective manner. The guidelines are as follows:

1) Deliver quality products and services that meet or exceed the expectation of customers.

2) Communicate with customers with courtesy and ensure that complete, accurate and up to date information on products and services is given to customers. The Company will not misrepresent the products and services in terms of quality, quantity or any other condition.

3) Strictly follow the conditions applied by the customers. If the conditions cannot be satisfied, the Company will inform the customers without delay to find a possible solution together.

4) Establish a system and channel that allows customers to make complaints about quality, quantity and safety of products and service, and respond to the complaints in a timely manner.

5) Strictly protect confidential information of customers and not use their information for any other interest or in any improper respect.

6) Provide instructions on the use of products and services in an efficient manner to maximise benefits.

3. Suppliers

The Company realises that ethical conduct with suppliers should be based on fair benefits to both parties. Thus, the Company commits to provide facts and accurate reports, act in accordance with agreements, negotiate and seek solutions based on business relationships as well as

avoiding situations which may result in a conflict of interest.

The guidelines are as follows:

- 1) Never request, receive or pay any fraudulent benefits from or to suppliers.
- 2) Where there is evidence indicating a fraudulent benefit has been claimed, received or paid, disclose the relevant information to the suppliers and together find a solution in a timely manner.
- 3) Strictly perform in accordance with the conditions of agreements and inform the suppliers in advance if any conditions cannot be met.

4. Competitors

The Company is committed to treating its competitors fairly. The guidelines are as follows:

- 1) Never seek any confidential information of the competitors by unfaithful or improper means.
- 2) Never damage the competitors' reputation by offensive accusations.

5. Employees

The Company realises that its employees are a valuable resources for the success of the Company; thus the employees are treated fairly in terms of compensation, opportunity, development, and potential based on humanitarian practices regardless of their race, religion, gender or physical condition. The guidelines are as follows:

- 1) Treat employees with respect, value and dignity.
- 2) Provide fair compensation to employees.
- 3) Provide a safe working environment to employees considering their lives and property at all times.
- 4) Appoint, rotate, promote and demote employees with sincerity, based on their knowledge, merit and suitability.
- 5) Value the development of knowledge and ability of all employees.
- 6) Avoid any unfair action which may affect the job security of employees or any action which may threaten or cause pressure to the mental health of employees.

6. Supervisory Authorities

The Company values its duty to comply with the law and business practices. The Company strictly conducts its business under laws, articles, regulations and standards imposed by supervisory authorities as well as cooperating with supervisory authorities on relevant matters.

7. Social and Community

The Company recognises its accountability towards society and the community as the core of its business with full realisation of the possible effect on natural resources and the environment. It has constantly provided support to a number of activities to improve the society and community, safeguard and rejuvenate natural resources as well as to enhance community capacities in an effort to bring about sustainable development.

The Company is concerned about the quality of life of all stakeholders, including employees and their families, the society, and the community. The Company aims to develop its steel industry in parallel with the quality of the society and its communities and the environment. This commitment to sustainable development involves the establishment of effective systems of management for safety, occupational health, and the environment in accordance with ISO 14001 Environmental Management System Standards and TIS 18001 Occupational Health and Safety Management Standards with the purpose of reducing and controlling the risk of any damage occurring to the employees and stakeholders and to improve the safety of the Company's operations.

In 2014, the Company received awards under various categories which its details can be found in the Corporate Social Responsibility Report.

3.1 Equitable Treatment of Stakeholders

In conducting its business, the Company places an importance on all stakeholders: the shareholders, customers, suppliers, competitors, employees, supervisory authorities, the society and community as stated in the Company's Business Ethics. The Company has therefore established a mechanism to encourage activities and improve the relationship between the Company and its stakeholders, for example: customer's opinion surveys; employee engagement surveys; hearing and Q&A session at the shareholders' meetings; channel for the stakeholders to raise questions and suggestions on the website; channel to inform or make a tip-off or complaint to the Good Corporate Governance Committee; community products and service promotion; and a buyer meet seller seminar in 2014. In addition, the Company has ensured adequate disclosure of related information to efficiently encourage participation from stakeholders; for instance, publishing

product procurement news of the Company on the website to inform business partners and interested parties. Furthermore, department, committee, working committee or sub working committees, specifically those in charge of assignments are set up to take care of every stakeholder. The activities below illustrate the Company's commitment to ascertain equitable treatment of each stakeholder in the year 2014.

3.1.1 Stakeholder: Shareholders

- The Corporate Secretary Office performed duties delegated by the Board of Directors.

3.1.2 Stakeholder: Customers

- The Commercial Division has carried out a myriad of activities to develop relationships with customers, follow up on issues and complaints from the customers as well as acknowledge opinions and suggestions for improvement of products and services in order to meet their expectations accordingly. Customer visits and monthly meetings with major customers are also held. In addition, the Company conducted an annual customer satisfaction survey and organised product training for customers of it and offered advice and assistance to customers regarding any problems with products received.

- Working Committee for Innovation of Value Added Steel Products and Services for the customers conducted a customer requirement analysis and cooperated with the Production Division to improve the value-added aspects of the products and services development for the customers. For example, product size control to reduce the loss rate incurred from the customers' usage, customer collaboration to develop tailor made products for specific customers and improved delivery time for orders requiring express delivery. In 2014, the Company delivered innovative value-added products to customers accounting for 16% of its total volume and had a market share of 40% in the hot rolled coil market.

3.1.3 Stakeholder: Suppliers and creditors

- The Slab Suppliers Audit Working Subcommittee arranged activities to strengthen the relationship with suppliers through information and experience sharing amongst suppliers. In 2014, the Company invited 2 overseas suppliers to attend meetings with the Company, to review technical protocol and specifications in order to develop a greater variety of raw materials to improve response to the market requirements.

The meeting helped define a solution for improving raw material quality and other problems.

- Raw Material Procurement Department developed the business procedure in coordination with 1 supplier to increase flexibility in business operations of both parties.

- Slab Supply Chain Integration Working Committee coordinated with SSI UK Limited in order to increase effective work and develop slab specification with the aim of benefit sharing.

- The Group Purchasing Office has performed the following tasks:

- Disclosing procurement news of the Company via <http://www.ssi-steel.com> to inform suppliers and interested parties wishing to sell products, and offer services of the Company. They are invited to register to become vendors directly to the Company or via the Company website, as well as submit procurement bids. This enables the Company to have an efficient and transparent procurement process.

- Sourcing new suppliers and service providers on an ongoing basis in order to have suppliers, service providers and producers with high potential and ability to produce high quality products according to the requirements of the Company at an appropriate price. Every entrepreneur is treated equally. In 2014, the number of vendors have increased by 145.

- Organising annual seminars and meetings with suppliers and service providers. In 2014, a meeting was held in March to clarify the Company's procurement policy and its target, group procurement guidelines, other related issues on the procurement policy as well as safety, occupational health and environment policy of the Company.

- In 2014, the Company has procured Baht 3,100 million of goods from general suppliers, including energy products of Baht 2,312 million, rollers of Baht 158 million, spares of Baht 112 million, consumables of Baht 135 million, services of Baht 324 million and others of Baht 59 million. The Company also procured products from local communities in Bangsaphan area with a volume of Baht 216 million. In 2015, the Company expects its volume of procurement to rise by up to Baht 3,500 million from general suppliers and Baht 220 million from local communities.

- Visiting the production process and management system of 18 general suppliers and 5 suppliers in Bangsaphan to review their production processes and product quality to ensure those products meet Company requirements and expectations. In addition, suggestions will be made on an improvement of quality and delivery of those products and services.

- Assisting to promote and support the products produced or distributed by the community and the services they render. Projects have been in place to support and develop the products produced by the Bangsaphan community in accordance with the Company's corporate social responsibility policy.

- Treasury and credit department treated all creditors fairly and equally. The Company strictly abided by all terms of any loan agreement with its creditors and financial institutions in a responsible and transparent manner including the purpose of lending, repayment, collateral treatment. It will not conceal any information or hide any facts that might possibly result in the realisation of losses for its creditors. If the Company is unable to meet any of the criteria it agreed to, it must immediately notify its creditors to jointly solve the problem.

3.1.4 Stakeholder: Competitors

- The Company recognises the importance of conducting its business with competitors fairly and ethically. There is a policy in place to not gather confidential information of the competitors by unfaithful or improper means and not to destroy the reputation of the competitors by offensive accusations.

- The Company's management engaged in meetings with the management of competitors to strengthen business relationships and allow knowledge sharing.

3.1.5 Stakeholder: Employees

- The Human Resources and Administration Division is committed to following the Company's business philosophy which places an importance on the value of personnel and that **the quality employees contribute to the success of the organisation**. Hence, the Company has always arranged appropriate employment conditions that provide suitable compensation for the employees in order to encourage motivation. A number of welfare benefits are initiated in various forms, for example, we provide: provident fund, health insurance, life and accident insurance, training and seminars for employees, scholarships and transportation services to and from SSI

Bangsaphan Steelworks, food court at Bangsaphan and support for activities of employee's saving cooperatives.

The Company values the importance of employee welfare and benefits as well as the quality of life of employees and their families. This can be seen from the Honorable Outstanding Labor Relations and Welfare Award for 10 consecutive years (2005 - 2014) with no labor union type for 3 consecutive years (2012 - 2014). The Company's human resource management and administration has been managed in accordance with policies and procedures regarding human resource management which became effective since 1994. These policies and procedures were amended to keep pace with the changes as appropriate. All employees can access these policies and procedures posted on information board and intranet. New employees are also introduced to the Company policies by new employee orientation program. The policies include the following:

- The compensation management has been introduced since 2002 to motivate employees to perform their work more efficiently and be fair. Employee compensation is considered based on their performance appraisal, 360-degree feedback from the people who work around them, individual contributions that add value to the Company and annual business turnover.

- Benefits such as 1) housing loan, since 1999, to help employees and their family with housing assistance 2) rent allowances, since 2001, to help employees who was delegated to work at Bangsaphan plant with housing rent 3) hardship allowances for employees who was delegated to work at Bangsaphan plant as an incentive for living and working in Bangsaphan area 4) per diem allowances, accommodation and vehicles (Domestic), since 1997, to assist employees who have to work, attend training/seminar outside the office 5) uniform, since 2003, the Company provided a uniform for an employee for tidiness and safety in the workplace 6) group medical and health insurance, since 2008, to promote employees' wellness and health and ensure employees receive prompt medical care 7) compensation benefit in case of death, since 2001, to offer support and help relieve the suffering of employees or their family members in case of death 8) long service award, since 2000, to promote long-standing careers within the Company and to strengthen corporate employee engagement through recognising and honouring the commitment and dedication of long term

employees 9) shuttle bus service for employees, since 2005, to provide a convenient way for employees to travel to work at plant and 10) home visit for sickness absence, since 2002, to express concerns and provide appropriate assistance for them. The Company provided benefits to all employees with the aim to provide appropriate level of both physical and mental well-being to employees, good health, safety at work, prosperity and stability in life, not only for the employees but also their family.

- Provident fund, since 1999, to provide employees with financial security and stability, a lump sum benefit at retirement or resignation as well as to provide security for their families in case of death of an employee.

- Human resource development, since 2002, to give employees development opportunities by providing training, seminar, academic conference, study visit and etc. This will enable employees to enhance their knowledge, understanding and skill which result in effective performance. In 2014, the Company had an average training hours of 28.14 hours/person/year and a report of which was submitted to the Board of Directors on a monthly basis.

The Company also provides a working environment that encourages the employees to be good, smart and socially accepted people which includes the “SSI Way” activities by creating role models for other employees to promote the desired values. The Company focuses on building relationships within the workplace under the “Care Organisation” project which comprises of several sub-projects for building close relationships for the employees. The sub-projects include: 1) Management meeting with employees, including those at SSI Bangsaphan Steelworks to communicate policies to employees of each division 2) Supervisor meetings with employees to provide job coaching that focuses on consulting an individual on both work and non-work related matters. 3) Employee meeting with employee, including a mentoring program for a new employee and a buddy program for good deeds. In addition, the Company focusses on creating a better work-life balance by encouraging the employees and their families to participate in activities with the Company.

The Company realises that communication is a significant factor to success. The Company provides thorough channels including internal magazine, newspaper, wire broadcasting, internal TV, SMS, social network i.e. Facebook and effective communication skills training for supervisors. The Company aims at

employee involvement and participation by setting up working committees to manage specific matters for the employees such as the Canteen Committee, the Recreation Committee, etc. Such projects demonstrate that the Company values its employees. The projects and activities have been carried out with the intention to develop employees to grow together with the Company through care and sustainable growth.

3.1.6 Stakeholder: Supervisory Authorities

- The Company places emphasis on lawful and ethical working practices and strictly conducts its business in accordance with the law, articles, regulations and standards imposed by the authorities of which whether it be labor, employment, consumer, trade competitor, environment, intellectual property or copyright, anti-corruption or human right as well as cooperates with supervisory authorities. The directors, executives and employees at all levels are expected to carry out their work in a way that complies with the law in order to support the Company to be an efficient and ethical business. This is considered as an important mechanism that would result in the Company’s work processes and procedures being accurate, thoughtful and support it to achieve its objectives. As a result, over the past years the Company has never received punishment for delay disclosure of material matter within a period determined by the authorities or any other cause.

The Company also adopted IT policy No. 4/2000 regarding computer virus dated 27 October 2000 which stated that all computer programs must be authorised by the Company before using, had a valid license, programmed by a well-known and trusted manufacturer or seller and well tested. The Group Legal Office quarterly presented a summary report on the Company’s legal compliance including compliance with the copyright act which reported by the Information Technology Office.

3.1.7 Stakeholders: Social and Community

- The Public and Community Relations Office undertook various activities as shown in the Corporate and Social Responsibility Report.

- The Safety and Environmental Office and the Company are engaged in social and community contribution and environmental activities as follows:

- The Company promulgated the safety, occupational health and environment policy signed by the President in 2007 to demonstrate its commitment to

reducing and preventing work-related accidents and illness. The Company developed many project plans such as risk assessment, safety training, safety audit, work environment measurement, check up by health risk factor, campaign for reporting and improving work environment, emergency plan testing, and etc. to follow the Standard for occupational health and safety management systems (TIS/OHSAS 18001).

- The Company announced the energy policy signed by the Group Chief Executive Officer and the President in 2013, to demonstrate its commitment to appropriately improving the energy management system by preparing for ISO 50001 certification process. The Company also received an Energy Awards 2014 from the Ministry of Energy and the ASEAN Energy Awards 2014.

- The Company provided training for all employees and contractors in order to give knowledge and better understanding of the environmental impacts that may result from their activities and how to minimise the impact that they have to strictly follow the rules such as separation of waste, control of waste and pollution from the production process and emergency response management to prevent environmental impact.

- The Company reported the result of projects implemented in 2014 that the Company reduced work-related accidents by 48% compare to that of 2013. The rate of work-related injury that results in days away from work was 1.10 cases per one million hours worked, increased by 8% from that of 2013 which was 0.95 case per one million hours worked.

- In 2015, The Company set the goals for the prevention of occupational diseases, control of injury that results in days away from work and fire protection. The total number of work-related incidents must not exceed 9 times.

- The Company promoted resource-saving program to help businesses use resources more efficiently in accordance with the environmental programs which includes reducing fuel consumption, reducing electricity consumption, reducing waste such as the separation of waste for the proper treatment and disposal.

- The Company continually conducted an annual community's attitudes survey as the plant operation may cause both positive and negative impacts on the community such as economic, social and environmental impacts. This is to understand the views of the community

and various impacts arising from the plant operation that leads to joint decision making between the plant and community through a participatory process such as the meeting with local council and community leaders, etc. The results of these processes will be taken into consideration to determine the appropriate management strategies to create sustainable satisfaction for community.

Safety and environmental policy demonstrates the Company's commitment to reducing the environmental impact, preserving natural resources and energy by using them more efficiently. Furthermore reducing losses, sorting of the waste generated by the activities of the Company as well as reducing, controlling and treating waste in order to minimise environmental impacts, reducing and preventing the effects of climate change and taking care of biodiversity in the area. The success of safety, environmental and energy conservation program is affirmed by various certifications and awards as follows:

- ISO 14001 certification: standard for environmental management system (since 1999).

- TIS/OHSAS 18001 certification: standard for occupational health and safety management systems (since 2002).

- Excellent workplace in Occupational Health, Safety and Working Environment from Ministry of Labor for the third consecutive year (since 2012).

- EIA Monitoring Awards from Ministry of Natural Resources and Environment for the second consecutive year (since 2013).

- Energy Awards 2014 from the Ministry of Energy and the ASEAN Energy Awards 2014.

- The Green Industry Level 3, Green Industry Project from Ministry of Industry.

- The Group Purchasing Office supported the purchase of environmentally friendly products by sourcing products that have been authorised to use the Green label by the Thailand Environment Institute and also provided support to energy saving policy. The Company continually procured Energy Saving LED Bulbs for using at SSI Bangsaphan Steelworks.

3.2 Compensation Measures

In the event that the stakeholders are damaged by violation of rights under the law, the Company has offered insurance to protect the rights of the stakeholders as follows:

- Directors & Officers Liability Insurance
- Marine Cargo Open Policy
- Public Liability Insurance
- All Risks of Property Damage, Machinery Breakdown, Boiler Explosion and Business Interruption Insurance (for major plants)
 - Property All Risks Insurance (for office buildings)

In addition to the primary insurance coverage mentioned above, the Company has extend its insurance coverage to other SSI subsidiaries that have been operating both locally and abroad; such as West Coast Engineering Company Limited; Prachuap Port Company Limited; Thai Cold Rolled Steel Sheet Public Company Limited; and Sahaviriya Steel Industries UK Limited. Furthermore, a constant monitoring of unusual situations has been put in place to periodically assess the risks that may cause damage to the Company and its stakeholders. Provisions of additional insurance coverage would be implemented to the offset any increased risk.

3.3 Dispute with Stakeholders

The Company has conducted its business in a way that avoids conflicts or disputes with the stakeholders; inclusive of its business involvements with customers, suppliers, competitors, employees, social, and the community. The Company has provided a mechanism to oversee and supervise all divisions of the Company to operate in compliance with the law by preparing a list of legal and regulatory restrictions that are to be complied with. In addition, each division has also reviewed its legal compliance and reported both complying and non-complying actions to the Group Legal Office to present to the Audit Committee on a quarterly basis.

For major litigations and disputes against the Company as disclosed in the notes on the financial statements, the Company's Group Legal Office will operate, coordinate and report any progress, predict outcomes of the cases and give recommendations to the Group Chief Executive Officer and the President periodically as well as report to the Audit Committee and the Board of Directors on a quarterly basis.

3.4 Whistleblowing Process

The Good Corporate Governance Committee realised the importance of stakeholders' participation in supervising the Company so they have arranged a tip-off and complaint reporting channel that allows the Company to receive information from employees and any group of stakeholders e.g. shareholders, customers, suppliers, competitors, social and the community. The reports can be of any concern for instance, law violation, unethical practice, fraud, corruption, breach of working positions, violation of conflicts of interest policy of the Company, violation or ignorance of duty according to policy, guidelines, instructions or regulations of the Company, inaccurate report of financial statements, improper internal control and any action harmful to reporters or the Company. The report can be directly forwarded to the Good Corporate Governance Committee as specified on the Company website. Such channels allow the Company to obtain more in-depth information on problems, the Company can thus analyse the information to find solutions and establish preventive measures, which will lead to more efficient management.

The Company announced the Board of Directors' policy regarding whistleblowing and guidelines regarding whistleblowing channels which became effective on 11 August 2008. Later, the Board of Directors approved the amendment of the Board of Directors' guidelines regarding whistleblowing channels (revision No. 2) became effective on 28 February 2014 replacing the previous version. The amendment was made to add clarification of the protection measures for the informants or whistleblowers and to conform with the anti-corruption policy and guidelines. The Company communicated the said policy to employees and internal and external stakeholders for the information of channels and methods of reporting tip-offs or complaints, which include the Company's intranet at <http://ssi.net> and the Company's website at <http://www.ssi-steel.com>. Any whistleblower can report tip-offs or complaints via two channels:

- By e-mail to ssigcg@yahoo.com, or
- By post to The Good Corporate Governance Committee at the postal address of P.O. Box 534, Delivery Post Office Bangrak, Bangkok 10500.

The Good Corporate Governance Committee is responsible for determining the procedures when being informed of the tip-offs or complaints and measures to

protect the whistleblower with the right to access information on a tip-off or complaint reporting channels. Electronic and post mail boxes are kept confidential by external service providers and none of the Company's employees can access these mail boxes, except the people authorised by and report directly the Chairman of the Good Corporate Governance Committee.

Moreover, the Company signed a Declaration of Intent of the Thai Institute of Directors' Private Sector Collective Action Coalition Against Corruption. In 2014, the Company carried out several anti-corruption initiatives as detailed in the Corporate Social Responsibility Report 2014 under the section of Anti-corruption.

4. Information Disclosure and Transparency

The Board of Directors recognises the importance of disclosing material information of the Company, both financial and non-financial information, and that such information must be accurate, complete, timely, transparent and in accordance with the regulations stipulated by the Office of the Securities and Exchange Commission and the Stock Exchange of Thailand. The information is presented both in Thai and English for the investors, shareholders, securities analysts and other related parties including the public in order for them to have the information equally in accordance with the principles of good corporate governance. This material information may have a significant impact on the trading price of securities of the Company on the Stock Exchange of Thailand. The Board of Directors has explicitly declared its intention to execute its work in the Good Corporate Governance Policy of the Company.

The Company assigned responsibility for disclosing the Company's information to the Stock Exchange of Thailand and the Office of the Securities and Exchange Commission to the Corporate Secretary Office and the Group Investor Relations Department.

4.1 Information Disclosure Pursuant to the Notifications, Rules or Regulations of the Stock Exchange of Thailand and/or the Office of the Securities and Exchange Commission

In 2014, the information disclosure of the Company by the Corporate Secretary Office comprised the following:

- Disclosed all information necessary for the investors and shareholders to make decisions according to the regulations of the Stock Exchange of Thailand and the Office of the Securities and Exchange Commission. This included the financial reports relating to the financial status and operating performance of the Company on a quarterly and annual basis after each review or audit by the licensed auditor, as well as the Management Discussion and Analysis (MD&A) of the Company, its subsidiaries and its jointly controlled entities to the Stock Exchange of Thailand and the Office of the Securities and Exchange Commission.

- Distributed the 2013 Annual Report (Form 56-2) to the Company's shareholders, along with the notice of the Annual General Meeting of Shareholders, and informed such information to the Stock Exchange of Thailand and the Office of the Securities and Exchange Commission within the period required by law.

- Submitted Form 56-1 for the year ending 31 December 2013 to the Stock Exchange of Thailand and the Office of the Securities and Exchange Commission within 3 months from the end of accounting period of the Company as required by law.

The disclosure of information to the Stock Exchange of Thailand and the Office of the Securities and Exchange Commission was properly completed and submitted in a timely manner.

4.2 Information Disclosure Pursuant to the Guidelines of the Stock Exchange of Thailand on the Transparency of the Companies

The Board of Directors appointed a department to be responsible for the "Investor Relations" as a center for investor communication and to have the duty to disclose information of the Company to shareholders, institutional investors, public investors, securities analysts and relevant government sectors. To enhance the information provided to the aforementioned parties for in depth investment analysis of the Company's securities, the Company has combined such a unit with the Corporate Finance Department to become the Corporate Finance and Investor Relations

Department in 2011. At present, it becomes the Group Investor Relations Department under the Group Corporate Finance and Investor Relations Sub-division of the Group Finance and Account Office. The Public and Community Relations Office takes direct responsibility for the information disclosure to the public through mass media. Both offices have disclosed and distributed material information through the Company's website at <http://www.ssi-steel.com> with regular updates on the information given for the stakeholders and related parties to always have key information of the Company such as financial information, annual reports, organisation news, social activities and securities analysis articles, both in Thai and English.

4.2.1 Investor Relations

In 2014, the Group Investor Relations Department performed the following key activities through various channels:

- Published the Company's financial and nonfinancial information, good corporate governance policy, business ethics, director ethics and employee ethics (both in Thai and English) on the Company's website at <http://www.ssi-steel.com> for shareholders and investors to have a convenient channel to equally access the Company's information at all times.
- Arranged for better communication between investors and shareholders and the Company. They can raise questions to the executives or request for more information through the e-mail address: ir@ssi-steel.com. They can also register to receive e-mail updates through the Company's website. The contact person is Ms. Saithip Monthakantiwong, telephone number 0-2630-0280.
- Communicated with securities analysts, investors and people interested in securities of the Company using the social networking tool via a Twitter account namely "SSI_Steel".
- Provided management discussion and analysis (MD&A) of the Company, its subsidiaries and its jointly controlled entity for the quarterly operating performance to be disclosed with quarterly financial statements. This is for investors to acknowledge and understand of any major changes including factors and events that affect its financial position and results of operations apart from the information in the financial statements.

- Organised analyst meetings with securities analysts twice a quarter (eight times per year). Before disclosure of financial statement, the meeting was held 14 days prior to the public disclosure and after disclosure, the meeting of a quarter was held on the same day or the first day after the submission of the financial statements to the Stock Exchange of Thailand and the Office of the Securities and Exchange Commission.

- Joined SET's Opportunity Day program to announce the Company's operational results and financial position on a quarterly basis (four times a year).

- Arranged meeting with Strategic Partner on a quarterly basis (four times).

- Arranged group meetings or one-on-one meetings for Thai and foreign institutional investors, securities analysts and retail investors and senior executives of the Company, at the Bangkok office as well as conference call meetings with foreign investment funds 11 times.

- Participated in the corporate roadshows organised by the Stock Exchange of Thailand for senior executives of the Company to make presentations to the Thai and foreign institutional investors in the Thailand focus 2014 held on 27 - 29 August 2014 at Hyatt Erawan Bangkok.

- Organised a company visit at Bangsaphan District, Prachuap Khiri Khan Province to promote understanding of the Company's business.

4.2.2 Other Stakeholder and Public Relations

In 2014, the Public and Community Relations Office pursued the following key activities:

- Prepared news releases for mass media concerning the Company's quarterly financial position and operational results on the first business day after the submission of the audited or reviewed financial statements to the Stock Exchange of Thailand and the Office of the Securities and Exchange Commission.

- Issued press releases and photo releases regarding the Company's activities to news reporters, so that information of the Company reaches investors and the general public on a regular basis.

- Set up interviews with the Company's executives when requested by mass media, to raise an understanding and accurate knowledge of the Company.

- Arranged for publication of information and articles about the Company through various media, including:

- Print media such as newspapers and annual reports.

- Exhibitions to provide useful information to target groups and the public.

- Special media or electronic media such as the Company's website <http://www.ssi-steel.com>, <http://www.blogssi.com/360degree/>, <http://www.blogssi.com/ssiarsa/> and videos.

- Provided communication channel for inquiries or information request raised to the Company via e-mail address: pr@ssi-steel.com.

5. Responsibilities of the Board of Directors

5.1 Board Structure

5.1.1 Board Composition

The Board of Directors consists of qualified individuals with knowledge, competence, experience and special expertise from diverse area i.e. production, management, finance and accounting and long experience in the steel industry that is beneficial to the Company. Members of the Board of Directors registered with the Ministry of Commerce dated 12 January 2015, consisted of 11 members, including 6 Independent directors, 4 non-executive directors and 1 executive director, Mr. Win Viriyaprapaikit who acts as the Group Chief Executive Officer and President. The number of independent directors is sufficient as defined by the Good Corporate Governance Policy and the Principles of for Listed Companies 2012.

The names of the Board of Directors are as follows:

1. Mr. Wit Viriyaprapaikit
Chairman of the Board of Directors
2. Mr. Somchai Sakulsurarat
Deputy Chairman of the Board of Directors
Independent Director
3. Mr. Tongchat Hongladaromp
Director and Independent Director
4. Mr. Siripol Yodmuangcharoen
Director and Independent Director

5. Mr. Permpoon Krairiksh
Director and Independent Director

6. Mr. Pichai Eursirisub
Director and Independent Director

7. Mr. Yarnsak Manomaiphiboon
Director and Independent Director

8. Mr. Somchai Pipitvijitkorn
Director

9. Mr. Kamol Juntima
Director

10. Mr. Piya Viriyaprapaikit
Director

11. Mr. Win Viriyaprapaikit
Director

Directors who are authorised to sign on behalf of the Company are Mr. Wit Viriyaprapaikit, Mr. Kamol Juntima, Mr. Somchai Pipitvijitkorn, Mr. Piya Viriyaprapaikit or Mr. Win Viriyaprapaikit. Any two of these five directors can sign a document and affix the Company's seal.

5.1.2 Term of Office

The directors shall hold the term of office as stipulated in the Public Limited Companies Act B.E. 2535 and the Company's Articles of Association, which prescribe that at every Annual General Meeting, one-third (1/3) of the directors shall retire by rotation. The Board of Directors has not set the limit on the number of consecutive terms in office for the purpose of the flexibility of selecting a candidate who has appropriate experience and competence for the responsibility, and has a good insight into the Company and its operations.

5.1.3 Segregation of Duties of the Chairman of the Board of Directors and the President

The duties and responsibilities of key people within the Company are segregated. Mr. Wit Viriyaprapaikit is the Chairman of the Board of Directors and Mr. Win Viriyaprapaikit is the Group CEO and President of the Company with the segregation of duties and responsibilities of each position explicitly determined.

5.1.4 Independence of the Chairman of the Board of Directors

The Company does not have a policy requiring the Chairman of the Board of Directors to be an independent director due to the limitation in seeking

a suitable person within the period specified. The iron and steel industry needs an experienced and proficient person in this specific area of expertise to take such position, apart from the qualifications of board vision and managerial expertise to maximise the benefits of the Company, the shareholders and other stakeholders.

5.1.5 Company Secretary

The Company Secretary advises on legal issues and regulations necessary for the Board of Directors to know and perform the duty as well as coordinates to ensure the required execution of work according to the resolutions of the Board of Directors. The Board of Directors appointed Mr. Surasak Ngamsidhipongsa as the Company Secretary and defined his qualifications and scope of duties and responsibilities as follows:

Qualifications

1. Having a basic knowledge of laws and regulations regarding Public Limited Company, Security and Exchange law, or having attended training courses concerning corporate secretarial practices;
2. Having knowledge and understanding about corporate governance principles and best practices;
3. Being independent in the discharge of duties.

Duties and Responsibilities

1. Providing basic advice pertaining to the laws and regulations, corporate governance best practices and the Company's articles of association as well as reporting any significant changes to the Board;
2. Preparing agendas and documents for the Shareholders and Board of Directors Meetings;
3. Arranging the Shareholders and Board of Directors Meetings in accordance with the legal regulations and best practices;
4. Preparing the minutes of the Shareholders and Board of Directors Meetings, and monitoring subsequent actions in accordance with resolutions of those meetings;
5. Preparing and keeping registrations of directors, annual reports and notifications calling Shareholders and Board of Directors Meetings, as well as the minutes of the Shareholders and Board of Directors Meetings;

6. Ensuring that the directors and executives have filed reports on their interests and related persons' interests, as required by law, as well as keeping reports on interest filed by directors and executives, and presenting copies of such reports to the Chairman of the Board, Chairperson of the Audit Committee and the Chairman of the Good Corporate Governance Committee, as specified by law;

7. Ensuring that the corporate information disclosures distributed to regulatory agencies are in accordance with the law and regulations;

8. Assisting in Board activities;

9. Arranging performance assessments of the Board of Directors and reporting the results to the Board;

10. Communicating with shareholders on their legitimate rights and on the Company's information;

11. Performing any other tasks in relation to compliance with the law and other regulatory requirements.

5.2 Role, Duties and Responsibilities of the Board of Directors

The Board of Directors has the duty to approve or grant its consent on material businesses related to vision, mission, business direction and policy, business plan, strategy and the annual budget of the Company. The Board of Directors also govern the risk management and business operations to conform with the provided policies and business plan effectively and to comply with the law, rules and regulations of the supervisory authorities, objectives and regulations of the Company and the resolutions made at the Board of Directors' meetings and shareholders' meetings, concerning the best interests of the Company and stakeholders. This aims to bring about stable and sustainable growth to the Company which will lead to value creation to the shareholders in the long term. Details of the Authority and Duties of the Board of Directors are as follows:

Authority and Duties of the Board of Directors

1. The Board of Directors are authorised and obligated to ensure that the Company operates with fiduciary duty, care and integrity; and complies with the objectives and articles of association of the Company, as well as the resolutions of the shareholders' meetings.

2. By resolution or written authorisation, the Board of Directors is entitled to delegate its responsibilities to any person or individual, who may or may not be director, who will act on the Company's behalf and sign their names so as to legally bind the Company according to conditions given to any person so delegated by the Board of Directors. The Board of Directors may delegate various aspects of its authority to one or more people.

3. The Board of Directors must meet, no less, than once every three months.

4. The Board of Directors must organise an Annual General Meeting of Shareholders within four months from the final day of the Company's fiscal year. Any other meeting of shareholders should be designated an "Extraordinary Meeting", and may be called at any time by the Board of Directors at their discretion. This can also be called whenever a number of shareholders whose shareholdings represent no less than one fifth of the total number of issued shares, or at least twenty-five shareholders whose shareholdings represent no less than one tenth of the total number of issued shares, produce and all sign a document that clearly states their reasons and purpose in calling for a meeting. The Board of Directors must then summon an "Extraordinary Meeting" of Shareholders within one month from the date on which they receive such a letter from the shareholders.

5. The Board of Directors must produce a balance sheet and income statement, pertaining to the Company on the final day of its fiscal year and present it at the Annual General Meeting of Shareholders for their approval. The Board of Directors must arrange for the auditor to examine these financial statements before they are presented at the shareholders' meeting.

6. The Board of Directors must appoint the Company Secretary to perform their duty on behalf of the Company or the Board of Directors as determined by law.

In case of retirement or the inability to perform the duty required of the Company Secretary, the Board of Directors must appoint the new Company Secretary within 90 days from the date on which the position becomes vacant. The Board of Directors is authorised to assign any board member to act as the Company Secretary during the vacant period. The Chairman of the Board of Directors shall notify the Securities and Exchange Commission as to the

name of the new Company Secretary within 14 days from the date on which the appointment is made, and also notify the Securities and Exchange Commission of the place where the documents are kept as determined by law.

5.2.1 Good Corporate Governance Policy

The Board of Directors aims for an enhancement in the standard of good corporate governance. In 2002, the Board of Directors officially approved a good corporate governance policy of Sahaviriya Steel Industries Public Company Limited corresponding to the fifteen principles of good corporate governance stipulated by the Stock Exchange of Thailand. In December 2007, the meeting of the Board of Directors resolved to revise the good corporate governance policy of Sahaviriya Steel Industries Public Company Limited to conform to the principles of good corporate governance for listed companies for the year 2006 as stipulated by the Stock Exchange of Thailand. Lately, in September 2014, the Company promulgated the new Good Corporate Governance Policy to be in accordance with the principles of good corporate governance for listed companies for the year 2012 published by the Thai Institute of Directors in cooperation with the Stock Exchange of Thailand and the Office of the Securities and Exchange Commission in January 2013.

5.2.2 Code of Ethics for Directors

To conform with the Company's business philosophy, in 2001, the Board of Directors passed a resolution setting out a code of ethics for the Company's directors.

1) The Company's directors must perform their duties in the spirit of the Company's business philosophy and adhere to the code of ethics established by the Company.

2) The Company's directors must perform their duties in compliance with the law, objectives and regulations of the Company, and resolutions of the shareholders' meetings, and with all due honesty, integrity, and care for the interests of the Company.

3) The Company's directors must dedicate sufficient time and all their knowledge, competence, and managerial skills in performing their duties and responsibilities to drive prosperity and stability of the Company and proper value creation.

4) The Company's directors must perform their duties considering their responsibility to the shareholders and with all due concern for the interests of stakeholders, and must treat all groups properly and fairly.

5) The Company's directors must not use their position to seek unfair benefits, must not disclose the Company's confidential information to outsiders, must not seek benefits for themselves or related parties using the Company's inside information and must not perform any action that will result in a conflict of interest to the Company.

5.2.3 Conflicts of Interest

The Company has established numerous measures to prevent conflicts of interest and to execute connected or related transactions with transparency, clarity and proper justification. This aims to enhance the Company's creditability and more effective business operations. These measures are as follows:

1) Policies on trade discounts as a means to enhance competitiveness, sales volume and market share, and rewards to loyal customers with continuous purchasing orders for hot-rolled coil.

2) Rules and procedures governing the extension of commercial credit in order to systematically authorise credit and control the credit risk. Establishment of the Credit Committee to analyse and decide the amount and type of commercial credit suitable for each client, considering the client's needs and payment ability along with guarantees and conditions to prevent or reduce the risk of granting credit. The Committee also considers extending credit terms for each client.

3) Reports of the Company's sales volume and prices presented at the meetings of the Management Committee on a monthly basis and the meetings of the Audit Committee on a quarterly basis to ensure the transactions between the Company and its connected persons are of an ordinary course of business and general trading conditions.

4) Reports of holdings and change of holdings in the Company's securities of the directors and executives of the Company as disclosed in the 2014 annual report in the section of Supervision of Use of Inside Information.

5) Guidelines for the Board of Directors regarding the rules and procedures of reporting conflicts of interest of the directors and executives of the Company

were established in 2009. The directors and executives of the Company, both at the Company and its subsidiaries, have reported conflicts of interest of themselves and related persons to the Company on a quarterly basis.

6) Guidelines pertaining to conflicts of interest were established in 2010 to ensure clarity on the actions deemed to cause conflicts of their own interest and the Company's interest in order to avoid or prevent such actions.

7) The Audit Committee considered the draft of preliminary legal opinion prepared by Weerawong, Chinnavat & Peangpanor Ltd. regarding 1) The connected transactions of slab procurement between Sahaviriya Steel Industries UK Limited and Vanomet Holding AG and between Sahaviriya Steel Industries Public Company Limited and Vanomet Holding AG. 2) The purchase price of slabs between Sahaviriya Steel Industries UK Limited and Sahaviriya Steel Industries Public Company Limited. Moreover, the Audit Committee proposed comments from all participants regarding this legal opinion to the Board of Directors meeting No. 10/2013 held on 14 August 2013.

Nevertheless, at the Board of Directors' meetings with the agenda concerning conflict of interest transactions, the directors who have conflict of interest must not participate in the consideration and must abstain in such agenda.

5.2.4 Internal Control and Internal Audit System

Details can be found in the section of Internal Control and Risk Management.

5.2.5 Risk Management

Details can be found in the section of Risk Factors.

5.3 Meetings of the Board of Directors

5.3.1 Determination of Meeting Schedules of the Board of Directors and Sub-Committees

The Company has determined the meeting schedules of the Board of Directors and sub-committees for the year in advance by coordinating with related parties to set the schedule and inform each director, committee and relevant internal departments beforehand. Therefore, the directors and executives are able to arrange their schedules and attend the meetings all together. The Board of Directors' meetings are held monthly. Apart from the agenda



specified by the President, each director can also propose the matters to be included as the meeting's agenda through various sub-committees and the Chairman of the Board of Directors will consider the matters to be included to ensure all important businesses are taken into account by the meeting.

In the meetings of the Board of Directors and sub-committees, relevant senior executives of the Company also attend the meetings to provide supporting information on behalf of the person in charge. It is also a good opportunity for the Board of Directors to know the senior executives which can be helpful when considering the succession plan.

In each meeting, the Board of Directors has acknowledged the reports on operating performance and progress on the tasks assigned as well as considered the matters under the scope of duties and responsibilities of the Board of Directors. The Board of Directors has governed and supervised the corporate management and sub-committees to perform according to the plans and policies under the scope of duties and responsibilities assigned by the Board of Directors. The Company Secretary is the person pursuing the meeting to be in accordance with the Good Corporate Governance Policy of the Company. The meeting must have clarity on the agenda.

The distribution of notices and supporting documents to the directors must comply with the Company's articles of association which require a prior notification of not less than 7 days before the meeting date. Therefore, the directors have sufficient time to study the information. Each meeting takes approximately 2 hours. In 2014, there were 14 meetings of the Board of Directors being held every month where some months had 2 meetings including February and December.

The meetings of sub-committees independently take a consideration on implementation of various activities under the scope of duties and responsibilities assigned by the Board of Directors with the secretary of each committee organising the meetings and notices and supporting documents distributed prior to the meeting dates.

In 2014, the meetings of sub-committees can be summarised as follows:

- 1) Audit Committee held 7 meetings in January, February, May, July, August, November and December.
- 2) Nomination and Remuneration Committee held 3 meetings in February, April and December.
- 3) Good Corporate Governance Committee held 4 meetings in February, July, September and December.
- 4) Risk Management Committee held 4 meetings in February, April, July and October.

The Company also held specific meetings of independent directors consisting of 6 members. In 2014, there were 4 meetings held in February, May, August and November to discuss on the management problems of the Company. If there is a material issue, the independent directors will propose to the Board of Directors' meeting for further consideration.

Furthermore, all the directors can also take part in corporate management with informal meetings held to consider particular matters concerning different areas of knowledge, proficiency, and suggestion needed from the directors i.e. engineering, production, or specific management area. Certain matters have also been discussed over the telephone with the directors having direct experience on a regular basis.

5.3.2 Summary of Attendance of Each Director in the Board of Directors' Meetings and Sub-Committees' Meetings

Meeting Attendance of Directors in 2014 (Number of Meetings Attended/Number of Meetings Held)						
Name	Board of Directors	Audit Committee	Nomination and Remuneration	Good Corporate Governance	Risk Management	Independent Directors
1. Mr. Wit Viriyaprapaikit Chairman	12/14					
2. Mr. Somchai Sakulsurarat Deputy Chairman and Independent Director	12/14	6/7				4/4
3. Mr. Tongchat Hongladaromp Independent Director	11/14				4/4	3/4
4. Mr. Siripol Yodmuangcharoen Independent Director	12/14		3/3			4/4
5. Mr. Somchai Pipitvijitkorn Director	12/14		3/3		4/4	
6. Mr. Kamol Juntima Director	14/14			4/4		
7. Mr. Permpoon Krairiksh Independent Director	13/14	7/7			4/4	4/4
8. Mr. Piya Viriyaprapaikit Director	10/14		3/3			
9. Mr. Yamsak Manomaiphiboon Independent Director	11/14	7/7		4/4		3/4
10. Mr. Pichai Eursirisub Independent Director	13/14			4/4		3/4
11. Mr. Win Viriyaprapaikit Director	13/14					

Remark: For some directors who were not able to attend the meetings of the Board of Directors or sub-committees as indicated above due to necessary reason or inevitably important business, the directors not attending the meeting also submitted a leave notice prior to the meeting. In case the directors have any issue or suggestion to propose in any agenda, they can inform the Company Secretary or the secretary of the meeting of each sub-committee.

5.4 The Board of Directors' Performance Assessment

5.4.1 Board Self-assessment

The Company conducted a yearly self-assessment of the Board of Directors with the first implementation at the beginning of 2006 on their performance for the year 2005. The Board of Directors assessed its own performance using the Board of Directors Self-Assessment Guide of the Stock Exchange of Thailand, and has since employed the same approach every year. Input from this self-evaluation would be reviewed and used as guidelines for solving prospective problems and obstacles in the future. Each director is able to discuss the overall performance of the Board of Directors for further improvement and more effective development. The Board of Directors does not employ this approach on an individual basis.

5.4.2 Sub-Committees' Self-assessment

For the self-assessment of the committees, only the Audit Committee has an annual assessment which has been conducted since 2000. In earlier periods, it was done using the Audit Committee Self-Assessment Guide based on guidelines provided by the Thai Institute of Directors (IOD) and the American Institute of Certified Public Accountants (AICPA). Later in 2011, the "Form of Self-assessment of Audit Committee Performance" has been applied based on guidelines given in the "Audit Committee Manual" of the Office of the Securities and Exchange Commission in cooperation with the Stock Exchange of Thailand, the Thai Institute of Directors and Pricewaterhouse Coopers Company Limited published to listed companies on 28 December 2010. Its results will be annually reported to the Board of Directors.

5.5 Director and Executive Remuneration

At the Annual General Meeting of Shareholders No. 16 held on 5 April 2005, it was resolved that the guidelines and remuneration rates be adjusted to a more appropriate level. The Board of Directors and the Board of Executive Directors would receive monthly compensation, while compensation of other committee members would be paid for each meeting. The President, as a senior executive position, would be compensated only for his/her executive role, but not as a director. Remuneration of directors and executives would be based on their scope of responsibilities and the Company's overall performance. Remuneration of senior executives would also be based on their annual goals

program. The director and senior executive remuneration package should be attractive enough to maintain qualified people with the Company while considering a comparison on remuneration package provided by the Company and that of other comparable entities in terms of good corporate governance in the industry. At the Extraordinary General Meeting of Shareholders No. 2/2011 held on 22 September 2011, the shareholders resolved to approve an adjustment on director remuneration to be in line with the change of the Committees.

In summary, the remuneration of directors and senior executives of the Company has been consistent with the criteria proposed by the Nomination and Remuneration Committee as approved by the Board of Directors and at the shareholders' meeting. Details of remuneration of directors and senior executives in 2014 can be found in the section of the Remuneration of Directors and Management.

5.6 Director and Management Development

The Company has set a policy to encourage and support the directors and executives to attend training courses or participate in Company activities, for example, a company study visit in order to increase their knowledge and potential. Such knowledge are brought to enhance the Company's operations. Training and seminars are provided both inside and outside the Company. In addition, a rotation program for senior executives in the SSI Group has also been conducted to share and gain experience within the Group.

To support the implementation mentioned above, the Company has also established the policy on human resource development, and guideline regarding employee training and seminars and a guideline regarding reimbursement of training and seminar expenses.

5.6.1 Development Program for Directors

1) Orientation for new directors

The Corporate Secretary Office collects and delivers documents and information necessary for new directors to perform their duties. These comprise of the director manual, corporate authorisation manual, code of ethics of directors and other material information of the Company, i.e. business philosophy, business ethics, vision, value, morality of employees and conflicts of interest as published in the corporate manual under the title of SSI WAY.

2) Training and seminars for directors

In 2014, none of the directors participated in the seminars organised by the Thai Institute of Directors (IOD).

5.6.2 Development Program for Executives and Succession Plan

1) Orientation for new executives

For new executives, an introduction to the Company's business and operations has been provided by the executives from each division with related documents and information given as a working manual i.e. corporate authorisation manual and SSI WAY manual.

2) Training and seminar for executives

In 2014, senior executives of the Company attended various in-house and external training sessions.

The Company has introduced Human Resource Policy (Extra) No. 2/2005 regarding the Succession Plan to accommodate the planning for future human resources of the Company by defining successors for key positions.

The Succession Plan Sub-committee has planned and formulated a successor development program by preparing an Individual Development Plan assigned to the identified successors in an attempt to develop their potential in accordance with the Company's requirements. The Company has identified the successors for key positions except the position of the President, and has completed such a development plan as well as made adjustments occasionally when appropriate.

 **Sub-Committees**

The Board of Directors has decentralised its authority and duties by appointing several sub-committees to assist in implementation of relevant matters by studying and screening material businesses under the scope assigned by the Board of Directors. There were 6 sub-committees appointed. However, in 2011, the Board of Directors' Meeting resolved to rearrange the management structure of the Company, so the sub-committees has remained 4 committees as follows:

- 1) Audit Committee
- 2) Nomination and Remuneration Committee
- 3) Good Corporate Governance Committee
- 4) Risk Management Committee

All sub-committees have an independent director as a chairman except for the Good Corporate Governance Committee. All members of the Audit Committee are independent directors. Most of the members of the Good Corporate Governance Committee and the Risk Management Committee are independent directors. Most of the members of the Nomination and Remuneration Committee are not independent directors. As a result, the Board of Directors will further consider increasing the number of independent directors. The sub-committees have the term of office of 3 years as specified by the Company where the limit on the number of consecutive terms in the same position is not stipulated.

In addition, in 2011 the Board of Directors also resolved to establish the Management Committee to take on responsibilities previously belong to the Board of Executive Directors. The Management Committee consists of the senior executives of the Company as the members. And, Mr. Win Viriyaprapaikit, Group CEO and President, has been appointed as the Chairman of the Management Committee.

The scope of authority, duties, and responsibilities of the sub-committees are as follows:

1. Audit Committee

As of 31 December 2014 the Audit Committee consisted of three members, whose term of office is 3 years, (from 30 June 2014 to 29 June 2017) as follows:

1. Mr. Somchai Sakulsurarat
Chairman of the Audit Committee
2. Mr. Permpoon Krairiksh
Audit Committee Member
3. Mr. Yarnsak Manomaiphiboon
Audit Committee Member

All of the Audit Committee Members have adequate knowledge and adequate experience to perform its duties in reviewing the reliability of financial statements.

Scope of Duties and Responsibilities of the Audit Committee

1. To review and ensure the accuracy and adequacy of the Company's financial reports.
2. To review and ensure the suitability and effectiveness of the Company's internal control system and internal audit system. To determine the independence of the internal audit office, and to approve the appointment, transfer and dismissal of the Head of Internal Audit.

3. To ensure the Company's compliance with the Securities and Exchange Commission laws and laws relating to the Company's business, as well as rules, regulations, notifications and orders issued by such laws.

4. To review the Company's risk management system, particularly focusing on the Company's major risks.

5. To consider, select and nominate the Company's auditor and recommend his/her remuneration.

6. To review related transactions and transactions with potential conflict of interest comply with the securities and exchange laws and laws relating to the Company's business as well as rules, regulations, notifications and orders issued by such laws.

7. To consider commissioning and ad-hoc consultants, at the Company's expense, when professional advice or specific expertise is required.

8. To perform any other act as delegated by the Board of Directors.

9. In performing its duty; if the Audit Committee finds or suspects any reports or actions which have a material impact on the financial position and results of operations of the Company, the Audit Committee shall report to the Board of Directors in time (for rectification) deemed as appropriate by the Audit Committee:

9.1 Report on conflicts of interest.

9.2 Fraud, Irregularity or Material defects in the internal control system.

9.3 Infringement of the Securities and Exchange Commission laws, and laws relating to the Company's business as well as rules, regulations, notifications and orders issued by such laws.

10. To report the operational results of the Audit Committee to the Board of Directors at least twice a year.

11. To prepare the report of the Audit Committee for disclosure in the annual report. The report must be signed by the Audit Committee Chairperson disclosing the necessary information under the basis and regulations of the Stock Exchange of Thailand.

2. The Nomination and Remuneration Committee

As of 31 December 2014, the Nomination and Remuneration Committee consisted of 3 members whose term of office is 3 years (from 1 September 2014 to 31 August 2017) as follows:

1. Mr. Siripol Yodmuangcharoen

Chairman of the Nomination and Remuneration Committee

2. Mr. Somchai Pipitvijitkorn

Nomination and Remuneration Committee Member

3. Mr. Piya Viriyaprapaikit

Nomination and Remuneration Committee Member

Scope of the Duties and Responsibilities of the Nomination and Remuneration Committee

1. Duties and Responsibilities – Nomination

1.1 Select and review candidates nominated to hold the position of a director, the president or higher. For a vacancy in the executive officer position or the Board of Directors position, in the event the position is open for reasons other than the expiration of a term of office, a list of nominees will be submitted to the Board of Directors for resolution. While in other cases, a list of qualified candidates available to fulfill a director vacancy and selected by the Board of Directors, will be proposed to their shareholders at the Annual General Meeting of Shareholders for resolution.

1.2 To select personnel suitable for nominating as the Company's directors or the President, and submit their names at the Board of Directors' meeting and/or a shareholders' meeting for further consideration as stated in 1.1, the Nomination and Remuneration Committee shall proceed as follows:

1.2.1 Consider the qualifications and personal characteristics of the candidates proposed for selection as Board members or President, with regards to: Leadership, special expertise and certain knowledge and experience required, morals, integrity, accountability, principles and professional commitment to work, maturity and stability and the ability to express an independent opinion.

1.2.2 Consider the independence and qualification of candidates proposed for selection as independent directors.

1.2.3 Consider the candidates available time in evaluating whether it is enough to devote to the position as the Company's director. Other considerations such as, the number of meetings attended will be reviewed in the re-election of any director for an additional term and also the number of companies that candidates serve simultaneously will be taken into account in the Nomination of new directors.

1.2.4 Comprehensively verify that candidates meet the qualifications required by legal and regulatory requirements.

1.3 Review and propose alterations to the Board of Directors regarding the appropriateness of the size and composition of the Board to effectively perform their duties. Aspects such as the size of the Board; the Board shall have enough qualified directors to be delegated to a sub-committee. The composition of the Board; The Board shall consist of qualified individuals with knowledge, competence, experience and special expertise from diverse areas in order to ensure prudent decision making. In addition, the appropriate size of independent directors shall be taken into consideration in accordance with good corporate governance best practices.

1.4 Perform other duties regarding nomination as assigned by the Board of Directors.

2. Duties and Responsibilities – Remuneration

2.1 Consider remuneration for the Board of Directors, a director as a member of sub-committees and the President and propose the remuneration at the Board of Directors' meeting or a shareholders' meeting as the case may be for resolution. This remuneration shall include (a) monthly retainers (b) meeting attendance fees (c) incentives i.e. annual bonuses or pensions and (d) other benefits.

2.2 To be transparent, fair and reasonable when determining the appropriate remuneration, the Nomination and Remuneration Committee shall proceed within the following criteria and guidelines:

2.2.1 The remuneration shall be reasonable and of a level that is able to attract and retain directors and executives who possess the required qualification. The Committee may consider comparing its remuneration with other companies of a similar size; measured by sales revenue, total assets, profitability, complexity etc.

2.2.2 The remuneration shall be appropriate and relate to the scope of the duties and responsibility of each director. The more responsibilities assigned to the directors the more compensation they shall receive. For example, any additional compensation should be paid to a member of a sub-committee for service on a sub-committee in addition to compensation for services as a director. Moreover, the chairman of the Board of Directors and

a sub-committee should be compensated more than their members, at an appropriate rate.

2.2.3 The remuneration of the directors that link to the Company's performance such as an annual bonus, shall also link to the return to shareholders by way of dividends. If a dividend is not paid to the shareholders in the year, a bonus will not be paid to the directors.

2.2.4 An executive director position will only be paid for service as an executive officer and not for service as a board member.

2.3 Review and recommend to the Board of Directors regarding the appropriate remuneration for the Board of Directors, on an annual basis. In doing so, follow the criteria and guidelines for determining the remuneration as stated above, prior to the proposal in a shareholders' meeting for further consideration.

2.4 Evaluate the performance of the president level and higher on an annual basis, in order to determine their remuneration, before a proposal to the Board of Directors for approval. The annual total returns, performance of other significant duties as well as the long term value creation of the company and shareholders will be taken into consideration for the performance evaluation. Moreover, there shall be comparisons made of the Company's performance against other companies in the same industry to support the decision.

2.5 Perform other duties regarding remuneration as assigned by the Board of Directors.

3. The committee may seek the advice of outside advisors or experts, as deemed necessary and appropriate, at the Company's expense, in order to obtain the beneficial advice so as to aid the efficiency, performance of duties and responsibilities of the Committee. For reporting, the committee shall report regularly of performance results to the Board of Directors according to its charter:

- Report meeting results to the Board of Directors for acknowledgement after every meeting of the Nomination and Remuneration Committee as well as other significant reports regarding nomination and remuneration as deemed appropriate.

- Report performance results of the Nomination and Remuneration Committee to the shareholders on an annual basis via the Company's annual report.

3. Good Corporate Governance Committee

As of 31 December 2014, the Good Corporate Governance Committee consisted of 3 members, whose term of office is 3 years (from 4 December 2013 to 3 December 2016), as follows:

1. Mr. Kamol Juntima
Chairman of the Good Corporate Governance Committee
2. Mr. Yarnsak Manomaiphobon
Good Corporate Governance Committee Member
3. Mr. Pichai Eursirisub
Good Corporate Governance Committee Member

Scope of Duties and Responsibilities of the Good Corporate Governance Committee

1. Assess and propose to the Board of Directors the Company's policies concerning good corporate governance in accordance to business philosophy, and the code of business conduct of the Company as well as international good corporate governance principles.

2. Develop and evaluate procedures or guidelines concerning good corporate governance and propose them to the Board of Directors.

3. Oversee the performance of the Company's management to ensure that they conform to the Company's policies and guidelines concerning good corporate governance as approved by the Board of Directors.

4. Provide advice on corporate social responsibility (CSR) to the Company management.

5. Oversee the Company's management to ensure that they establish a clear execution plan for CSR policies, and follow up their implementation according to the plan, submitting the results to the Board of Directors.

6. Review business philosophies, codes of business conduct, codes of ethics for directors and codes of ethics for employee, as well as guidelines concerning the aforementioned as deemed appropriate, proposing the finding to the Board of Directors.

7. Appoint external good corporate governance advisors if deemed necessary and appropriate, at the Company's expense.

8. The Good Corporate Governance Committee may take courses to enhance its knowledge in matters related to its work, at the Company's expense.

9. Perform any other tasks relating to good corporate governance that are assigned by the Board of Directors.

10. Report the results of the Good Corporate Governance Committee's tasks to the Board of Directors for acknowledgement on an appropriate basis or at least twice a year. They must report immediately to the Board of Directors for acknowledgement or consideration of a matter that has a significant impact on the Company, and provide suggestion or recommendation for such matter as it deems appropriate.

11. Prepare a report of the Company's Good Corporate Governance for disclosure to the shareholders on an annual basis via the Company's annual report (56-2 form):

- 11.1 A report of the Good Corporate Governance Committee signed by the Chairman of the Committee;

- 11.2 A report on Compliance with the Principles of Good Corporate Governance as defined by the Stock Exchanges of Thailand and the Securities and Exchange Commission.

4. Risk Management Committee

As of 31 December 2014, the Risk Management Committee consisted of 3 members whose term of office is three years (from 4 December 2013 to 3 December 2016), as follows:

1. Mr. Tongchat Hongladaromp
Chairman of the Risk Management Committee
2. Mr. Somchai Pipitvijitkorn
Risk Management Committee Member
3. Mr. Permpoon Krairiksh
Risk Management Committee Member

Scope of Duties and Responsibilities of the Risk Management Committee

1. Review and propose the Company's risk management policy and acceptable risk appetite to the Board of Directors for approval.

2. Oversee the development and implementation of the Company's enterprise risk management framework.

3. Review risk management reports submitted by management in order to monitor the Company's major risk exposures and take appropriate action to ensure that such risks have been effectively monitored and controlled by management on an ongoing basis.

4. Make additional recommendations to the Board of Directors with respect to risk management, including problems and difficulties encountered in the course of the development of the Company's risk management system.

5. In carrying out its duties and responsibilities, the Risk Management Committee may engage outside professional consultants for advice, as deemed necessary and appropriate, and may take courses to enhance its knowledge in the matter related to its works, at the expense of the Company.

6. Perform any other duties as may be assigned by the Board concerning risk management.

Management Committee

As of 31 December 2014, the Management Committee consisted of 9 members, as follows:

1. Mr. Win Viriyaprapaikit
Chairman of the Management Committee
2. Miss Wanna Tangcharoenching
Management Committee Member
3. Mr. Nava Chantanasurakon
Management Committee Member
4. Mr. Kittisak Mapanao
Management Committee Member
5. Mr. Narongrit Chotnuchittrakul
Management Committee Member
6. Mr. Somsak Sivapaiboon
Management Committee Member
7. Mr. Thavorn Cananub
Management Committee Member
8. Mr. Thinnakorn Phadungwong
Management Committee Member
9. Mr. Suchart Plysiri
Management Committee Member

Scope of Duties and Responsibilities of the Management Committee

1. Study, analyse and propose the Company's policies, strategies, long-term plans, annual plans, budgets, investment plan, capital budgets, expansion plans and plans for new operations or joint ventures; to the Board of Directors for approval.

2. Responsible for implementing the policies and plans approved by the Board of Directors, as well as monitoring and evaluating the results of those operations to submit to the Board of Directors for its consideration.

3. Comply with the scope of authority determined under the Authorisation Chart approved by the Board of Directors.

4. Perform any other duties as assigned by the Board of Directors.



Nomination and Appointment of Directors and Management

1. Independent Directors

• The Nomination and Remuneration Committee has set the criteria for selecting an independent director as stated in the Nomination and Remuneration Committee's charter item No. 5.1.2.

• The number and qualification of an independent director are defined as follows:

(1) The Company shall have independent directors at least one-third of its board size but not less than three Independent Directors.

(2) An independent director shall have the following qualifications:

(A) Holds no more than 0.5% of total voting shares of the Company, its parent company, its subsidiaries, its associated companies, its major shareholder or controlling person of the Company, including shares held by related persons of the independent director.

(B) Is not or has not ever been an executive director, employee, staff, advisor who receives full time salary or a controlling person of the Company, its parent company, its subsidiaries, its associated companies, the subsidiaries in same level, its major shareholder or controlling person of the Company unless the foregoing status has ended not less than 2 years prior to the date of appointment. The aforementioned prohibited qualifications do not include the case where the independent director was a government official of, or an advisor to, a government unit who is a major shareholder or controlling person of the Company.

(C) Is not a person related by blood or legal registration such as; father, mother, spouse, sibling and child including spouse of the children, management, major shareholders, controlling persons or persons to be nominated to management or controlling person of the Company or its subsidiaries.

(D) Is not or has not had a business relationship with the Company, its parent company, its subsidiaries, its associated companies, its major shareholder or controlling person of the Company, in the manner that may interfere with his independent judgment; or, is not or has not ever been a significant shareholder or controlling person of any person having business relationship with the Company, its parent company, its subsidiaries, its associated companies, its major shareholder or controlling person of the Company unless the foregoing relationship has ended not less than

2 years prior to the date of appointment. The term 'business relationship' aforementioned under the first paragraph shall include any normal business transaction, rental or lease of immovable property, transaction relating to assets or services, or granting or receipt of financial assistance through receiving or extending loans, guarantee, providing assets as collateral, including any other similar actions, which result in the Company or its counterparty being subject to indebtedness payable to the other party in the amount of 3% or more of the net tangible assets of the Company or Baht 20 million or more, whichever is the lesser. The amount of such indebtedness shall be calculated according to the calculation method for value of connected transactions under the Notification of the Capital Market Supervisory Board governing rules on connected transactions mutatis mutandis. The consideration of such indebtedness shall include indebtedness occurred during the period of 1 year prior to the date on which the business relationship with the person commences.

(E) Is not or has not ever been an auditor of the Company, its parent company, its subsidiaries, its associated companies, its major shareholder or controlling person of the Company and is not a significant shareholder or partner of an audit firm which employs auditors of the Company, its parent company, its subsidiaries, its associated companies, its major shareholder or controlling person of the Company unless the foregoing relationship has ended not less than 2 years prior to the date of appointment.

(F) Neither be nor have been any professional advisor including a legal advisor or financial advisor who receives an annual service fee exceeding Baht 2 million from the Company, its parent company, its subsidiaries, its associated companies, its major shareholder or controlling person of the Company, and neither be nor have been a significant shareholder, controlling person or partner of the professional advisor unless the foregoing relationship ended not less than 2 years prior to the date of appointment.

(G) Is not a director who has been appointed as a representative of the Company's director, major shareholder or shareholders who are related to the Company's major shareholder.

(H) Does not operate any business which has the same nature as, and is in competition with, the business of the Company and its subsidiaries or is not to become a significant partner in a partnership or is not an executive director, employee, member of staff or advisor who receives a full time salary or holds more than 1% of total

voting shares of any other companies operating business which has the same nature as and is in competition with the business of the Company or its subsidiaries.

(I) Does not have any other characteristics that will cause the inability to express independent opinions with regard to the Company's business operations.

After being appointed as independent directors with qualifications in accordance with clauses (A) to (I), the independent directors may be assigned by the Board of Directors to make decision on the business of the Company, its parent company, subsidiaries, associated companies, its subsidiaries in the same level, its major shareholders or controlling person of the Company, in the form of collective decision.

Remarks

- Related person means a person in section 258 of Securities and Exchange Commission Act.

- Significant shareholder means a shareholder in any entity having more than 10% of the total voting shares, including shares held by a related person.

- Partner means a person authorised by the audit firm or professional provider to sign an auditors' report or a professional report (as the case may be) on behalf of juristic person.

- An executive director means a director holding a management position, a director with the responsibility in any implementation as management and an authorised director who can sign in binding company, except if it is expressly shown to be signing at the approval of the committee and in joint signing with other directors.

- A subsidiary in the same level means any two or more subsidiaries under the same parent company.

Directors who are authorised to sign on behalf of the Company are Mr. Wit Viriyaprapaikit, Mr. Kamol Juntima, Mr. Somchai Pipitvijitkorn, Mr. Piya Viriyaprapaikit or Mr. Win Viriyaprapaikit. Any two of these five directors can sign a document and affix the Company's seal.

2. Directors and Management

- The Nomination and Remuneration Committee defined the criteria for selection of directors and management as explicitly stated in The Nomination and Remuneration Committee Charter that

"5.1.2 Selection of director candidates for nominating as the Company's director or the President, and proposal of their names at the Board of Directors' meeting and/or a shareholders' meeting for further consideration. The Nomination and Remuneration Committee shall proceed as follows:

5.1.2.1 Determine the qualifications and personal characteristics of the candidates proposed for selection as Board members or the President, with regards to: a good leader, special expertise and certain knowledge and experience required, moral, integrity and accountability, principle and professional commitment to work, maturity and stability, and the ability to express an independent opinion.

5.1.2.2 Consider the independence and qualification of candidates proposed for selection as independent directors.

5.1.2.3 Consider time available of candidates whether it is enough to devote to the position as the Company's director such as the number of meetings attended will come into the consideration for the re-election of any director for an additional term and the number of company that candidates simultaneously serves on will be taken into consideration for the Nomination of new directors.

5.1.2.4 Carefully verify the nominated person for qualifications according to the legislation and regulations requirements."

The shareholders have the right to appoint directors to a board. The Company notified the Stock Exchange of Thailand regarding the right of minority shareholders to propose matters considered important and constructive as an agenda of the shareholder's meeting as well as the right to propose qualified candidates for the director nomination. The proposal must be submitted in advance via e-mail or a regular mail to the Company Secretary within a specified period, and in compliance with the guidelines published on the Company's website.

Governance of Subsidiaries and Jointly Control Entities

1. The mechanisms for the Company to supervise and control management of its subsidiaries and its jointly controlled entities, so to ensure the protection of interest of the Company's investment, are as follows:

- The Company's executives are nominated for the position of directors and/or Chief Executive Officer, President and/or Executives of significant divisions of its subsidiaries and its jointly controlled entities in order to supervise their performance. Such nomination must be approved by the Board of Directors in accordance with the joint venture agreement.

- The Scope of duties and responsibilities of nominated executives are as stated in the job descriptions as defined by the Company's subsidiaries and jointly controlled entities. The nominated executives must submit

a monthly performance report of such subsidiaries and jointly controlled entities as well as ensure that its goals and business direction determination comply with those of the Company.

- With respect to the guidelines regarding conflicts of interest of the Company, it was stipulated that every employee, including the President, not be able to take a position of director or executive in any business which competes directly or indirectly with the Company; and not be a director of other companies that are engaged in or going to be engaged in businesses with the Company, except the position of affiliates as granted by the Board of Directors.

2. Disclosure of the contractual agreement between the Company and other shareholders regarding the management of its jointly control entities.

- The terms of the joint venture agreement between the Company and its jointly control entity, Thai Cold Rolled Steel Sheet Public Company Limited was stipulated that the nomination of the directors, and/or president and/or executives to take such a position in the jointly controlled entity are determined by each group of shareholders must pursuant to its joint venture agreement.

Supervision of Use of Inside Information

1. Relevant laws and the Company's policy regarding the use of inside information to prevent wrongful action on the Company's securities trading and to ensure a fair and an equal treatment to all shareholders are listed below:

- The Securities and Exchange Act, B.E. 2535 (1992).

- The Securities and Exchange Commission (SEC) notification number Sor.Jor. 12/2552 (2009), regarding the preparation and disclosure of report on securities holding of directors, executives and auditors dated 10 June 2009.

- The Company's Good Corporate Governance Policy 2014 stated that the Board of Directors shall ensure that guidelines concerning the use and protection of insider information for trading of the Company's securities are implemented and thoroughly communicated to all relevant parties.

- The practice guidelines of the Board of Directors regarding the use and protection of inside information for trading of the Company's securities (No. 3) became effective on 22 October 2013:

- Directors and employees must not use inside information from reports that have been or will be made regarding the Company's business activities, for the benefit of themselves or others. Moreover, they must not advise others on the purchase and sale of securities of the Company based on such information.

- Directors and employees who possess inside information must protect the information that has not yet been disclosed to the public with due care and must limit access to such information to only those who need to know, as well as must not disclose such information to the public except as authorised or required by the laws.

- Director and Executives are prohibited from trading company securities, held by themselves, their spouses and minor children, for 14 days period prior to the public disclosure.

- The Company requires the directors and executives of the Company including employees in the position of Assistant Vice President and higher, Department manager or equivalent and higher in the Finance and Account Division, Section manager or equivalent and higher in the Investor Relations Department to report their holdings and change of holdings of the Company's securities within 30 days from the date of appointment as a director or an executive of the Company and within 3 business days from the date of purchasing or selling the Company's securities.

2. Supervision on compliance with relevant laws and the Company's policies

- To ensure material information of the Company is kept confidential prior to disclosing to the Stock Exchange of Thailand and is disclosed immediately after the Board of Directors passes a resolution on such matter to the Stock Exchange of Thailand before any other channel in order for the shareholders and investors to access the disclosed information on a timely and equal basis.

- To report the holdings of the Company's securities of the Company's executives to the meeting of Good Corporate Governance Committee on a quarterly basis.

- To report to every meeting of the Board of Directors regarding the holdings of securities of the Company's directors and executives pursuant to the notifications of the Securities and Exchange Commission and to disclose such information to the Office of the Securities and Exchange Commission.

3. Punishment measure for employees not complying with the practice guidelines of the Board of Directors regarding the use and protection of inside information for trading of the Company's securities

- The Company has imposed a punishment measure for employees performing an action considered to be harmful to the Company's reputation as well as taking advantage from working at the Company for their own or other benefits or disclosing the confidential information related to business conduction, operating system, production and any other confidential information. The measure is in accordance with the practice guideline of Disciplinary Punishment Measure and Disciplinary Action which refers to Human Resource Management Policy No. 4/2008 dated 27 May 2008 regarding Disciplinary Action and Disciplinary Punishment.



Auditor's Remuneration in 2014

1. Audit Fee

The Company, its subsidiaries and jointly control entity in Thailand including Prachuap Port Company Limited, West Coast Engineering Company Limited and Thai Cold Rolled Steel Sheet Public Company Limited paid an audit fee for the past fiscal year of Baht 4,119,000 to KPMG Phoomchai Audit Limited, of which the auditor, a person or business related to the auditor and an office of the auditor.

The Company's overseas subsidiary which is Sahaviriya Steel Industries UK Limited paid an audit fee for the past fiscal year of GBP 91,000 to KPMG LLP, of which the auditor, a person or business related to the auditor and an office of the auditor.

2. Non-audit Fee

The Company and its subsidiaries in Thailand (Prachuap Port Company Limited) also paid Baht 106,000 for other services which have not been completed during the past fiscal year, the auditing of a project that received investment privilege and for which an exemption from annual income tax may be requested, to KPMG Phoomchai Audit Limited and a person or business related to the auditor and an office of the auditor.

The Company's overseas subsidiary (Sahaviriya Steel Industries UK Limited) also paid GBP 18,350 for other services such as tax related services fee to KPMG LLP.

Social and Community Contribution



Overview

The Company has set a policy for itself and its subsidiaries to conduct their businesses with responsibility to society, environment, and stakeholders in accordance with CSR guidelines, launched by the Stock Exchange of Thailand. The Company's CSR report can be found on CSR booklets and on the Company's website at <http://www.ssi-steel.com>.

The Company has operated CSR by adhering to its vision "Innovate premium value steel products and services for customers; generate consistent profit and sustainable value for stakeholders" and integrating with its policies in various aspects. These include good corporate governance policy, business ethics and business practices to conduct suitable business for its manner and communicating to all groups of stakeholders. The Company establishes a concept for CSR operation and communication guidance under the concept "innovate • strength".

Report Production

The CSR report has been generated in accordance with Global Reporting Initiative (GRI) G4 which is an international initiative.

Business Operation and Its Effects on CSR

The Company has conducted its business in a way that avoids conflicts or disputes with the stakeholders; inclusive of its business involvements with customers, suppliers, competitors, employees, society, and the community. The Company has provided a mechanism to oversee and supervise all divisions of the Company to operate in legal compliance by preparing a list of legal and regulatory restrictions to be complied by the Company. The list is updated on a regular basis. In addition, each division also reviewed its legal compliance and reported both complying and non-complying actions to the Group Legal Office to collect and present all findings to the Audit Committee on a quarterly basis.

For major litigations and disputes against the Company as disclosed in the notes to the financial statements, the Company's Group Legal Office will coordinate and report the progress, predict the outcomes of those cases, and give recommendations to the Group CEO and President periodically, as well as report to the Audit Committee and the Board of Directors on a quarterly basis.

CSR-After-Process

The Company has continuously focused on social and community development in accordance with sustainable development to strengthen relationships with its stakeholders. This has been done by adhering to three principles: creativity, stakeholder engagement and operation efficiency. In 2014, the Company operated 29 social and community development projects. These projects are divided into two parts: 1) Social development to strengthen the underprivileged and 2) Community development in 4 aspects: Education quality development, Environment quality development, Job and income development, and Good quality of life development which includes religion and culture support. Examples of the 2014 projects are as follows:

- The Company with collaboration with steel industry partners including Thai Cold Rolled Steel Sheet Plc., Siam United Steel (1995) Co., Ltd., NS Blue Scope (Thailand) Ltd., and Nippon Steel and Sumikin Galvanizing (Thailand) Co., Ltd., arranged the event "Thailand Iron Man Mini Marathon 2014" with an aim to support the underprivileged people. The 7th Thailand Iron Man Mini Marathon 2014 managed to raise Baht 2.7 million for 24 charities with more than 1,400 participants.

- The Company has been supporting educational projects, including Sahaviriya Funds for Bangsaphan Educational Developments Project. This project has continuously provided scholarships for students in Bangsaphan District from primary education to bachelor's degree. In 2014, 21 schools received 199 scholarships, worth Baht 496,000. Moreover, SSI staff also provided additional personal 36 scholarships under "Tun Nee Phue Nong Project", worth Baht 40,500.

- The Company developed many youth development projects such as "Sufficiency Economy School for Sustainability Project", "Young Agriculturist Project", "To Be Engineer Project", and "Youth Council Project." Moreover, the project "Don-Sanga Youth Council" was certified by the Ministry of Social Development and Human Security.

- The Company considers its responsibility to the environment and natural resources. The Company controls the production processes to ensure that pollution is minimized to maintain the quality of life and occupational health of staff and local residents. The Company, together with associated officers, arranged activities to improve the quality of the environment including, "SSI Beach Clean-Up Project", "Bangsaphan Car Free Day Project", "SSI Waste Bank Project", "Youth Conservation Camp Project", "Love the King, Preserve Bangsaphan 2014 Project", "Young Detective Project", and "SSI Honours His Majesty the King Project", together releasing 9 million marine lives such as turtle, shrimp and fish.

- “SSI Arsa Project” a volunteering project SSI Staff and executives worked together to arrange activities to help the society and community in Bangsaphan District. This project has generated pride among the staff. In 2014, SSI staff arranged 1 major volunteering activity and 21 minor activities under the project “25th Anniversary of SSI, 250 Goodness, a Thousand Hearts of SSI Arsa”. There were 531 SSI staff members with 4,248 volunteering service hours, plus 320 residents with 2,560 volunteering service hours, participating in this project.

Anti-corruption

The Board of Directors places a strong emphasis on conducting business under the principles of good corporate governance and social responsibility which is intended for sustainable development. The Board deems that corruption is harmful and causes great damage to organisations and the nation. Hence, in 2013, the Company signed the “Declaration of Intent of the Thai Institute of Directors’ Private Sector Collective Action Coalition Against Corruption”. In 2014, the Company carried out several anti-corruption initiatives as follows:

The Company has established supervision and control practices to prevent and monitor fraud and corruption risks, which can be summarised as follows:

1. Policies and Guidelines on Anti-corruption

The Board of Directors Meeting No. 3/2014 held on 28 February 2014 approved the policy and guidelines regarding anti-corruption. The anti-corruption policy states that Directors, Executives, and all employees are prohibited from accepting or being involved in any type of corruption either directly or indirectly. The Company shall act strictly in enforcing compliance with Thai anti-corruption laws and regulations, and those of each country in which the

Company conducts its business. The Board also determined that the Company’s subsidiaries and its jointly controlled companies shall adopt this anti-corruption policy including any guidelines issued by virtue of such a policy.

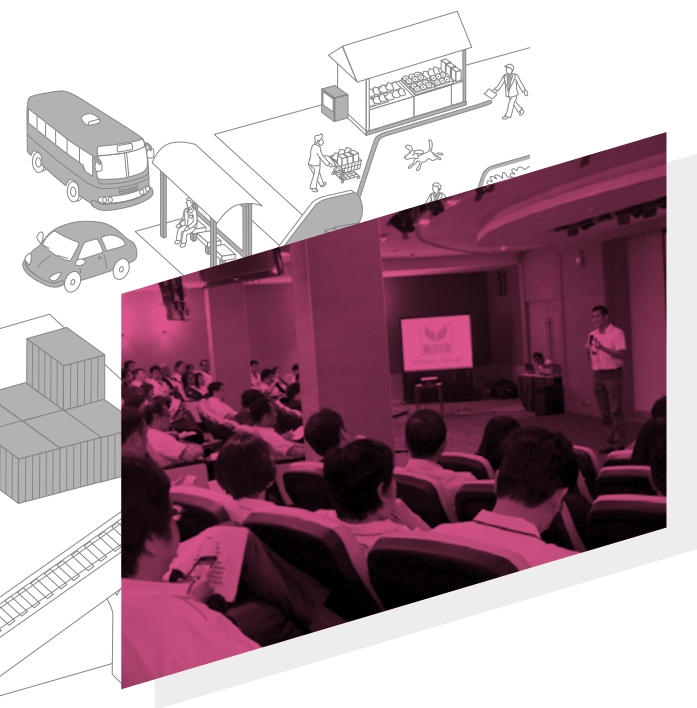
The anti-corruption guidelines provide guidance on offering or receiving gifts or entertainment or hospitality activities, granting contributions or donations to charities or common wealth, and political contributions. Guidance on reporting of suspected fraud or corruption is also provided. This policy and guidelines were developed in addition to the “SSI WAY” including the Company’s commitment to ethics mentioned in business philosophy and integrity mentioned in business ethics, employee ethics and values, as well as the ethical conduct for employees on conflicts of interest mentioned in the Company’s guidelines regarding conflicts of interest.

The Board of Directors Meeting No. 3/2014 also approved the amendment of the Board of Directors’ guidelines regarding Whistle Blowing, which adds clarification of the protection measures for informants or whistleblowers.

Moreover, The Board of Directors Meeting No. 10/2014 held on 18 September 2014, approved the amendment of the good corporate governance policy which added that “The Board of Directors emphasizes on anti-corruption, and shall oversee and monitor the implementation of the Anti-corruption policy and guidelines”.

2. Communication of Policies and Guidelines on Anti-corruption

The Company recognises the importance of communicating policies and guidelines on anti-corruption. A message from the Group Chief Executive Officer and President was sent to all employees in the Company by e-mail. The anti-corruption policy and guidelines are communicated by e-mail and internal newspaper. All employees have access to this policy and guidelines which are posted on the Company’s Intranet and are also available on the Company’s website.



3. Training

The Company provides training to encourage executives and employees to be aware of anti-corruption. A seminar on the topic “Anti-corruption and Sustainable Development” for management and employees was held in September 2014. The Company also sent two representatives to observe a workshop held by a certified company of Thailand’s Private Sector Collective Action Coalition Against Corruption. In November 2014, the Company launched iFacts Challenging Camp 2014 consisting of activities to provide employees with an understanding of the Company’s values and shape their behavior to follow the “SSI WAY”.

The Company also sent another staff member to attend a workshop on “Anti-Corruption: The Practical Guide (ACPG 15/2014)” on 27 - 28 November 2014 held by the Thai Institute of Directors Association to understand the steps in the certification process of Thailand’s Private Sector Collective Action Coalition Against Corruption project. Another member of staff also attended in the previous year.

4. Putting Policies into Practice

The Company appointed a working committee, to put the anti-corruption policy into practice and to

enable SSI to have what it takes to be a certified company of Thailand’s Private Sector Collective Action Coalition Against Corruption, on 19 November 2014. This is to ensure that the Company’s anti-corruption policy and guidelines are put into practice and the Company’s fraud and corruption risk assessment process is in place in order to systematically measure fraud and corruption as well as to ensure that the Company is ready to enter the certification process of Thailand’s Private Sector Collective Action Coalition Against Corruption project.

5. Fraud and Corruption Risk Assessment

The Company assesses risk of fraud and corruption by the risk owner of each division who identifies events where fraud and corruption risk may occur, assesses the likelihood and impact, reviews and designs measures to combat fraud and corruption to reflect the risks identified. The working committee stated in No. 4 and the Risk Management Office jointly drives the fraud and corruption risk assessment, collect their results and propose them to the Risk Management Working Committee for consideration before submission to the Risk Management Committee for acknowledgement.

The Company has determined guidelines on monitoring and evaluating compliance with the anti-corruption policy as follows:

1. Whistle-Blowing System

The Company provides Whistle-Blowing channels for stakeholders to raise concerns about offenses against the law, unethical practices, poor or unacceptable practices, abuse of authority, irregularities, corruption, fraud or misconduct, violations of the Company’s conflict of interest policy, abuse and disregard of Company policy, guidelines, instructions or procedures, fraudulent financial reporting, deficiencies in internal control systems or any action that may cause damage to the informants or the Company, without fear of retribution by having measures to protect the informants or whistleblowers. The Company also provides measures to review or investigate the

whistleblower's concerns and the imposition of punishment of offenders. All the whistleblower's concerns that are raised with the Good Corporate Governance Committee are tracked and examined, resolved and responded to informers as soon as possible. These are also reported to the Audit Committee for acknowledgement and a summary of the Good Corporate Governance Committee's activities are reported to the Board of Directors twice a year.

2. Internal Audit

The Internal Audit Office participates in an assessment to assure and advise on good corporate governance, risk management and internal control. The Company's internal control is assessed by the Internal Audit Office together with the management on a quarterly basis especially the assessment of risk factors relating to misstatements arising from fraudulent financial reporting or misappropriation of assets. The Internal Audit Office also develops an audit coverage plan and an annual audit

plan using a risk based approach including fraud and corruption risk. Audit engagements are conducted following the annual audit plan approved by the Audit Committee, and the audit results are then reported to the Audit Committee.

Innovation, Research & Development and Dissemination of Innovation

The Company recognises the need to focus on capability development in the steel industry. This is shown by the increase of research projects that the Company has been creating for certification from the National Science and Technology Development Agency ("NSTDA"). From 2006 to 2014, the R&D expense related to 90 certified research projects was Baht 64.2 million. This reflects SSI's recognition of the importance of research and development to create sustainable knowledge.

Certified Research and Development Projects by NSTDA (2006 - 2013)

• Product Quality	48	Projects	R&D Expense	34,755,432	Baht
• Process Improvement	42	Projects	R&D Expense	29,472,078	Baht
Total	90	Projects	R&D Expense	64,227,510	Baht

The Company places emphasis on research network development by using the memorandum of understanding on academic cooperation in metallurgy and materials and collaboration with external renowned research institutes including government agencies and leading universities as follows:

In 2014, the Company collaborated with Synchrotron Light Research Institute (Public Organization) on analysing surface problems in low carbon steel strip. Moreover, the Company also collaborated with King Mongkut's University of Technology Thonburi on the research of "Micromechanical based Design for Advanced High Strength Steels in Automotive Parts" to develop hot rolled steel strip for automotive industry.

Dissemination of Innovation

For sustainable development, disseminating research and innovation is considered highly important. Therefore, the Company constantly participated in domestic and international conferences to share knowledge. Furthermore, the Company was a fund supporter for some domestic conference. In 2014, the Company submitted research to the 7th Thailand Metallurgy Conference, hosted by Chulalongkorn University, which was held in Thailand during 15 - 16 December 2014. Two research studies of SSI were selected to present as follows:

1. A study of “Effect of Coiling Temperature and Skin Pass Process on Oxide Scales and Picklability of Hot Rolled Steel Strip” aiming to develop the surface quality of hot rolled steel strip.

2. A study of “Effect of Coiling Temperatures on Mechanical Properties and Forming Limit Curve of Hot Rolled Low Carbon Steel with Boron Addition” aiming to develop steel for automotive industry.

 **Safety, Occupational Health and Work Environment Management**

The Company recognises its social responsibility to take care of its employees and contractors working in the SSI Bangsaphan Steelworks area by focusing on safety and occupational health in accordance with the occupational health principal. The management of safety and occupational health is based on Thai Industrial

Standard (TIS) 18001 which have been evaluated for certificates continuously.

The Company has operated its occupational health and safety management, by training SSI staff through many projects such as “Behaviour Based Safety Project” and “Zero Accident Campaign Project”. The Occupational Health and Safety Committee has been closely monitoring safety and providing guidelines to improve safety in all of the plant areas. With support from the management, working accidents have decreased 49%, compared to last year with the Lost Time Injury Frequency Rate (LTIFR) of 1.10.

In addition, the Company, together with the Environmental Management and Promotion Center of Sahaviriya Group arranged “Sahaviriya Group’s Safety and Environment Week” to promote safety guidelines and report safety operation results of its affiliates through exhibitions and public relations. The activity aimed to encourage people’s awareness and conscious of safety in their daily life.

Lost Time Injury Frequency Rate (LTIFR) of SSI Group

SSI Group of Companies	2012	2013	2014
SSI	0.36	0.97	1.10
TCRSS	0.51	0.00	0.00
WCE	1.05	1.63	2.32
PPC	0.00	0.00	2.94
SSI UK	4.81	2.20	2.85
SSI Group	2.55	1.50	2.00

LTIFR = (Number of Lost Time Injury x 1,000,000) / Total working hours

Moreover, the Company has provided training courses of safety and occupational health, safety management on transportation, fire protection training and

emergency responses for employees. In 2014, there was no fire incident or severe accident, affecting production process, property and employees’ lives.

Internal Control and Risk Management

Board of Directors' Opinion on the Company's Internal Control System

The Board of Directors of Sahaviriya Steel Industries Public Company Limited recognises the importance of good and effective internal control, as explicitly stated in the Good Corporate Governance Policy of the Company as it is believed to help in preventing harm, minimising risk to its business activities and achieving the Company's vision and mission. The Board of Directors has assigned the Audit Committee to ensure the appropriateness and effectiveness of the Company's internal control and internal audit system as stated in the Audit Committee Charter (No. 3) dated 11 August 2008 which was recently revised on 23 December 2014.

The Audit Committee has reported that the Company has suitable and efficient internal control and internal audit systems. This was demonstrated by results from an assessment of the adequacy of the internal control system for the year 2014 using the self-evaluation forms issued on 19 February 2014 by the Securities and Exchange Commission regarding internal control over financial reporting in accordance with the criteria in the new Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). From the results of the assessments for the year 2014, the Company completely complies with those criteria in the self-evaluation form; hence the Audit Committee concluded that the Company has appropriate internal controls in place to prepare reliable financial reports.

The Internal Audit Office has been established since 1998 as an independent internal unit of the Company, and carries out its responsibilities pursuant to the Company's notification regarding the Internal Audit Charter dated 11 November 2009 which is superseded by the notification regarding the Internal Audit Charter (No. 2/2012) dated 15 March 2012. The scope of work of the Internal Audit Office is to perform internal audit functions covering all divisions, departments and offices of SSI and the companies in SSI Group. In December 2014, the Board of Directors approved the establishment of the Group Internal Audit under the new organisational structure of the Company as a group function which the Audit Committee has preliminary approved. The Group Internal Audit still report directly to the Audit Committee since their appointment in 1999. Over the past year, the Audit Committee has also approved the Internal Audit master plan and the annual audit plan which correspond to the risk-based approach as well as acknowledged the internal audit reports regarding internal control. Moreover, the Head of Internal Audit can immediately contact the Audit Committee for discussion when any major problems or important matters are found.

The Board of Directors concurred with the report from the Audit Committee that "the Company has suitable and efficient internal control and internal audit systems".



Head of Internal Audit Profile

(1) Head of Internal Audit

The Head of Internal Audit is Mrs. Wannee Sirikanchana, who was appointed by the resolution of the Board of Executive Directors at meeting No. 23/1998 held on 8 December 1998, which occurred prior to the appointment of the Audit Committee.

The Board of Director's meeting No. 2/1999 held on 30 June 1999 approved the Audit Committee Charter regarding the audit committee appointment, terms of membership, meetings, scope of duties and responsibilities and reporting, effective from 30 June 1999. Later, the Board of Directors' meeting No. 4/2008 held on 11 August 2008 approved the amendment of the Audit Committee Charter for the purpose of addressing the scope of duties and responsibilities of the Audit Committee. The responsibilities of the Audit Committee are not only to

review and ensure the suitability and effectiveness of the Company's internal control system and internal audit system, but also to determine the independence of Internal Audit, and to approve the appointment, transfer and dismissal of the Head of Internal Audit.

(2) The Audit Committee's opinion on the Head of Internal Audit

The Audit Committee concluded that the Head of Internal Audit has sufficient knowledge and competence needed to perform her duties.

(3) Guidelines on the appointment, transfer and dismissal of the Head of Internal Audit

The scope of duties and responsibilities of the Audit Committee covers the approval of the appointment, transfer and dismissal of the Head of Internal Audit.

Related Party Transactions

Name of Entities	Nature of Relationships	Related Transaction in 2014 (Million Baht)	Outstanding Balance (Million Baht)		
Thai Coated Steel Sheet Co., Ltd.	Direct subsidiary, 3.7% shareholding and common director	Revenue from deep-sea port and marine shipping services	1.18	Trade accounts receivable	0.09
		Revenue from maintenance services	0.32	Accrued income	5.59
		Sales of machine	0.01		
		Other income	3.05		
Thai Cold Rolled Steel Sheet Plc.	Jointly controlling shareholder, 35.19% shareholding	Revenue from sale hot rolled coils	1,484.56	Trade accounts receivable	6.12
		Sales of slab	403.38	Other receivables	0.90
		Sales of machine	0.39	Other payables	0.06
		Compensation from tolling services	2.75		
		Revenue from deep-sea Portand marine services shipping	34.89		
		Revenue from maintenance services	50.88		
		Tolling services	65.30		
		Other income	11.60		
		Other expenses	2.88		
Bangsaphan Barmill Plc.	Common directors and direct and indirect shareholding by the Company's director(s)	Revenue from deep-sea port and marine shipping services	7.88	Trade accounts receivable	0.03
		Revenue from maintenance services	0.45	Accrued income	2.04
		Other income	0.12	Other receivables	0.09
B.S. Metal Co., Ltd.	Common directors and direct and indirect shareholding by the Company's director(s)	Revenue from sales hot rolled coil / scrap	7,963.19	Trade accounts receivable	2,298.20
		Revenue from maintenance services	0.19	Other receivables	3.68
				Accrued income	0.26
				Trade accounts payable	0.50
				Other payables	0.59
Sahaviriya Plate Mill Plc.	Common directors and direct and indirect shareholding by the Company's director(s)	Revenue from sales slab	130.30	Other receivables	274.58
		Tolling expenses	21.36	Accrued income	130.30
				Other payables	0.02

Name of Entities	Nature of Relationships	Related Transaction in 2014 (Million Baht)	Outstanding Balance (Million Baht)		
Prapawit Building Property Co., Ltd.	Common directors and direct and indirect shareholding by the Company's director(s)	Office Rental	14.99	Other receivables	0.21
				Trade accounts payable	0.03
				Other payables	1.51
Western Housing Co., Ltd.	Common directors and direct and indirect shareholding by the Company's director(s)	Accommodation expenses	1.33	Other payables	0.07
Sahaviriya Panich International Co., Ltd.	Common directors and direct and indirect shareholding by the Company's director(s)	Revenue from sale hot rolled coils	12,336.31	Trade accounts receivable	2,230.87
Line Transport Co., Ltd.	Common directors with the subsidiary and direct and indirect shareholding by the Company's director(s)	Revenue from deep-sea port and marine shipping services	9.11	Trade accounts receivable	0.83
		Other income	1.27	Other receivables	0.37
		Local transportation expenses	220.37	Trade accounts payable	48.85
		Financial costs	0.41	Other payables	14.98
Bangpakong Lighter Co., Ltd.	Common directors and direct and indirect shareholding by the Company's director(s)	Revenue from deep-sea port and marine shipping services	0.93	Trade accounts receivable	0.12
		Other income	0.25	Other receivables	0.08
		Water transportation expenses	125.29	Trade accounts payable	11.11
		Financial costs	0.80	Other payables	8.80
Bangpakong Port Co., Ltd.	Common directors and direct and indirect shareholding by the Company's director(s)	Revenue from maintenance services	2.15	Trade accounts receivable	1.43
		Local transportation expenses	10.15	Other payables	1.32
Prachuap Pattana Development Co., Ltd.	Common directors and direct and indirect shareholding by the Company's director(s)	Other expenses	1.48	Trade accounts payable	0.03

Name of Entities	Nature of Relationships	Related Transaction in 2014 (Million Baht)		Outstanding Balance (Million Baht)	
Sahaviriya Iron and Steel Co., Ltd.	Common directors and direct and indirect shareholding by the Company's director(s)	None	-	None	-
Sahaviriya Inter Steel Holdings Co., Ltd.	Common directors and direct and indirect shareholding by the Company's director(s)	None	-	None	-
C.A.R. Services Co., Ltd.	The direct and indirect shareholding by the Company's director(s)	None	-	None	-
Bangpakong Karnyotha Co., Ltd.	Indirect shareholding by the Company director(s)	Expenses for construction service Other expenses	2.61 0.05	Other receivables	0.04
Prachuap Steel Co., Ltd.	Common directors and indirect shareholding by the Company's director(s)	Revenue from sale hot rolled coils	135.31	None	-
Redcar Bulk Terminal Ltd.	Jointly controlling shareholder, 50.00% shareholding	Expenses of service Other income	736.76 52.75	Other receivables Other payables	93.54 198.34
Vanomet AG	Common shareholder and Common director with a subsidiary	Purchases of slab Finance costs Sales of slab	24,561.75 185.45 14,902.36	Trade accounts receivable Accrued income Advance Payment for slab Trade accounts payable Other payables	31.26 63.31 934.44 777.76 1.48
Vanomet International AG	Common shareholder and Common director with a subsidiary	None	-	None	-
Sahaviriya Shipping UK Ltd.	Common shareholder and director and indirect shareholding by the Company's director(s)	None	-	Other receivables Other payables	1.80 613.38

(1) Saha Logistics Holdings Company Limited formerly named Sahaviriya Transport Holdings Company Limited has more than 10% of indirect shareholding by Mr. Win Viriyaprapaikit who owns 47% of Sahaviriya Group Corporation Limited.

(2) Sahaviriya Group Corporation Limited has more than 10% of direct shareholding by the Company's directors including Mr. Win Viriyaprapaikit and Mr. Piya Viriyaprapaikit who own 47.15% and 20.95% of Sahaviriya Group Corporation Limited respectively.



Necessity and Reasonableness of Related Party Transactions

Transactions between the Company and related parties have all been carried out under the ordinary course of business. The related business terms and conditions have been considered as aiming to the highest benefit of the Company. The Company has applied the same pricing policy and business terms to either related parties or third parties.



Approval Policy for Related Party Transactions

The President is authorised by the Board of Directors to approve transactions between the Company and related parties under the ordinary course of business and general business terms. This is in compliance with the related Securities and Exchange Commission Act, regulations, announcements, notifications, or provisions of the Stock Exchange of Thailand, as well as the provisions of related party transaction disclosure and the acquisition or disposal of assets of the Company and its subsidiaries, stipulated by the Federation of Accounting Professions under the Royal Patronage of his Majesty the King.

Any related party transaction occurred between the Company and its related parties shall be reported to the Board of Directors and reviewed by the Audit Committee to determine whether they are necessary and appropriate. Any director who has conflict of interest with the related party transaction has no right to vote. If the Audit Committee has insufficient expertise, an independent expert or the Company's auditor shall advise on the transaction. This advice will then be provided as information to the Board of Directors or the shareholders, as the case may be. The Company shall disclose the related party transactions in a note to financial statements audited by the Company's auditor.



Trend of Related Party Transactions Policy

Related party transaction policies are subject to change as they are dependent upon supply and demand as well as the Company's selling prices and the related cost of the service providers.

Key Financial Information

Summary of Auditor's Report

The auditor who audited the Company's consolidated and separate financial statements and its subsidiaries' financial statements for the 2014 was:

Ms. Sureerat Thongarunsang Certified Public Accountant Registration No. 4409
KPMG Phoomchai Audit Ltd.

2012, the independent auditor's opinion was unqualified with emphasis of matters.

2013, the independent auditor's opinion was unqualified with emphasis of matters.

2014, the independent auditor's opinion was unqualified with emphasis of matters.

The summary of the attention drawn by the auditor for the 2014 Company's consolidated and separate financial statements, including additional explanation are as follows:

1) As disclosed in Notes 2(e) and 13 to the accompanying financial statements, the Group and the Company incurred a net loss during the year ended 31 December 2014 of Baht 4,867 million and Baht 346 million, respectively and, as of that date, the Group's current liabilities exceeded its current assets by Baht 46,668 million and the Company's current liabilities exceeded its current assets by Baht 15,662 million. These conditions, along with other matters as set forth in Notes 2(e) and 13, indicate the existence of a material uncertainty which may cast significant doubt about the Group's and the Company's ability to continue as going concerns. The Group has implemented policies and procedures in an attempt to manage its liquidity risk and other circumstances including obtaining waivers from lenders of breaches of the terms of the loan agreements with financial institutions and rescheduling the repayment of loan principal. As at 31 December 2014, the Group had Baht 813 million of undrawn credit facilities.

Group management is satisfied that the Group and the Company will continue to meet their funding needs for the foreseeable future. The consolidated and separate financial statements have been prepared by Group management on the going concern basis on the assumption that such further capital and facilities are secured to the extent that the Group's and the Company's operations require. The validity of this assumption is, however, dependent on the success of the measures taken to improve profitability and cash flows, the on-going support from the lenders and creditors and the availability of financing from other sources to meet funding requirements which are highly dependent on global commodity price movements.

No adjustments to the classification or carrying value of assets and liabilities have been made in the consolidated and separate financial statements should the Group and the Company not be able to continue as going concerns. If the Group and the Company were unable to continue as a going concern, the realisable value of assets may be significantly less than their current carrying value and additional liabilities will be incurred.

Additional explanation

The Company's net loss for the year ended 31 December 2014 was a result of provision for loss on decline in value of inventories and provision of loss under onerous contracts which were accounted for at the end of 2014 due to the sharp decline in the global steel price following the fall in commodities and oil prices in the global market.

The excess of total current liabilities over current assets of the Group and the Company was due to the reclassification made from long-term portion of the Group and Company's loans amounting to Baht 23,573 million and Baht 7,917 million, respectively, to current portion. This was because the Group and the Company have not received waivers from financial institutions at the reporting date. However, at the date of issuance of these financial statements, the Group and the Company received the appropriate waivers from all lenders. The above mentioned amounts will be classified back to long-term portion in quarter 1/2015.

For the Group's and the Company's ability to continue as going concerns, the Group Management is looking for several future sources of funds in order to ensure the sustainable operations of the Group and the Company.

2) As disclosed in Note 4 to the accompanying financial statements, during the year ended 31 December 2014, the Group and the Company sold goods to related companies and jointly-controlled entities in the normal course of business totaling Baht 37,356 million and Baht 22,049 million, respectively, which represented 58% and 68% of the Group's total sales and the Company's total sales, respectively. As at 31 December 2014, the Group's and the Company's outstanding trade accounts receivable from those related parties amounted to Baht 4,570 million and Baht 4,529 million, respectively. Moreover, the Group and the Company purchased goods from related companies in the normal course of business totaling Baht 28,862 million and Baht 17,320 million, respectively, which represented 44% and 57% of the Group's total purchases and the Company's total purchases, respectively.

Additional explanation

The Company predominantly wholesales to both domestic and overseas customers. Domestic customers are both the Company's related parties and non-related parties consisting of end-users and traders & coil centers. The Company has no policy to directly make business with retailers or be a shareholder of its traders & coil centers because of the associated credit risk.

One of the common strategies for the business is to separate manufacturer and distributor. As such, there are related companies which have been established as distributors of HRC and other steel products before the Company which was established as a manufacturer. The Company has become a major supplier for those related companies with rather high sales portion.

In addition, as a hot rolled coil manufacturer, the Company has applied the same pricing policies which depend on ordering quantity and frequency to both related and non-related parties. For any related party transaction, the Company usually discloses the transfer pricing policies in the notes to the financial statements.

Statement of Financial Position

Sahaviriya Steel Industries Public Company Limited, its Subsidiaries and its Jointly-controlled entities

As at 31 December

	2014		2013		2012	
	(Baht)	%	(Baht)	%	(Restated) (Baht)	%
Assets						
Current assets						
Cash and cash equivalents	351,400,815	0.5	163,098,186	0.2	242,137,778	0.3
Trade accounts receivable	5,311,902,438	6.9	5,108,189,827	6.0	5,837,967,720	6.6
Other accounts receivable from related parties	1,310,416,921	1.7	2,265,496,613	2.7	2,407,838,016	2.7
Inventories	13,628,691,848	17.6	17,387,555,837	20.5	21,614,642,763	24.4
Assets classified as held for sale	-	-	-	-	1,183,130,464	1.3
Other current assets	2,406,515,640	3.1	3,230,008,421	3.8	1,742,921,276	2.0
Total current assets	23,008,927,662	29.8	28,154,348,884	33.2	33,028,638,017	37.3
Non-current assets						
Restricted deposit at financial institution	21,288,350	0.0	-	-	-	-
Investments in jointly-controlled entities	3,418,594,342	4.4	3,839,291,317	4.5	3,499,195,864	3.9
Property, plant and equipment	50,513,059,433	65.4	52,424,543,309	61.9	51,861,354,984	58.6
Intangible assets	245,303,285	0.3	249,476,666	0.3	72,104,862	0.1
Deferred tax assets	32,277,450	0.0	3,268,823	0.0	123,001	0.0
Other non-current assets	53,814,637	0.1	55,256,538	0.1	58,636,322	0.1
Total non-current assets	54,284,337,497	70.2	56,571,836,653	66.8	55,491,415,033	62.7
Total assets	77,293,265,159	100.0	84,726,185,537	100.0	88,520,053,050	100.0

Statement of Financial Position

Sahaviriya Steel Industries Public Company Limited, its Subsidiaries and its Jointly-controlled entities

As at 31 December

	2014		2013		2012	
	(Baht)	%	(Baht)	%	(Restated) (Baht)	%
Liabilities and equity						
Current liabilities						
Bank overdrafts and short-term loans from financial institutions and from related parties	22,638,350,536	29.3	21,888,601,462	25.8	25,308,702,846	28.6
Trade accounts payable	10,851,789,915	14.0	12,614,249,781	14.9	11,837,700,764	13.4
Other accounts payable loans from related parties	840,549,726	1.1	1,568,448,371	1.8	386,873,467	0.4
Current portion of long-term loans from financial institutions	6,100,661,218	7.9	1,924,003,791	2.3	4,563,773,409	5.2
Long-term borrowings classified as current liabilities	23,572,701,965	30.5	-	-	-	-
Subordinated convertible debentures	236,070	0.0	-	-	-	-
Current portion of finance lease liabilities	54,692,504	0.1	49,845,471	0.1	46,848,337	0.1
Current portion of hire purchase liabilities	6,601,542	0.0	6,896,383	0.0	4,966,327	0.0
Provision for onerous contracts	575,188,520	0.7	337,508,589	0.4	788,290,541	0.9
Current portion of environmental liabilities	-	-	-	-	98,021,120	0.1
Short-term provisions	-	-	7,790,000	0.0	11,835,195	0.0
Income tax payable	1,355,209	0.0	3,676,521	0.0	3,499,595	0.0
Other current liabilities	5,034,991,788	6.5	5,642,869,004	6.7	6,062,691,628	6.8
Total current liabilities	69,677,118,993	90.1	44,043,889,373	52.0	49,113,203,229	55.5

Statement of Financial Position

Sahaviriya Steel Industries Public Company Limited, its Subsidiaries and its Jointly-controlled entities

As at 31 December

	2014		2013		2012	
	(Baht)	%	(Baht)	%	(Restated) (Baht)	%
Non-current liabilities						
Long-term loans from financial institutions	-	-	27,879,310,667	32.9	20,424,803,737	23.1
Subordinated convertible debentures	-	-	149,008	0.0	1,317,709,181	1.5
Finance lease liabilities	139,626,843	0.2	161,062,683	0.2	210,908,153	0.2
Hire purchase liabilities	3,338,283	0.0	6,241,605	0.0	3,407,299	0.0
Employee benefit obligations	195,308,532	0.2	161,647,754	0.2	149,105,649	0.2
Environmental liabilities and others	600,563,651	0.8	597,841,684	0.7	498,068,487	0.5
Deferred tax liabilities	1,216,177,430	1.6	1,264,733,220	1.5	3,191,153,817	3.6
Other non-current liabilities	1,217,528	0.0	1,517,745	0.0	1,843,458	0.0
Total non-current liabilities	2,156,232,267	2.8	30,072,504,366	35.5	25,796,999,781	29.1
Total liabilities	71,833,351,260	92.9	74,116,393,739	87.5	74,910,203,010	84.6

Statement of Financial Position

Sahaviriya Steel Industries Public Company Limited, its Subsidiaries and its Jointly-controlled entities

As at 31 December

	2014		2013		2012	
	(Baht)	%	(Baht)	%	(Restated) (Baht)	%
Equity						
Share capital						
Authorised share capital	39,867,778,559		39,867,778,559		39,867,778,559	
Issued and paid-up share capital	32,166,258,124	41.6	32,166,258,124	38.0	27,080,630,230	30.6
Discount on ordinary shares issuance	(5,678,076,131)	(7.4)	(5,678,076,131)	(6.7)	(4,050,175,205)	(4.6)
Equity distribution from shareholders from repurchase of subordinated convertible debentures	366,219,977	0.5	366,219,977	0.4	98,073,878	0.1
Convertible rights	24,779	0.0	24,779	0.0	179,317,781	0.2
Revaluation surplus						
- The Group	4,315,634,500	5.6	4,500,473,668	5.3	4,502,659,350	5.1
- Jointly-controlled entity	99,906,412	0.1	104,851,834	0.1	-	
Currency translation differences	555,555,387	0.7	593,137,611	0.7	222,600,945	0.3
Retained earnings (deficit)						
Appropriated – Legal reserve	530,226,819	0.7	530,226,819	0.6	530,226,819	0.6
Unappropriated (deficit)	(27,695,817,978)	(35.8)	(22,789,391,004)	(26.9)	(15,797,759,712)	(17.8)
Equity attributable to owners of the Company	4,659,931,889	6.0	9,793,725,677	11.5	12,765,574,086	14.4
Non-controlling interests	799,982,010	1.1	816,066,121	1.0	844,275,954	1.0
Total equity	5,459,913,899	7.1	10,609,791,798	12.5	13,609,850,040	15.4
Total liabilities and equity	77,293,265,159	100.0	84,726,185,537	100.0	88,520,053,050	100.0

Statement of Income

Sahaviriya Steel Industries Public Company Limited, its Subsidiaries and its Jointly-controlled entities

For the year ended 31 December

	2014		2013		2012	
	(Baht)	%	(Baht)	%	(Restated) (Baht)	%
Income						
Revenue from sale of goods	64,516,674,520	98.1	64,735,191,615	98.2	60,091,875,621	97.1
Revenue from rendering of services	759,580,595	1.1	651,738,474	1.0	512,001,675	0.8
Gain on sales of investment in jointly-controlled entity	-	-	362,779,468	0.6	-	-
Net foreign exchange gain	43,735,441	0.1	-	-	345,846,077	0.6
Reversal of environmental liabilities	-	-	-	-	807,540,275	1.3
Other income	460,539,267	0.7	142,576,089	0.2	154,004,390	0.2
Total income	65,780,529,823	100.0	65,892,285,646	100.0	61,911,268,038	100.0
Expenses						
Cost of sale of goods	65,274,223,507	99.2	69,764,980,902	105.9	72,264,724,418	116.7
Cost of rendering of services	691,957,405	1.1	485,040,455	0.7	407,200,104	0.7
Selling expenses	310,828,008	0.5	331,739,832	0.5	336,622,346	0.5
Administrative expenses	1,073,230,499	1.6	798,301,839	1.2	789,214,954	1.3
Management benefit expenses	145,065,606	0.2	133,151,158	0.2	136,962,352	0.2
Net foreign exchange loss	-	-	383,945,425	0.6	-	-
Provision for loss under onerous contracts (reversal)	239,256,291	0.4	(450,781,952)	(0.7)	490,126,469	0.8
Finance costs	3,240,188,976	4.9	3,586,832,743	5.5	3,926,243,685	6.3
Total expenses	70,974,750,292	107.9	75,033,210,402	113.9	78,351,094,328	126.5
Share of profit (loss) of equity-accounted investees						
Jointly-controlled entities	301,942,389	0.5	250,729,794	0.4	(987,604)	(0.0)
Profit (loss) before income tax expense	(4,892,278,080)	(7.4)	(8,890,194,962)	(13.5)	(16,440,813,894)	(26.5)
Income tax benefits	25,445,720	0.0	1,907,137,410	2.9	569,691,763	0.9
Profit (loss) for the year	(4,866,832,360)	(7.4)	(6,983,057,552)	(10.6)	(15,871,122,131)	(25.6)

Statement of Income

Sahaviriya Steel Industries Public Company Limited, its Subsidiaries and its Jointly-controlled entities

For the year ended 31 December

	2014		2013		2012	
	(Baht)	%	(Baht)	%	(Restated) (Baht)	%
Profit (loss) attributable to:						
Owners of the Company	(4,903,027,293)	(7.5)	(7,052,530,181)	(10.7)	(15,917,987,022)	(25.7)
Non-controlling interests	36,194,933	0.1	62,472,629	0.1	46,864,891	0.1
Profit (loss) for the year	(4,866,832,360)	(7.4)	(6,983,057,552)	(10.6)	(15,871,122,131)	(25.6)
Earnings (loss) per share						
Basic earnings (loss) per share	(0.15)		(0.24)		(0.84)	

Statement of Comprehensive Income

Sahaviriya Steel Industries Public Company Limited, its Subsidiaries and its Jointly-controlled entities

For the year ended 31 December

	2014		2013		2012	
	(Baht)	%	(Baht)	%	(Restated) (Baht)	%
Profit (loss) for the year	(4,866,832,360)	(7.4)	(6,983,057,552)	(10.6)	(15,871,122,131)	(25.6)
Other comprehensive income						
Foreign currency translation differences for foreign operations	(37,582,224)	(0.1)	370,536,666	0.6	(209,968,847)	(0.3)
Revaluation of property, plant and equipment						
- The Group	-	-	324,593,031	0.5	-	-
- Jointly-controlled entity	-	-	159,662,460	0.2	-	-
Depreciation on revaluation surplus	(237,111,638)	(0.4)	(360,964,762)	(0.5)	(368,261,116)	(0.6)
Defined benefit plan actuarial gains (losses)						
- The Group	(13,387,790)	(0.0)	-	-	-	-
- Jointly-controlled entity	1,248,172	0.0	-	-	-	-
Income tax on other comprehensive income	47,887,951	0.1	8,741,850	0.0	74,595,067	0.1
Other comprehensive income for the year	(238,945,529)	(0.4)	502,569,245	0.8	(503,634,896)	(0.8)
Total comprehensive income for the year	(5,105,777,889)	(7.8)	(6,480,488,307)	(9.8)	(16,374,757,027)	(26.4)
Total comprehensive income attributable to:						
Owners of the Company	(5,133,292,650)	(7.8)	(6,517,927,337)	(9.9)	(15,871,122,131)	(25.6)
Non-controlling interests	27,514,761	0.0	37,439,030	0.1	(503,634,896)	(0.8)
Total comprehensive income for the year	(5,105,777,889)	(7.8)	(6,480,488,307)	(9.8)	(16,374,757,027)	(26.4)

Statement of Cash Flows

Sahaviriya Steel Industries Public Company Limited, its Subsidiaries and its Jointly-controlled entities

For the year ended 31 December

	2014	2013	2012
	(Baht)	(Baht)	(Restated) (Baht)
Cash flows from operating activities			
Profit (loss) for the year	(4,866,832,360)	(6,983,057,552)	(15,871,122,131)
<i>Adjustments for</i>			
Depreciation and amortisation	2,514,243,736	2,506,053,831	2,015,125,393
Withholding tax written-off	-	-	973,309
Finance costs	3,240,188,976	3,586,832,743	3,926,243,685
Unrealised loss (gain) on exchange rate	(359,079,411)	(687,904,094)	(62,997,996)
Bad debts and doubtful debts expenses (reversal)	42,109,600	(146,309,486)	146,309,486
Provision for (reversal of) loss decline in value of inventories	464,307,264	(140,649,895)	(692,941,144)
Employee benefit obligations	24,453,337	19,508,940	18,145,810
Provision for loss under onerous contracts (reversal)	237,679,931	(450,781,952)	490,126,469
Reversal of environmental liabilities	-	-	(807,540,275)
Loss (gain) on disposal of property, plant and equipment	(17,526,085)	(286,103)	7,750,765
Loss on revaluation of property, plant and equipment	-	12,744,833	-
Reversal of loss on impairment of property, plant and equipment	-	(1,700,000)	(2,049,326)
Reversal of short-term provision	(7,790,000)	(4,045,195)	-
Share of profit of jointly-controlled entities (net of income tax)	(301,942,389)	(250,729,795)	987,604
Gain on sales of investment in jointly-controlled entity	-	(362,779,468)	-
Others	9,273,933	47,959,281	-
Income tax benefits	(25,445,720)	(1,907,137,413)	(569,691,763)
	953,640,812	(4,762,281,325)	(11,400,680,114)

Statement of Cash Flows

Sahaviriya Steel Industries Public Company Limited, its Subsidiaries and its Jointly-controlled entities
For the year ended 31 December

	2014	2013	2012
	(Baht)	(Baht)	(Baht)
<i>Changes in operating assets and liabilities</i>			
Trade accounts receivable	(565,499,709)	1,299,668,179	(849,485,239)
Other accounts receivable from related parties	913,676,880	34,130,690	(2,298,970,000)
Inventories	3,293,578,074	4,367,736,821	4,255,842,760
Other current assets	1,148,068,513	(1,817,785,234)	(948,296,134)
Other non-current assets	1,441,901	3,379,784	(30,217,239)
Trade accounts payable	(913,251,624)	761,339,650	1,213,005,924
Other accounts payable to related parties	(1,294,367,981)	1,748,044,240	338,182,383
Other current liabilities	(931,476,012)	(177,144,849)	5,182,162,701
Environment liabilities and others	-	-	(122,611,338)
Employee benefit obligations paid	(4,180,349)	(6,966,835)	(2,368,558)
Other non-current liabilities	(300,215)	(325,713)	523,662
Income tax paid	(6,563,899)	(26,148,462)	(22,891,004)
Net cash provided by operating activities	2,594,766,391	(1,423,646,946)	(4,685,802,196)
Cash flows from investing activities			
Proceeds from sale of investment in jointly-controlled entity	-	1,568,247,452	-
Restricted deposits at financial institution	(21,288,350)	-	-
Purchases of property, plant and equipment	(740,129,104)	(750,627,394)	(5,053,539,083)
Purchases of intangible assets	(22,024,372)	(144,619,447)	(48,427,926)
Sales of property, plant and equipment	154,679,373	541,633	15,144,321
Machines and equipment acquired by means of finance lease	38,840,888	-	275,999,857
Dividend income	723,887,536	-	-
Currency translation differences	(97,402,121)	(842,054,654)	378,493,300
Net cash provided by (used in) investing activities	36,563,850	(168,512,410)	(4,432,329,531)

Statement of Cash Flows

Sahaviriya Steel Industries Public Company Limited, its Subsidiaries and its Jointly-controlled entities

For the year ended 31 December

	2014	2013	2012
	(Baht)	(Baht)	(Baht)
Cash flows from financing activities			
Proceeds from issuance of ordinary shares	-	3,458,226,968	5,945,870,357
Transaction costs from issuance of ordinary shares	-	(500,000)	(13,876,754)
Finance cost paid	(2,900,139,035)	(3,705,550,841)	(3,790,684,020)
Increase in short-term loans from financial institutions	352,247,343	1,066,268,051	2,470,121,372
Proceeds from short-term loans from related parties	547,367,939	-	1,961,332,906
Repayment of short-term loans from related parties	(123,000,000)	-	(3,371,591,306)
Proceeds from long-term loans	-	156,805,770	4,980,386,709
Repayment of long-term loans	(235,523,400)	(964,169,723)	(688,300,711)
Hire purchase and finance lease payments	(60,008,601)	(55,404,350)	(39,537,818)
Proceeds from issuance of subordinated convertible debentures	-	-	2,250,000,000
Repurchase of subordinated convertible debenture	-	(1,228,566,000)	(501,567,123)
Expenses relating to subordinated convertible debenture	-	-	(1,045,637)
Dividends paid	(44,100,000)	(66,150,000)	(9,800,025)
Net cash used in financing activities	(2,463,155,754)	(1,339,040,125)	9,191,307,950
Net increase (decrease) in cash and cash equivalents	168,174,487	(83,905,589)	73,176,223
Effect of exchange rate changes on balance held in foreign currency	20,128,142	4,865,997	(11,312)
Cash and cash equivalents at 1 January	163,098,186	242,137,778	168,972,867
Cash and cash equivalents at 31 December	351,400,815	163,098,186	242,137,778

Financial Ratio

Sahaviriya Steel Industries Public Company Limited, its Subsidiaries and its Jointly-controlled entities

	2014	2013	2012
Liquidity Ratio			
Current ratio (Times)	0.33	0.64	0.67
Current ratio exclude long-term borrowings classified (Times)	0.50	0.64	0.67
Quick ratio (Times)	0.08	0.12	0.12
Quick ratio exclude long-term borrowings classified (Times)	0.12	0.12	0.12
Cash ratio (Times)	0.05	0.03	(0.11)
Accounts receivable turnover (Times)	12.53	11.95	10.94
Average collection period (Days)	29	31	33
Inventories turnover ¹⁾ (Times)	4.25	3.60	3.11
Average days sales (Days)	86	101	118
Accounts payable turnover ratio (Times)	5.62	5.75	6.45
Accounts payable period (Days)	65	64	57
Cash cycle (Days)	50	68	94
Profitability Ratio			
Gross profit ratio	(1.06%)	(7.44%)	(19.91%)
Operating profit ratio	(3.77%)	(8.68%)	(22.81%)
Other profit ratio	0.77%	0.18%	2.11%
Operating cash flow margin ratio (Times)	(1.06)	(0.25)	0.34
Net profit ratio	(7.51%)	(10.79%)	(26.27%)
Return on equity ratio	(67.84%)	(62.52%)	(86.37%)
Efficiency Ratio			
Return on assets ratio	(6.05%)	(8.14%)	(18.20%)
Return on fixed assets ratio	(4.88%)	(8.93%)	(27.42%)
Total assets turnover (Times)	0.82	0.76	0.71
Financial Policy Ratio			
Debt to equity ratio (Times)	13.16	6.99	5.50
Interest bearing debt to equity (Times)	9.62	4.89	3.81
Interest coverage ratio (Times)	1.90	1.37	(0.23)
Debt service coverage ratio (Cash Basis) (Times)	2.49	0.74	(0.81)
Dividend payout ratio	-	-	-

¹⁾ Inventories exclude spare parts

Per Share Data and Growth Rate

Sahaviriya Steel Industries Public Company Limited, its Subsidiaries and its Jointly-controlled entities

	2014	2013	2012
Per Share Data			
Book value per share (Baht)	0.14	0.30	0.47
Earning (Loss) per share (Baht)	(0.15)	(0.24)	(0.84)
Dividend per share	-	-	-
Growth Rate			
Total assets	(8.77%)	(4.29%)	2.50%
Total liabilities	(3.08%)	(1.06%)	21.97%
Revenue from sales and revenue from rendering of service	(0.17%)	7.89%	26.32%
Operating expenses	117.67%	(53.65%)	(22.65%)
Net profit (loss)	30.48%	55.69%	(1,523.00%)

Report on the Responsibility of the Board of Directors for Financial Report 2014

The Board of Directors of Sahaviriya Steel Industries Public Company Limited has duties and direct responsibilities to ensure that the Company's activities comply with policies of good corporate governance. The Board of Directors also has responsibility for the preparation of the financial report of the Company, including financial statements of the Company, its subsidiaries and its jointly-controlled entities for the year end 31 December 2014 as well as the financial information disclosed in the Company's Annual Report 2014. The financial statements have been prepared in accordance with generally accepted accounting principles with appropriate and consistent accounting policies and/or accounting practices as well as careful judgment in accounting estimates, along with all due consideration as to reasonableness. Material information has been sufficiently disclosed and audited by the independent certified public accountant approved by the Securities and Exchange Commission. The independent certified public accountant has expressed an unqualified opinion on the independent auditor's report.

The Board of Directors has established the risk management system, internal control system and internal audit function under supervision of the Risk Management Committee and the Audit Committee consisting of independent directors, who are responsible for overseeing the Company's control and audit functions to ensure the integrity and reliability of the Company's financial statements. The true performance and financial position of the Company has been reflected on the Company's financial statements for the benefit of its shareholders, investors, other stakeholders and all relevant parties.

The Board of Directors considers that the internal control system, internal audit function and the financial statements of the Company are accurate in accordance with generally accepted accounting principles, reliable and in compliance with relevant laws and regulations.



(Mr. Wit Viriyaprapaikit)

Chairman of the Board of Directors



(Mr. Win Viriyaprapaikit)

Group CEO and President

Management Discussion and Analysis

Table 1: Summary of Consolidated Financial Results

Unit: Million Baht	2014	2013	% YoY
	Jan - Dec	Jan - Dec	
Sales and service revenues	65,276	65,387	-0.2%
Cost of sales and service	65,966	70,250	-6%
Gross profit (loss)	(690)	(4,863)	+86%
SG&A	1,529	1,263	+21%
Provision for loss under onerous contracts (reversal)	239	(451)	+153%
Gain on sales of investments in jointly-controlled entity	-	363	N.A.
EBITDA ¹⁾	808	(2,888)	+128%
Interest expense	3,222	3,565	-10%
Depreciation and amortisation	2,514	2,506	+0.3%
Income tax (reversal)	(25)	(1,907)	+99%
Realised FX gain (loss)	(315)	(1,072)	+71%
Unrealised FX gain (loss)	359	688	-48%
Net profit (loss)	(4,903)	(7,053)	+30%
EPS (Baht)	(0.15)	(0.24)	+37%

¹⁾ 2013 Group EBITDA includes gain on sales of investment in TCRSS Baht 363 million occurred in Q1/2013.

Table 2: Financial Results by Business Unit

Unit: Million Baht	2014	2013	% YoY
	Jan - Dec	Jan - Dec	
Sales and Service Revenues¹⁾			
Consolidated	65,276	65,387	-0.2%
HRC Business	32,382	45,599	-29%
Upstream Business	32,200	19,132	+68%
Port Business	139	169	-18%
Engineering Business	551	486	+13%
EBITDA¹⁾			
Consolidated ²⁾	808	(2,888)	+128%
HRC Business ³⁾	1,887	2,967	-36%
Upstream Business	(1,046)	(5,919)	+82%
Port Business	193	284	-32%
Engineering Business	(114)	95	-220%
Elimination of Related Parties Transaction	(112)	(316)	
Net Profit (Loss)¹⁾			
Consolidated ⁴⁾	(4,903)	(7,053)	+30%
HRC Business	(346)	210	-265%
Upstream Business	(4,396)	(7,259)	+39%
Port Business	69	156	-56%
Engineering Business	(120)	49	-344%
Elimination of related parties Transaction	(146)	(278)	+47%
Non-controlling interest	36	69	-48%

¹⁾ Revenues of each business unit are shown as net revenues after elimination of related parties transactions while EBITDA and Net Profit (Loss) are shown as amount before elimination of related parties transactions.

²⁾ 2013 Group EBITDA includes gain on sales of investment in TCRSS Baht 363 million occurred in Q1/2013.

³⁾ 2013 HRC EBITDA includes gain on sales of investment in TCRSS Baht 225 million occurred in Q1/2013.

⁴⁾ TCRSS and Redcar Bulk Terminal Ltd transactions are recorded under equity method.

Table 3: Performance Highlight of HRC Business (the Company)

Unit: USD/ton	2014	2013	% YoY
	Jan - Dec	Jan - Dec	
Average Selling Price	679	689	-2%
Average Cost of Goods Sold	625	651	-4%
HRC Spread ¹⁾	125	122	+3%
HRC Rolling Margin ²⁾	18.4%	17.6%	
HRC EBITDA ³⁾	39.7	46.0	-14%
Sales Volume (k tons)	1,468	2,134	-31%
Production Volume (k tons)	1,424	2,131	-33%

¹⁾ HRC Spread excludes the provision for loss on decline in value of inventories or the reversal thereof.

²⁾ HRC HRC Rolling Margin = HRC Spread/Average Selling Price

³⁾ In 2013 HRC EBITDA includes the stock loss provision USD 11.1 per ton in 2014.

2013 HRC EBITDA includes gain on sales of investments in TCRSS Baht 225 million occurred in Q1/2013.

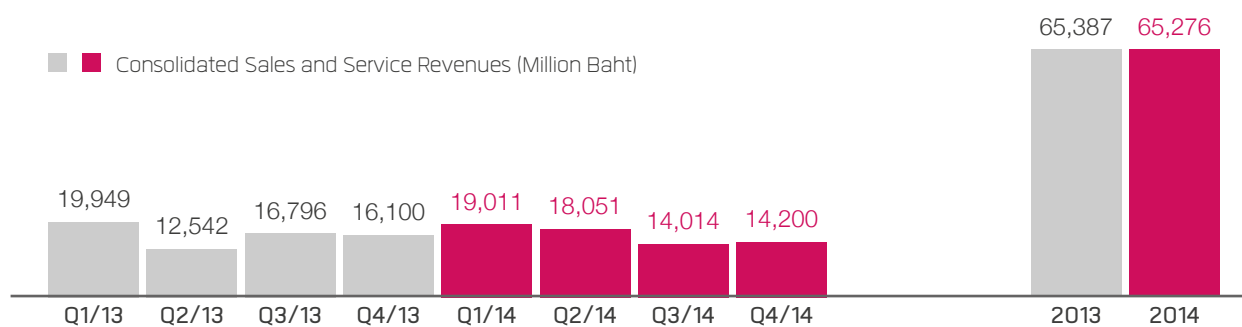
Table 4: Performance Highlight of Upstream Business (SSI UK)

Unit: USD/ton	2014	2013	% YoY
	Jan - Dec	Jan - Dec	
Average Selling Price	511	499	+3%
Average Raw Material Cost	538	580	-7%
Slab Spread ¹⁾	183	114	+61%
Slab Margin ²⁾	35.8%	22.8%	
Sales Volume (k tons)	2,760	2,807	-2%
Slab Sales Volume to 3 rd Party Customers	67%	40%	
Production Volume (k tons)	2,760	2,770	-0.3%

¹⁾ Slab Spread excluded the provision for loss on decline in value of inventories or the reversal thereof.

²⁾ Slab Margin = Slab Spread/Average Selling Price

Figure 1: Sales and Service Revenues of the Company and its Subsidiaries



Performance of the Company, its Subsidiaries and Jointly-Controlled Entities

In 2014, the Company and its subsidiaries recorded sales and service revenues Baht 65,276 million, down 0.2% YoY following decreased HRC Sales Volume in HRC Business due to an impact of negative domestic factors despite higher Slab Sales Volume to 3rd party customers in Upstream Business. Sales ratio of HRC : Slab after eliminating related transactions was 50 : 50 in 2014 (compared with 70 : 30 in 2013). Total cost of sales and service Baht 65,966 million, down 6% YoY resulted from lower raw material costs in both HRC Business and Upstream Business.

The Company and its subsidiaries recorded gross loss Baht 690 million, EBITDA Baht 808 million (excluding the provision for loss on decline in value of inventories Baht 465 million and the provision of loss under onerous contracts Baht 239 million, Core EBITDA was positive Baht 1,513 million), and net loss Baht 4,903 million or negative EPS Baht 0.15 per share. Compared with the corresponding period last year, the overall performance was better; gross loss and net loss were smaller whilst EBITDA turned from negative to positive due to improvement in both HRC Spread and Slab Spread, as well as unit conversion cost of HRC Business. Smaller negative profitability ratios are shown in a below table except ROE showing a higher negative fraction due to decreased equity.

Profitability Ratio	2014	2013
	Jan - Dec	Jan - Dec
NP Margin (%)	(7.5)	(10.8)
ROA (%)	(6.1)	(8.1)
ROE (%)	(67.8)	(62.5)
EPS (Baht)	(0.15)	(0.24)

HRC Business (the Company)

Revenues: In 2014, the Company recorded sales and service revenues Baht 32,382 million, down 29% YoY, with HRC Sales Volume of 1,468k tons, down 31% YoY following lower domestic demand affected by political situation, economic slowdown and the volatility of steel prices in the world market. HRC Average Selling Price was Baht 22,069 ton or approx. USD 679 per ton, down 2% YoY following steel prices in the world market. Premium Value Products contributed to 38% of total HRC Sales Volume.

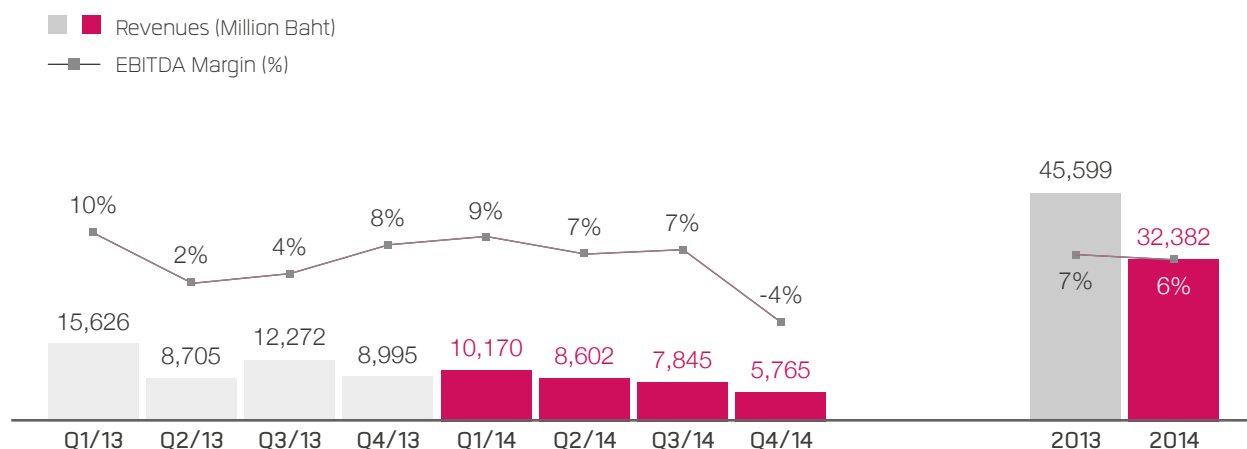
Expenses: In 2014, the Company recorded **Cost of sales and service** Baht 30,293 million, comprising total cost of sales Baht 29,839 million and the provision for loss on decline in value of inventories Baht 454 million. Cost of sales and service decreased 30% YoY following lower HRC Sales Volume and unit conversion cost. **SG&A** was Baht 930 million; up 21% YoY resulted from the provision for doubtful debts Baht 37 million and the reclassification on a production process improvement expense previously included in costs of sales and service to be part of SG&A expense. The provision for loss under onerous contracts was Baht 83 million. **Interest Expense** was Baht 1,682 million; down 17% YoY resulted from lower inventory level, including no loss on interest rate swap as occurred in 2013.

HRC Spread: In 2014, the Company recorded HRC Spread at USD 125 per ton or HRC Rolling Margin of 18.4%, up from USD 122 per ton in the same period as 2013.

Profits: In 2014, the Company recorded gross profit Baht 2,089 million, HRC EBITDA Baht 1,887 million (excluding the provision for loss on decline in value of inventories Baht 454 million and the provision of loss under onerous contracts Baht 83 million, Core EBITDA was positive Baht 2,424 million), and net loss Baht 346

million; down from gross profit Baht 2,564 million, HRC EBITDA Baht 2,967 million and net profit Baht 210 million YoY respectively. HRC EBITDA per ton was USD 39.7 per ton (including the stock loss provision USD 11.1 per ton); down from USD 46.0 per ton in the same period as 2013 due to lower HRC Sales Volume affected by political situation, economic slowdown and the volatility of steel prices in the world market, resulted in the stock loss provision as earlier explained.

Figure 2: Revenues and EBITDA Margin of HRC Business



Upstream Business (SSI UK)

Revenues: In 2014, SSI UK recorded total sales and service revenues Baht 46,809 million, up 3% YoY from Slab Sales Volume of 2,760k tons. Although Slab Sales Volume decreased 2% YoY, Slab Average Selling Price increased 3% YoY. In addition, Thai Baht weakened to an average of 6% compared with last year. Revenues after elimination of related parties transactions were Baht 32,200 million deriving from 1,849k tons of Slab Sales Volume to 3rd Party Customers, or 67% of total Slab Sales Volume.

Expenses: In 2014, SSI UK recorded Cost of sales and service Baht 49,788 million, comprising total cost of sales

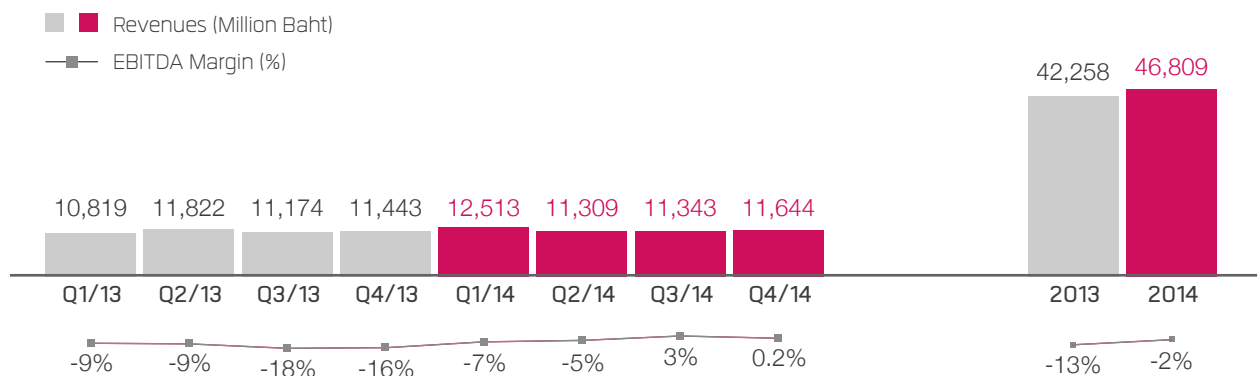
Baht 49,777 million and the provision for loss on decline in value of inventories Baht 11 million. Total cost of sales and service decreased 6% YoY following a decrease in raw material prices. **SG&A** was Baht 417 million, up 13% YoY due to no reversal of employees' bonus accrual transaction and the weakening of Thai Baht. The provision for loss under onerous contracts was Baht 156 million. **Interest Expense** was Baht 1,519 million, down 6% YoY resulted from effective control of inventories level and reduced raw materials cost.

Slab spread: In 2014, SSI UK recorded Slab Spread at USD 183 per ton or Slab Margin of 35.8%, up from USD 114 per ton in the same period of the previous year.

Profits: In 2014, SSI UK recorded gross loss Baht 2,979 million, negative Slab EBITDA Baht 1,046 million (excluding the provision for loss on decline in value of inventories Baht 11 million and the provision of loss under onerous contracts Baht 156 million, Core EBITDA was negative Baht 878 million), and net loss Baht 4,396 million. Compared with the previous year (where gross loss was

Baht 7,746 million, Slab EBITDA was negative Baht 5,919 million, and net loss was Baht 7,259 million), operating performance improved YoY due to better Slab Spread, although there was no one-off reversal of income deferred tax liabilities Baht 1,925 million as occurred in the same period of the previous year.

Figure 3: Revenues and EBITDA Margin of Upstream Business

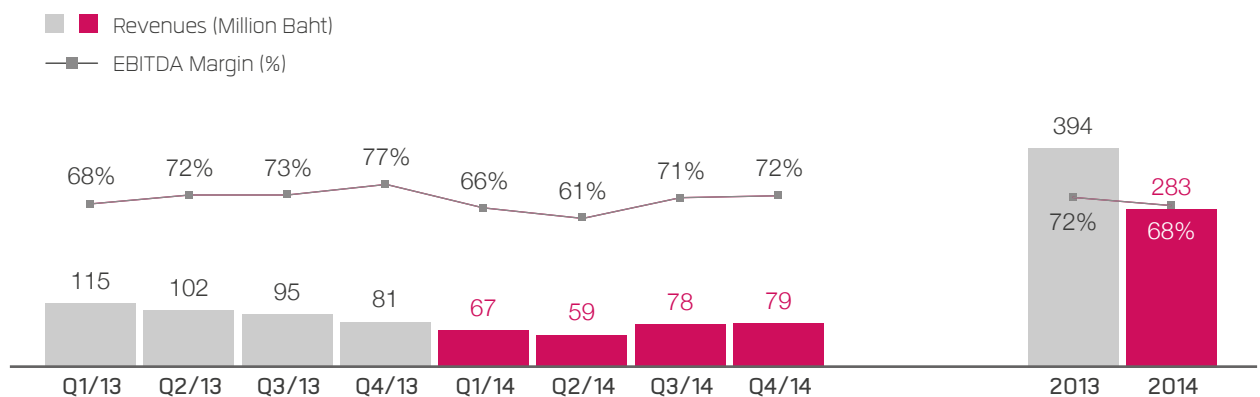


Port Business (PPC)

Revenues: In 2014, PPC recorded total service revenues Baht 283 million, down 28% YoY from lower throughput volume and lower revenues from PPC Shore Crane due to the economic slowdown from the political unrest in the first half of the year. However, the situation improved in the second half of the year.

Profits: In 2014, PPC recorded gross profit Baht 129 million, EBITDA Baht 193 million, and net profit Baht 69 million, or down 45%, 32%, and 56% respectively, as there was no reclassification on the transaction of repairing and supplies expenses to be part of assets as occurred last year.

Figure 4: Revenues and EBITDA Margin of Port Business



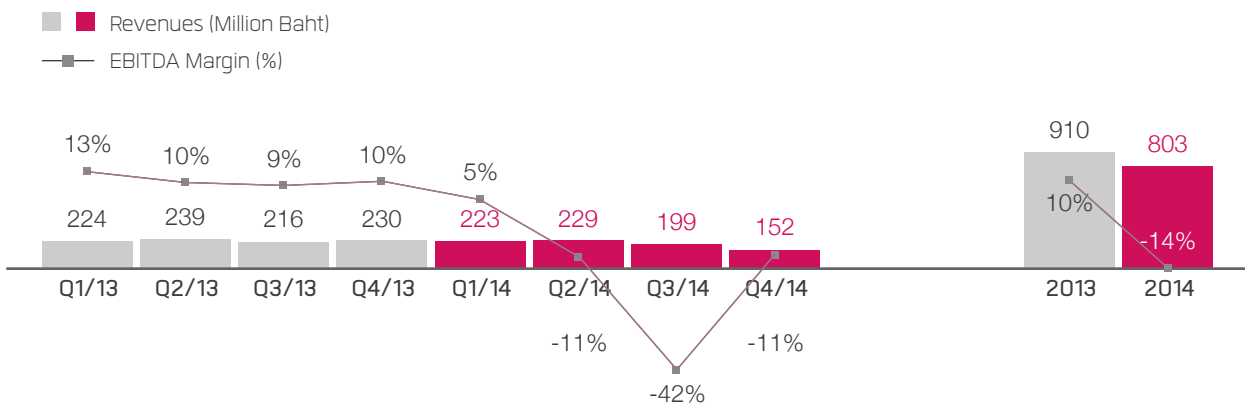
Engineering Business (WCE)

Revenues: In 2014, WCE recorded total sales and service revenues Baht 803 million, down 12% YoY. Revenues are derived from four business units including Maintenance Management Business, Machinery Engineering Business, Steel Structure and Fabrication Business, and Engineering Procurement and Construction Business. External customers

apart from the Company and its subsidiaries took a portion 69% of total sales and service revenues.

Profits: In 2014, WCE recorded gross profit Baht 16 million; negative EBITDA Baht 114 million; and net loss Baht 120 million, down 90%, 220%, and 344% YoY respectively as WCE recorded allowance for cost overrun of projects in progress on a loss-making project Baht 49 million.

Figure 5: Revenues and EBITDA Margin of Engineering Business

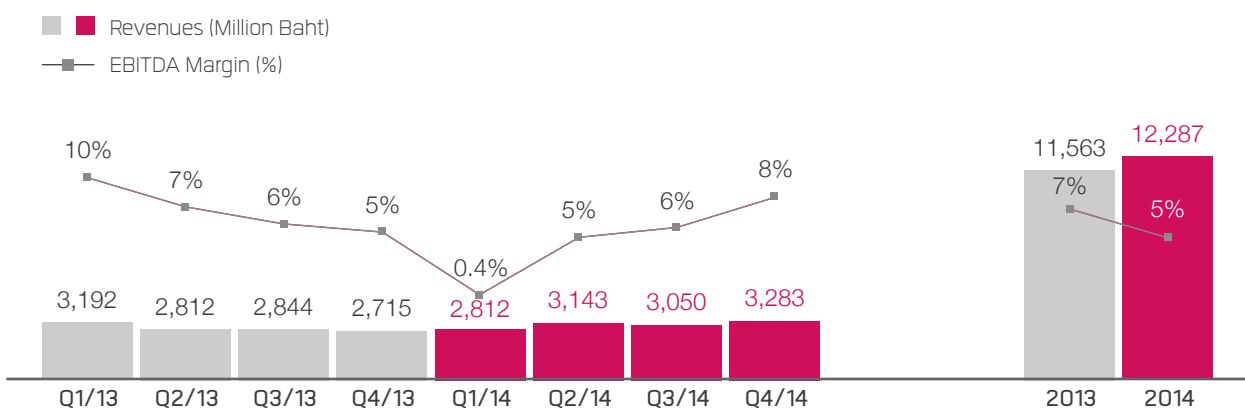


CRC Business (TCRSS)

Revenues: In 2014, TCRSS recorded total sales Baht 12,287 million, up 6% YoY due to an increase in CRC Sales Volume by 11% YoY, following higher sales volume in general low-end and electro-galvanised steel sheet segment, while CRC Average Selling Price decreased by 5% YoY due to a competitive market.

Profits: In 2014, TCRSS recorded gross profit Baht 386 million, EBITDA Baht 610 million, and net profit Baht 2 million; down by 41%, 26%, and 99% QoQ respectively due to lower CRC Average Selling Price of 5% YoY as earlier explained, while raw material prices weakened at a smaller degree than CRC Average Selling Price.

Figure 6: Revenues and EBITDA Margin of CRC Business



Consolidated Financial Status

Assets

As at 31 December 2014, the Company and its subsidiaries had **total assets** Baht 77,293 million, down 9% or Baht 7,433 million from 31 December 2013 mainly due to a decrease in trade accounts receivable and inventories. The details of total assets are as follows:

Assets	31 Dec 2014		31 Dec 2013		31 Dec 2012	
	Million Baht	%	Million Baht	%	Million Baht	%
Cash and cash equivalents	351	0	163	0	242	0
Trade accounts receivable	5,312	7	5,108	6	5,838	7
Inventories	13,629	18	17,388	21	21,615	24
Property, plant and equipment	50,513	65	52,425	62	51,861	59
Investments in jointly-controlled entities	3,419	4	3,839	5	3,499	4
Other assets	4,070	5	5,804	7	5,538	6
Total assets	77,293	100	84,726	100	88,520	100

Trade accounts receivable: As at 31 December 2014, trade account and notes receivable netted Baht 5,312 million, up 4% from the end of 2013, following higher sales and service revenues in Upstream Business at the end of 2014.

Inventories: As at 31 December 2014, inventory netted Baht 13,629 million, down 22% from the end of 2013, as a result of lower raw materials cost and purchase volume of raw materials.

Property, plant and equipment: As at 31 December 2014, Property, plant and equipment netted Baht 50,513 million, down 4% from the end of 2013.

Liabilities and Sources of Fund

Proportion of liabilities and total equity of the Company and its subsidiaries consist of:

Liabilities and Equity	31 Dec 2014		31 Dec 2013		31 Dec 2012	
	Million Baht	%	Million Baht	%	Million Baht	%
Current portion of interest-bearing debts	52,373	68	23,869	28	29,924	34
Trade accounts payable	10,852	14	12,614	15	11,838	13
Non-current portion of interest-bearing debts	143	0	28,047	33	21,957	25
Subordinated convertible debentures	0.3	0	149	0	1,318	1
Environmental liabilities and others	601	1	598	1	498	1
Deferred tax liabilities	1,216	2	1,265	1	3,191	4
Other liabilities	6,648	9	7,575	9	6,185	7
Total equity	5,460	7	10,610	13	13,610	15
Total liabilities and equity	77,293	100	84,726	100	88,520	100

As at 31 December 2014, the Company and its subsidiaries had total liabilities Baht 71,833 million, down 3% from 31 December 2013 mainly due to a decrease in accounts payable of the Company and its subsidiaries. The Company and its subsidiaries had total interest bearing debts Baht 52,516 million whilst net debt was Baht 52,165 million. These debts consisted of current portion of interest bearing debts Baht 52,373 million and non-current portion of interest bearing debts Baht 143 million.

As at 31 December 2014, long-term loan granted from financial institution to SSI UK in the amount of Baht 23,573 million was classified as a current liability. The stated loan will be classified back from current liability to long-term liability in Q1/2015 as the Group has obtained the waivers of breaches of loan rescheduling and covenant ratios from financial institutions in February 2015.

Total shareholders' equity decreased 49% to Baht 5,460 million as a result of the Group's operating loss. Therefore, interest bearing debt to equity ratio went up to 9.62x from 4.89x as at 31 December 2013.

Liquidity

1. Cash flow

As at 31 December 2014, the Company and its subsidiaries' ending cash was Baht 351 million, an increase from net cash and cash equivalents of Baht 163 million at the end of 2013. Details of cash flow are as follows:

- Net cash received from operating activities of Baht 2,595 million consisting of (1) cash inflows from operation Baht 954 million, and (2) cash inflows from net change in working capital of Baht 1,641 million mainly resulted from a reduction in inventories.

- Net cash received from investing activities of Baht 37 million was mainly from (1) cash outflows from additional investments in fixed assets and intangible assets of Baht 762 million (2) cash inflows from dividends received from jointly-controlled entity in the amount of Baht 724 million (3) cash outflows from currency translation differences of Baht 97 million, and (4) cash inflows from other activities of Baht 172 million.

- Net cash used in financing activities was Baht 2,463 million; mainly consisting of cash paid for finance costs, repayment on short-term and long-term loans, and cash received from short-term loans from financial institutions and related parties.

2. Current Ratio

As of 31 December 2014, current ratio decreased from the end of 2013. Average collection period and average days sales improved as details below:

Liquidity Ratio	2014	2013	2012
Current Ratio (x)	0.33	0.64	0.67
Average Collection Period (Days)	29	31	33
Average Days Sales (Days)	86	101	118

Current Ratio

As of 31 December 2014, current ratio was 0.33x; decreased from 0.64x at the end of 2013 mainly from the falling inventories and loan reclassification in the Group.

Stock Price

The stock's lowest trading price of the Company during the year 2014 was Baht 0.27 per share on 15 December 2014, and the highest trading price was Baht 0.44 per share on 23 June 2014. Average daily trading volume was 56.6 million shares, and average daily trading value was Baht 20 million with average trading price Baht of 0.35 per share. The closing price on the last trading day in 2014 of the Stock Exchange of Thailand on 30 December 2014 was Baht 0.29 per share.

Independent Auditor's Report

To the Shareholders of Sahaviriya Steel Industries Public Company Limited

I have audited the accompanying consolidated and separate financial statements of Sahaviriya Steel Industries Public Company Limited, its subsidiaries, and its jointly-controlled entities (the "Group"), and of Sahaviriya Steel Industries Public Company Limited (the "Company"), respectively, which comprise the consolidated and separate statements of financial position as at 31 December 2014, the consolidated and separate statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated and Separate Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In my opinion, the consolidated and separate financial statements present fairly, in all material respects, the financial position of the Group and the Company, respectively as at 31 December 2014 and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Material Uncertainty Concerning Going Concern Basis of Accounting and Emphasis of Matters

Without qualifying my conclusion in respect of the above financial statements, I draw attention to the following:

a) As disclosed in Notes 2(e) and 13 to the accompanying financial statements, the Group and the Company incurred a net loss during the year ended 31 December 2014 of Baht 4,867 million and Baht 346 million, respectively and, as of that date, the Group's current liabilities exceeded its current assets by Baht 46,668 million and the Company's current liabilities exceeded its current assets by Baht 15,662 million. These conditions, along with other matters as set forth in Notes 2(e) and 13, indicate the existence of a material uncertainty which may cast significant doubt about the Group's and the Company's ability to continue as going concerns. The Group has implemented policies and procedures in an attempt to manage its liquidity risk and other circumstances including obtaining waivers from lenders of breaches of the terms of the loan agreements with financial institutions and rescheduling the repayment of loan principal. As at 31 December 2014, the Group had Baht 813 million of undrawn credit facilities.

Group management is satisfied that the Group and the Company will continue to meet their funding needs for the foreseeable future. The consolidated and separate financial statements have been prepared by Group management on the going concern basis on the assumption that such further capital and facilities are secured to the extent that the Group's and the Company's operations require. The validity of this assumption is, however, dependent on the success of the measures taken to improve profitability and cash flows, the on-going support from the lenders and creditors and the availability of financing from other sources to meet funding requirements which are highly dependent on global commodity price movements.

No adjustments to the classification or carrying value of assets and liabilities have been made in the consolidated and separate financial statements should the Group and the Company not be able to continue as going concerns. If the Group and the Company were unable to continue as a going concern, the realisable value of assets may be significantly less than their current carrying value and additional liabilities will be incurred.

b) As disclosed in Note 4 to the accompanying financial statements, during the year ended 31 December 2014, the Group and the Company sold goods to related companies and jointly-controlled entities in the normal course of business totaling Baht 37,356 million and Baht 22,049 million, respectively, which represented 58% and 68% of the Group's total sales and the Company's total sales, respectively. As at 31 December 2014, the Group's and the Company's outstanding trade accounts receivable from those related parties amounted to Baht 4,570 million and Baht 4,529 million, respectively. Moreover, the Group and the Company purchased goods from related companies in the normal course of business totaling Baht 28,862 million and Baht 17,320 million, respectively, which represented 44% and 57% of the Group's total purchases and the Company's total purchases, respectively.



(Sureerat Thongarunsang)

Certified Public Accountant

Registration No. 4409

Statement of Financial Position

Sahaviriya Steel Industries Public Company Limited, its Subsidiaries and its Jointly-controlled entities

As at 31 December 2014 and 2013

(Unit: in Baht)

Assets	Note	Consolidated financial statements		Separate financial statements	
		31 December		31 December	
		2014	2013	2014	2013
Current assets					
Cash and cash equivalents	5	351,400,815	163,098,186	10,677,858	104,973,281
Trade accounts receivable	4, 6	5,311,902,438	5,108,189,827	4,570,560,879	3,970,782,374
Other accounts receivable from related parties	4	1,310,416,921	2,265,496,613	4,371,762,878	3,169,171,068
Inventories	7	13,628,691,848	17,387,555,837	10,137,418,056	13,100,034,025
Other current assets	4	2,406,515,640	3,230,008,421	299,983,082	295,144,373
Total current assets		23,008,927,662	28,154,348,884	19,390,402,753	20,640,105,121
Non-current assets					
Restricted deposit at financial institution	13	21,288,350	-	-	-
Long-term receivable from a related party	4	-	-	630,756,064	572,895,770
Investments in subsidiaries	8	-	-	27,760,791,887	27,760,791,887
Investments in jointly-controlled entities	9	3,418,594,342	3,839,291,317	3,159,668,346	3,159,668,346
Other long-term investment	10	-	-	-	-
Property, plant and equipment	11	50,513,059,433	52,424,543,309	15,651,585,716	16,211,977,856
Intangible assets		245,303,285	249,476,666	165,148,608	175,347,582
Deferred tax assets	12	32,277,450	3,268,823	-	-
Other non-current assets		53,814,637	55,256,538	7,654,988	7,626,043
Total non-current assets		54,284,337,497	56,571,836,653	47,375,605,609	47,888,307,484
Total assets		77,293,265,159	84,726,185,537	66,766,008,362	68,528,412,605

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

Statement of Financial Position (Continued)

Sahaviriya Steel Industries Public Company Limited, its Subsidiaries and its Jointly-controlled entities

As at 31 December 2014 and 2013

(Unit: in Baht)

Liabilities and equity	Note	Consolidated financial statements		Separate financial statements	
		31 December		31 December	
		2014	2013	2014	2013
Current liabilities					
Bank overdrafts and short-term loans from					
financial institutions and from related parties	13	22,638,350,536	21,888,601,462	11,948,235,312	11,693,813,956
Trade accounts payable	4, 14	10,851,789,915	12,614,249,781	8,235,075,742	8,842,631,570
Other accounts payable from related parties	4	840,549,726	1,568,448,371	34,900,801	72,345,470
Current portion of long-term loans from					
financial institutions	13	6,100,661,218	1,924,003,791	5,736,331,755	1,811,782,920
Long-term borrowings classified as current					
liabilities	13.3	23,572,701,965	-	7,916,544,081	-
Subordinated convertible debentures	13, 17	236,070	-	236,070	-
Current portion of finance lease liabilities	13	54,692,504	49,845,471	-	-
Current portion of hire purchase liabilities	13	6,601,542	6,896,383	4,732,326	5,212,228
Provision for onerous contracts	30	575,188,520	337,508,589	83,048,422	-
Short-term provisions	31	-	7,790,000	-	7,790,000
Income tax payable		1,355,209	3,676,521	-	-
Other current liabilities	15	5,034,991,788	5,642,869,004	1,093,658,055	1,775,552,134
Total current liabilities		69,677,118,993	44,043,889,373	35,052,762,564	24,209,128,278
Non-current liabilities					
Long-term loans from financial institutions	13	-	27,879,310,667	-	12,057,875,635
Subordinated convertible debentures	13, 17	-	149,008	-	149,008
Finance lease liabilities	13	139,626,843	161,062,683	-	-
Hire purchase liabilities	13	3,338,283	6,241,605	2,460,056	4,313,692
Employee benefit obligations	16	195,308,532	161,647,754	146,784,463	115,725,327
Environmental liabilities and others	32	600,563,651	597,841,684	-	-
Deferred tax liabilities	12	1,216,177,430	1,264,733,220	1,142,079,436	1,185,702,812
Other non-current liabilities		1,217,528	1,517,745	823,876	823,875
Total non-current liabilities		2,156,232,267	30,072,504,366	1,292,147,831	13,364,590,349
Total liabilities		71,833,351,260	74,116,393,739	36,344,910,395	37,573,718,627

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

Statement of Financial Position (Continued)

Sahaviriya Steel Industries Public Company Limited, its Subsidiaries and its Jointly-controlled entities

As at 31 December 2014 and 2013

(Unit: in Baht)

Liabilities and equity	Note	Consolidated financial statements		Separate financial statements	
		31 December		31 December	
		2014	2013	2014	2013
Equity					
Share capital	18				
Authorised share capital		39,867,778,559	39,867,778,559	39,867,778,559	39,867,778,559
Issued and paid-up share capital		32,166,258,124	32,166,258,124	32,166,258,124	32,166,258,124
Discount on ordinary shares issuance	18	(5,678,076,131)	(5,678,076,131)	(5,678,076,131)	(5,678,076,131)
Equity distribution from shareholders from repurchase of subordinated convertible debentures	17	366,219,977	366,219,977	366,219,977	366,219,977
Convertible rights	17	24,779	24,779	24,779	24,779
Revaluation surplus					
- The Group		4,315,634,500	4,500,473,668	4,214,781,729	4,389,275,236
- Jointly-controlled entity		99,906,412	104,851,834	-	-
Currency translation differences	19	555,555,387	593,137,611	-	-
Retained earnings (deficit)					
Appropriated					
Legal reserve	19	530,226,819	530,226,819	530,226,819	530,226,819
Unappropriated (deficit)		(27,695,817,978)	(22,789,391,004)	(1,178,337,330)	(819,234,826)
Equity attributable to owners of the Company		4,659,931,889	9,793,725,677	30,421,097,967	30,954,693,978
Non-controlling interests		799,982,010	816,066,121	-	-
Total equity		5,459,913,899	10,609,791,798	30,421,097,967	30,954,693,978
Total liabilities and equity		77,293,265,159	84,726,185,537	66,766,008,362	68,528,412,605

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

Statement of Income

Sahaviriya Steel Industries Public Company Limited, its Subsidiaries and its Jointly-controlled entities

For the year ended 31 December 2014 and 2013

(Unit: in Baht)

	Note	Consolidated financial statements		Separate financial statements	
		For the year ended 31 December		For the year ended 31 December	
		2014	2013	2014	2013
Income					
Revenue from sale of goods	4, 27	64,516,674,520	64,735,191,615	32,316,271,375	45,598,513,188
Revenue from rendering of services	4, 27	759,580,595	651,738,474	65,303,772	-
Gain on sales of investment in jointly-controlled entity	9	-	362,779,468	-	225,118,774
Net foreign exchange gain		43,735,441	-	92,348,370	-
Dividend income	4, 8	-	-	83,399,990	128,849,984
Other income	4	460,539,267	142,576,089	92,089,140	109,765,889
Total income		65,780,529,823	65,892,285,646	32,649,412,647	46,062,247,835
Expenses					
Cost of sale of goods	4, 7	65,274,223,507	69,764,980,902	30,243,022,137	43,034,683,249
Cost of rendering of services	4	691,957,405	485,040,455	49,543,489	-
Selling expenses	4, 21	310,828,008	331,739,832	298,509,013	323,760,988
Administrative expenses	4, 22	1,073,230,499	798,301,839	568,703,352	389,395,530
Management benefit expenses	4, 23	145,065,606	133,151,158	63,171,570	56,710,433
Net foreign exchange loss		-	383,945,425	-	13,978,060
Provision for loss under onerous contracts (reversal)	30	239,256,291	(450,781,952)	83,048,422	-
Finance costs	4, 25	3,240,188,976	3,586,832,743	1,689,684,358	2,034,264,431
Total expenses		70,974,750,292	75,033,210,402	32,995,682,341	45,852,792,691
Share of profit (loss) of equity-accounted investees					
Jointly-controlled entities	9	301,942,389	250,729,794	-	-
Profit (loss) before income tax expense		(4,892,278,080)	(8,890,194,962)	(346,269,694)	209,455,144
Income tax benefits	26	25,445,720	1,907,137,410	-	547,786
Profit (loss) for the year		(4,866,832,360)	(6,983,057,552)	(346,269,694)	210,002,930
Profit (loss) attributable to:					
Owners of the Company		(4,903,027,293)	(7,052,530,181)	(346,269,694)	210,002,930
Non-controlling interests		36,194,933	69,472,629	-	-
Profit (loss) for the year		(4,866,832,360)	(6,983,057,552)	(346,269,694)	210,002,930
Earnings (loss) per share					
Basic earnings (loss) per share	28	(0.15)	(0.24)	(0.01)	0.01
Diluted earnings (loss) per share		(0.15)	(0.24)	(0.01)	0.01

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

Statement of Comprehensive Income

Sahaviriya Steel Industries Public Company Limited, its Subsidiaries and its Jointly-controlled entities

For the year ended 31 December 2014 and 2013

(Unit: in Baht)

	Note	Consolidated financial statements		Separate financial statements	
		For the year ended 31 December		For the year ended 31 December	
		2014	2013	2014	2013
Profit (loss) for the year		(4,866,832,360)	(6,983,057,552)	(346,269,694)	210,002,930
Other comprehensive income					
Foreign currency translation differences for foreign operations		(37,582,224)	370,536,666	-	-
Revaluation of property, plant and equipment	11				
- The Group		-	324,593,031	-	379,255,083
- Jointly-controlled entity		-	159,662,460	-	-
Depreciation on revaluation surplus		(237,111,638)	(360,964,762)	(214,989,900)	(333,931,771)
Defined benefit plan actuarial gains (losses)					
- The Group		(13,387,790)	-	(15,959,792)	-
- Jointly-controlled entity		1,248,172	-	-	-
Income tax on other comprehensive income	26	47,887,951	8,741,850	43,623,376	(8,403,235)
Other comprehensive income for the year		(238,945,529)	502,569,245	(187,326,316)	36,920,077
Total comprehensive income for the year		(5,105,777,889)	(6,480,488,307)	(533,596,010)	246,923,007
Total comprehensive income attributable to:					
Owners of the Company		(5,133,292,650)	(6,517,927,337)	(533,596,010)	246,923,007
Non-controlling interests		27,514,761	37,439,030	-	-
Total comprehensive income for the year		(5,105,777,889)	(6,480,488,307)	(533,596,010)	246,923,007

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

Statement of Changes in Equity

Sahaviriya Steel Industries Public Company Limited, its Subsidiaries and its Jointly-controlled entities
For the year ended 31 December 2014 and 2013

(Unit: in Baht)

Consolidated financial statements

Note	Issued and paid-up share capital	Discount on ordinary shares issuance	Equity distribution from repurchase of subordinated convertible debentures	Convertible rights	Retained earnings (deficit)			Other components of equity			Equity attributable to owners of the Company	Non-controlling interests	Total equity			
					Legal reserve	Unappropriated (deficit)	Currency translation differences	Revaluation surplus		Total other components of equity						
								The Group	Jointly-controlled entity							
Year ended 31 December 2013																
Balance at 1 January 2013	27,080,630,230	(4,050,175,205)	98,073,878	179,317,781	530,226,819	(15,797,759,712)	222,600,945	4,502,659,350	-	4,725,260,295	12,765,574,086	844,275,954	13,609,850,040			
Transactions with owners, recorded directly in equity																
Issue of ordinary shares	7,18	5,085,627,894	-	-	-	-	-	-	-	-	-	-	3,457,726,968			
Repurchase and cancellation of subordinated convertible debentures	17	-	268,146,099	(179,293,002)	-	-	-	-	-	-	88,853,097	-	88,853,097			
Dividends paid to non-controlling interests		-	-	-	-	-	-	-	-	-	-	(66,150,000)	(66,150,000)			
Total transactions with owners, recorded directly in equity		5,085,627,894	268,146,099	(179,293,002)	-	-	-	-	-	-	3,546,580,065	(66,150,000)	3,480,430,065			
Comprehensive income for the year																
Profit (loss)		-	-	-	-	(7,052,530,181)	-	-	-	-	(7,052,530,181)	69,472,629	(6,983,057,552)			
Other comprehensive income (loss)		-	-	-	-	-	370,536,666	4,403,718	159,662,460	534,602,844	534,602,844	(32,033,599)	502,569,245			
Total comprehensive income for the year		-	-	-	-	(7,052,530,181)	370,536,666	4,403,718	159,662,460	534,602,844	(6,517,927,337)	37,439,030	(6,480,488,307)			
Transfer to retained earnings (deficit)																
Write off revalued property, plant and equipment		-	-	-	-	-	-	(6,589,400)	(54,810,626)	(61,400,026)	(501,137)	501,137	-			
Balance at 31 December 2013	32,166,258,124	(5,678,076,131)	366,219,977	24,779	530,226,819	(22,789,391,004)	593,137,611	4,500,473,668	104,851,834	5,198,463,113	9,793,725,677	816,066,121	10,609,791,798			

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

Statement of Changes in Equity (Continued)

Sahaviyaya Steel Industries Public Company Limited, its Subsidiaries and its Jointly-controlled entities
For the year ended 31 December 2014 and 2013

(Unit: in Baht)

Consolidated financial statements

	Issued and paid-up share capital	Discount on ordinary shares issuance	Equity distribution from shareholders from repurchase of subordinated convertible debentures	Convertible rights	Retained earnings (deficit)			Other components of equity			Equity attributable to owners of the Company	Non-controlling interests	Total equity				
					Legal reserve	Unappropriated (deficit)	Currency translation differences	The Group	Jointly-controlled entity	Total other components of equity							
														Revaluation surplus			
Year ended 31 December 2014																	
Balance at 1 January 2014	32,166,258,124	(5,678,076,131)	366,219,977	24,779	530,226,819	(22,789,391,004)	593,137,611	4,500,473,668	104,851,834	5,198,463,113	9,793,725,677	816,066,121	10,609,791,798				
Transactions with owners, recorded directly in equity																	
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(44,100,010)	(44,100,010)				
Total transactions with owners, recorded directly in equity	-	-	-	-	-	-	-	-	-	-	-	(44,100,010)	(44,100,010)				
Comprehensive income for the year																	
Profit (loss)	-	-	-	-	-	(4,903,027,293)	-	-	-	-	(4,903,027,293)	36,194,933	(4,866,832,360)				
Other comprehensive income (loss)	-	-	-	-	-	(12,041,028)	(37,582,224)	(180,642,105)	-	218,224,329	(230,265,357)	(8,680,172)	(238,945,529)				
Total comprehensive income for the year	-	-	-	-	-	(4,915,068,321)	(37,582,224)	(180,642,105)	-	(218,224,329)	(5,133,292,650)	27,514,761	(5,105,777,889)				
Transfer to retained earnings (deficit)																	
Write off revalued property, plant and equipment	-	-	-	-	-	8,641,347	-	(4,197,063)	(4,945,422)	(9,142,485)	(501,138)	501,138	-				
Balance at 31 December 2014	32,166,258,124	(5,678,076,131)	366,219,977	24,779	530,226,819	(27,695,817,978)	555,555,387	4,315,634,500	99,906,412	4,971,096,299	4,659,931,889	799,982,010	5,459,913,899				

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

Statement of Changes in Equity (Continued)

Sahaviriya Steel Industries Public Company Limited, its Subsidiaries and its Jointly-controlled entities
For the year ended 31 December 2014 and 2013

(Unit: in Baht)

Separate financial statements

Note	Issued and paid-up share capital	Discount on ordinary shares issuance	Equity distribution from shareholders from repurchase of subordinated convertible debentures	Convertible rights	Retained earnings (deficit)		Other components of equity		Total equity
					Legal reserve	Unappropriated (deficit)	Revaluation surplus	Total other components of equity	
Year ended 31 December 2013									
Balance at 1 January 2013	27,080,630,230	(4,050,175,205)	98,073,878	179,317,781	530,226,819	(1,034,736,021)	4,357,853,424	4,357,853,424	27,161,190,906
Transactions with owners, recorded directly in equity									
Issuance of subordinated convertible debentures 17	-	-	-	-	-	-	-	-	-
Issue of ordinary share 17, 18	5,085,627,894	(1,627,900,926)	-	-	-	-	-	-	3,457,726,968
Repurchase and cancellation of subordinated convertible debentures 17	-	-	268,146,099	(179,293,002)	-	-	-	-	88,853,097
Total transactions with owners, recorded directly in equity	5,085,627,894	(1,627,900,926)	268,146,099	(179,293,002)	-	-	-	-	3,546,580,065
Comprehensive income for the year									
Loss	-	-	-	-	-	210,002,930	-	-	210,002,930
Other comprehensive income (loss)	-	-	-	-	-	-	36,920,077	36,920,077	36,920,077
Total comprehensive income for the year	-	-	-	-	-	210,002,930	36,920,077	36,920,077	246,923,007
Transfer to retained earnings (deficit)									
Write off revalued property, plant and equipment	-	-	-	-	-	5,498,265	(5,498,265)	(5,498,265)	-
Balance at 31 December 2013	32,166,258,124	(5,678,076,131)	366,219,977	24,779	530,226,819	(819,234,826)	4,389,275,236	4,389,275,236	30,954,693,978

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

Statement of Changes in Equity (Continued)

Sahaviriya Steel Industries Public Company Limited, its Subsidiaries and its Jointly-controlled entities
For the year ended 31 December 2014 and 2013

(Unit: in Baht)

Separate financial statements

	Issued and paid-up share capital	Discount on ordinary shares issuance	Equity distribution from shareholders from repurchase of subordinated convertible debentures	Convertible rights	Retained earnings (deficit)		Other components of equity		Total equity
					Legal reserve	Unappropriated (deficit)	Revaluation surplus	Total other components of equity	
Year ended 31 December 2014									
Balance at 1 January 2014	32,166,258,124	(5,678,076,131)	366,219,977	24,779	530,226,819	(819,234,826)	4,389,275,236	4,389,275,236	30,954,693,978
Comprehensive income for the year									
Loss	-	-	-	-	-	(346,269,694)	-	-	(346,269,694)
Other comprehensive income	-	-	-	-	-	(15,959,792)	(171,366,524)	(171,366,524)	(187,326,316)
Total comprehensive income for the year	-	-	-	-	-	(362,229,486)	(171,366,524)	(171,366,524)	(533,596,010)
Transfer to retained earnings (deficit)									
Write off revalued property, plant and equipment	-	-	-	-	-	3,126,983	(3,126,983)	(3,126,983)	-
Balance at 31 December 2014	32,166,258,124	(5,678,076,131)	366,219,977	24,779	530,226,819	(1,178,337,329)	4,214,781,729	4,214,781,729	30,421,097,968

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

Statement of Cash Flows

Sahaviriya Steel Industries Public Company Limited, its Subsidiaries and its Jointly-controlled entities

For the year ended 31 December 2014 and 2013

(Unit: in Baht)

Note	Consolidated financial statements		Separate financial statements	
	For the year ended 31 December		For the year ended 31 December	
	2014	2013	2014	2013
Cash flows from operating activities				
Profit (loss) for the year	(4,866,832,360)	(6,983,057,552)	(346,269,694)	210,002,930
<i>Adjustments for</i>				
Depreciation and amortisation	2,514,243,736	2,506,053,831	551,031,440	735,416,348
Finance costs	3,240,188,976	3,586,832,743	1,689,684,358	2,034,264,431
Unrealised loss (gain) on exchange rate	(359,079,411)	(687,904,094)	(70,143,648)	180,943,829
Bad debts and doubtful debts expenses (reversal)	42,109,600	(146,309,486)	37,202,812	-
Provision for (reversal of) loss decline in value of inventories	464,307,264	(140,649,895)	454,150,761	(90,168,329)
Employee benefit obligations	24,453,337	19,508,940	17,675,373	11,565,070
Provision for loss under onerous contracts (reversal)	237,679,931	(450,781,952)	83,048,421	-
Loss (gain) on disposal of property, plant and equipment	(17,526,085)	(286,103)	202,291	10,726
Loss on revaluation of property, plant and equipment	-	12,744,833	-	-
Reversal of loss on impairment of property, plant and equipment	-	(1,700,000)	-	-
Reversal of short-term provision	(7,790,000)	(4,045,195)	(7,790,000)	(4,045,195)
Share of profit of jointly-controlled entities (net of income tax)	(301,942,389)	(250,729,795)	-	-
Dividend income	-	-	(83,399,990)	(128,849,984)
Gain on sales of investment in jointly-controlled entity	9	-	(362,779,468)	(225,118,774)
Others	9,273,933	47,959,281	1,001,280	-
Income tax benefits	(25,445,720)	(1,907,137,413)	-	(547,786)
	953,640,812	(4,762,281,325)	2,326,393,404	2,723,473,266

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

Statement of Cash Flows (Continued)

Sahaviriya Steel Industries Public Company Limited, its Subsidiaries and its Jointly-controlled entities

For the year ended 31 December 2014 and 2013

(Unit: in Baht)

	Consolidated financial statements		Separate financial statements	
	For the year ended 31 December		For the year ended 31 December	
	2014	2013	2014	2013
<i>Changes in operating assets and liabilities</i>				
Trade accounts receivable	(565,499,709)	1,299,668,179	(599,778,505)	(118,942,729)
Other accounts receivable from related parties	913,676,880	34,130,690	(1,165,327,495)	(2,959,500,314)
Inventories	3,293,578,074	4,367,736,821	2,508,465,207	3,291,041,973
Other current assets	1,148,068,513	(1,817,785,234)	(1,537,424)	197,587,359
Long-term receivable from related party	-	-	(30,294,570)	4,438,725
Other non-current assets	1,441,901	3,379,784	(28,944)	(385,927)
Trade accounts payable	(913,251,624)	761,339,650	(700,694,248)	(870,405,234)
Other accounts payable to related parties	(1,294,367,981)	1,748,044,240	(37,444,668)	(95,390,399)
Other current liabilities	(931,476,012)	(177,144,849)	(685,607,676)	798,334,256
Employee benefit obligations paid	(4,180,349)	(6,966,835)	(2,576,029)	(5,782,535)
Other non-current liabilities	(300,215)	(325,713)	-	2,309,829
Income tax paid	(6,563,899)	(26,148,462)	(7,902,801)	(4,793,249)
Net cash provided by operating activities	2,594,766,391	1,423,646,946	1,603,666,251	2,961,985,021
<i>Cash flows from investing activities</i>				
Invest in subsidiary	-	-	-	(3,680,515,551)
Proceeds from sale of investment in jointly-controlled entity	-	1,568,247,452	-	1,568,247,452
Restricted deposits at financial institution	(21,288,350)	-	-	-
Purchases of property, plant and equipment	(740,129,104)	(750,627,394)	(103,484,986)	(108,138,259)
Purchases of intangible assets	(22,024,372)	(144,619,447)	(13,886,294)	(102,902,704)
Sales of property, plant and equipment	154,679,373	541,633	46,729	462,194
Machines and equipment acquired by means of finance lease	38,840,888	-	-	-
Dividend income	723,887,536	-	83,399,990	128,849,984
Currency translation differences	(97,402,121)	(842,054,654)	-	-
Net cash provided by (used in) investing activities	36,563,850	(168,512,410)	(33,924,561)	(2,193,996,884)

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

Statement of Cash Flows (Continued)

Sahaviriya Steel Industries Public Company Limited, its Subsidiaries and its Jointly-controlled entities

For the year ended 31 December 2014 and 2013

(Unit: in Baht)

Note	Consolidated financial statements		Separate financial statements	
	For the year ended 31 December		For the year ended 31 December	
	2014	2013	2014	2013
Cash flows from financing activities				
Proceeds from issuance of ordinary shares	-	3,458,226,968	-	3,458,226,968
Transaction costs from issuance of ordinary shares	-	(500,000)	-	(500,000)
Finance cost paid	(2,900,139,035)	(3,705,550,841)	(1,683,088,585)	(2,099,912,978)
Increase in short-term loans				
from financial institutions	352,247,343	1,066,268,051	212,961,356	57,900,409
Proceeds from short-term loans				
from related parties	4 547,367,939	-	239,460,000	-
Repayment of short-term loans				
from related parties	4 (123,000,000)	-	(198,000,000)	-
Proceeds from long-term loans	13 -	156,805,770	-	-
Repayment of long-term loans	13 (235,523,400)	(964,169,723)	(229,523,400)	(905,733,600)
Hire purchase and finance lease payments	(60,008,601)	(55,404,350)	(5,846,484)	(5,878,406)
Repurchase of subordinated convertible debenture	-	(1,228,566,000)	-	(1,228,566,000)
Dividends paid	(44,100,000)	(66,150,000)	-	-
Net cash used in financing activities	(2,463,155,754)	(1,339,040,125)	(1,664,037,113)	(724,463,607)
Net increase (decrease) in cash and cash equivalents	168,174,487	(83,905,589)	(94,295,423)	43,524,530
Effect of exchange rate changes on balance held in foreign currency	20,128,142	4,865,997	-	-
Cash and cash equivalents at 1 January	163,098,186	242,137,778	104,973,281	61,448,751
Cash and cash equivalents at 31 December	5 351,400,815	163,098,186	10,677,858	104,973,281

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

Statement of Cash Flows (Continued)

Sahaviriya Steel Industries Public Company Limited, its Subsidiaries and its Jointly-controlled entities

For the year ended 31 December 2014 and 2013

(Unit: in Baht)

	Consolidated financial statements		Separate financial statements	
	For the year ended 31 December		For the year ended 31 December	
	2014	2013	2014	2013
Significant non-cash transactions				
Assets acquired under hire purchase and finance lease agreements	43,501,497	13,320,376	3,512,945	8,786,520
Other payable for purchases of property, plant and equipment	1,547,999	13,186,150	1,426,433	11,267,774
Rescheduling of repayments from short-term loans from financial institutions to long-term loans from financial institutions	-	4,486,369,435	-	4,486,369,435
Exercise of conversion right to convert subordinated convertible debentures to be ordinary shares	-	268,147,498	-	268,147,498
Rescheduling of repayments from current portion of long-term loans from financial institutions to long-term loans from financial institutions	-	2,167,096,999	-	-

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

Notes to the Financial Statements

Sahaviriya Steel Industries Public Company Limited, its Subsidiaries and its Jointly-controlled entities

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Notes to the Financial Statements

Sahaviriya Steel Industries Public Company Limited, its Subsidiaries and its Jointly-controlled entities

These notes form an integral part of the financial statements.

The financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorised for issue by the Board of Directors on 27 February 2015.

1. General information

Sahaviriya Steel Industries Public Company Limited (the “Company”), is incorporated in Thailand and has its registered office at 28/1 Prapawit Building, 2nd - 3rd Floor, Surasak Road, Kwang Silom, Khet Bangrak, Bangkok, Thailand and its plant located at 9, Moo 7, Tambon Mae Ramphueng, Amphoe Bangsaphan, Prachuap Khiri Khan, Thailand. The Company, its subsidiaries and its jointly-controlled entities are hereinafter collectively referred to as “the Group”.

The Company was listed on the Stock Exchange of Thailand in September 1994.

The Company’s major shareholders during the financial year were Sahaviriya Group Corporation Limited (22.76% shareholding, incorporated in Thailand), Vanoment Holding AG (19.71% shareholding, incorporated in Switzerland) and Sahaviriya Inter Steel Holdings Co., Ltd. (8.13% shareholding, incorporated in Thailand).

The principal businesses of the Company are manufacturing and distributing of hot rolled coils. Details of the Company’s subsidiaries and jointly-controlled entities as at 31 December 2014 and 2013 are given in Notes 8 and 9.

2. Basis of preparation of the financial statements

(a) Statement of compliance

The financial statements are prepared in accordance with Thai Financial Reporting Standards (TFRS); guidelines promulgated by the Federation of Accounting Professions (“FAP”), and applicable rules and regulations of the Thai Securities and Exchange Commission.

The FAP has issued the following new and revised TFRS relevant to the Group’s operations and effective for accounting periods beginning on or after 1 January 2014:

TFRS	Topic
TAS 1 (revised 2012)	Presentation of Financial Statements
TAS 7 (revised 2012)	Statement of Cash Flows
TAS 12 (revised 2012)	Income Taxes
TAS 17 (revised 2012)	Leases
TAS 18 (revised 2012)	Revenue
TAS 19 (revised 2012)	Employee Benefits

TFRS	Topic
TAS 21 (revised 2012)	The Effects of Changes in Foreign Exchange Rates
TAS 24 (revised 2012)	Related Party Disclosures
TAS 28 (revised 2012)	Investments in Associates
TAS 31 (revised 2012)	Interests in Joint Ventures
TAS 34 (revised 2012)	Interim Financial Reporting
TAS 36 (revised 2012)	Impairment of Assets
TAS 38 (revised 2012)	Intangible Assets
TFRS 3 (revised 2012)	Business Combinations
TFRS 5 (revised 2012)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 8 (revised 2012)	Operating Segments
TFRIC 4	Determining Whether an Arrangement Contains a Lease
TFRIC 10	Interim Financial Reporting and Impairment
TIC 15	Operating Leases-Incentives
TIC 27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease

The adoption of these new and revised TFRS has resulted in changes in the Group's accounting policies. These changes have no material effect on the financial statements.

In addition to the above new and revised TFRS, the FAP has issued a number of other new and revised TFRS which are effective for financial statements beginning on or after 1 January 2015 and have not been adopted in the preparation of these financial statements. Those new and revised TFRS that are relevant to the Group's operations are disclosed in Note 34.

(b) Basic of measurement

The financial statements have been prepared on the historical cost basis except for the following material items in the statements of financial position:

- Assets classified as held for sale are measured at the lower amount by compare between carrying value and fair value less cost to sell
- Land, building and machinery are stated at fair value.

(c) Presentation currency

The financial statements are prepared and presented in Thai Baht which is the Company's functional currency. All financial information presented in Thai Baht has been rounded in the notes to the financial statements to the nearest thousand unless otherwise stated.

(d) Use of estimates and judgements

The preparation of financial statements in conformity with TFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which estimates are revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements is included in the following notes:

Notes 3 (t) and 12	Current and deferred taxation
Notes 8, 9 and 11	Calculation of recoverable amount and significant assumption
Note 16	Measurement of defined benefit obligations
Note 29	Valuation of financial instruments
Note 31	Contingent liabilities

(e) Current operations

On 24 March 2011, Sahaviriya Steel Industries UK Limited ("SSI UK"), which is a subsidiary of the Company, completed the acquisition of SSI Teesside (formerly known as Teesside Cast Products) business, comprising of tangible assets, from Tata Steel UK Limited for USD 684 million (Baht 20,487 million). The Company and SSI UK entered into various loan agreements to fund the acquisition and to support the revised restarted plan. At the acquisition date, the Teesside plant had been mothballed since 2010. On 18 April 2012, SSI Teesside successfully restarted steel production although behind the original target restart date. Global commodity prices in general declined significantly since 2012 and fluctuated during 2013 to 2014. This has significantly affected the operations of the Company and Group. The completion of the acquisition, the delays of the restart date and the price movements significantly impacted and continue to impact the Group's liquidity and financial performance.

During the year ended 31 December 2014, the Group incurred a net loss of Baht 4,867 million (2013: Baht 7,346 million, excluding the gain on sale of investment in jointly-controlled entity of Baht 363 million) and, as of that date, the Group's current liabilities exceeded current assets by Baht 46,668 million (2013: Baht 15,890 million) and the Company's current liabilities exceeded its current assets by Baht 15,662 million (2013: Baht 3,569 million).

Such circumstances indicate the existence of a material uncertainty which may cast significant doubt about the Group's and the Company's ability to continue as a going concern. The Group has implemented policies and procedures in an attempt to manage its liquidity risk and other circumstances including obtaining the lenders' waiver of breaches of the terms of the loan agreements with financial institutions and rescheduling the repayment of loan principal. As at 31 December 2014, the Group had Baht 813 million of undrawn credit facilities.

Nevertheless, the Group and the Company have adopted the going concern basis in the preparation of these consolidated and separate financial statements based on the following:

During the year 2012 and 2013, (1) SSI UK obtained USD 75 million (Baht 2,312 million) of additional funding from Sahaviriya Inter Steel Holdings Limited ("SISH") (a related party) and USD 190 million (Baht 5,857 million) of additional funding from the Group's bankers (USD 90 million capital expenditure loan for Blast Furnace and USD 100 million short-term loan), detailed in Note 13 and (2) the Company successfully offered and issued subordinated convertible debentures of Baht 2,250 million. In this regard, the Group's management announced the plan to increase the Company's capital and implement the Comprehensive Financial Plan to strengthen the Group's long-term financial sustainability. The plan consists of additional fund raising from its shareholders and other investors and amendment of the existing loan conditions to be consistent with the economic situation, industry and long-term business operations of the Group.

During 2013, the Group has taken various actions to implement the above plan whereby:

- (1) the Company converted its advance payment for purchase of goods, paid to SSI UK, of USD 125 million into newly-issued ordinary shares in SSI UK;
- (2) the Company repurchased and cancelled the subordinated convertible debentures of the Company from Vanomet AG of 600,000 units using the proceeds from capital injection from SISH;
- (3) the Company injected equity into SSI UK for the repayment of the subordinated loans lent by SISH to SSI UK including its accrued interest of USD 32.6 million;
- (4) the Company has reached the conclusion on loan rescheduling with all working capital and long-term lenders;
- (5) the Company allocated its share capital to Vanomet, the existing shareholders and private placement totaling Baht 13,919 million;
- (6) the loan repayment rescheduling of SSI UK has been completed for extending repayment for another 1 - 3 years and with no loan repayment until December 2014; and
- (7) Exploring more overseas markets, while local market demand is considered limited.

In 2013, the Company breached the repayment of debt due in December 2013 of Baht 136 million which breach was waived by the creditors. During 2014, the Company also breached the repayment of debt due in December 2014 totaling Baht 56 million. In addition to this, SSI UK breached the repayment of principal and interest due in 2014 totaling USD 9.5 million. However, the breach of the repayment of principal of SSI UK was waived in December 2014. Subsequently in February 2015, SSI UK had paid USD 5.5 million in respect of the interest that was due and payable in November 2014, and the breaches of loan covenants have been waived.

Group management is satisfied that the Group and the Company will continue to meet their funding needs for the foreseeable future. The consolidated and separate financial statements have been prepared by Group management on the going concern basis on the assumption that such further capital and facilities are secured to the extent that the Group's operations and the Company's operations require. The validity of this assumption is, however, dependent on the success of the measures taken to improve profitability and cash flows, the on-going support from the lenders and creditors and the availability of financing from other resources to meet funding requirements, which are highly dependent on global commodity price movements.

The Group intends to maintain its strong business relationship with its bankers, business partners and trade creditors to maintain their continuing support including engaging in active discussions to keep them apprised of the Group's performance, financial position and outlook.

The outcome of the uncertainty described above may affect the ultimate recovery of the carrying value of the investment in SSI UK (Baht 27,482 million) and possible loss to be incurred from any cross guarantees given by SSI TH and SSI UK in the separate financial statements, the carrying amounts of the SSI Teesside operating assets (Baht 42,025 million) included in the consolidated financial statements of the Group at 31 December 2014 and the liquidity and cash flows of the Group for all financial commitments. No adjustments to the classification or carrying value of assets and liabilities have been made in the consolidated and separate financial statements should the Group and the Company not be able to continue as going concerns. If the Group and the Company were unable to continue as a going concern, the realisable value of assets may be significantly less than their current carrying value and additional liabilities will be incurred.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) *Basis of consolidation*

The consolidated financial statements relate to the Company, its subsidiaries and jointly-controlled entities (together referred to as the "Group") and the Group's interests in jointly-controlled entities.

Business combinations

The Group applies the acquisition method for all business combinations other than those with entities under common control.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable. The acquisition date is the date on which control is transferred to the acquirer. Judgement is applied in determining the acquisition date and determining whether control is transferred from one party to another.

Goodwill is measured as the fair value of the consideration transferred including the recognised amount of any non-controlling interest in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date.

Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the Group to the previous owners of the acquiree, and equity interests issued by the Group. Consideration transferred also includes the fair value of any contingent consideration and share-based payment awards of the acquiree that are replaced mandatorily in the business combination. If a business combination results in the termination of pre-existing relationships between the Group and the acquiree, then the lower of the termination amount, as contained in the agreement, and the value of the off-market element is deducted from the consideration transferred and recognised in other expenses.

When share-based payment awards exchanged (replacement awards) for awards held by the acquiree's employees (acquiree's awards) relate to past services, then a part of the market-based measure of the awards replaced is included in the consideration transferred. If they require future services, then the difference between the amount included in consideration transferred and the market-based measure of the replacement awards is treated as post-combination compensation cost.

A contingent liability of the acquiree is assumed in a business combination only if such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably.

The Group measures any non-controlling interest at its proportionate interest in the identifiable net assets of the acquiree.

Transaction costs that the Group incurs in connection with a business combination, such as legal fees, and other professional and consulting fees are expensed as incurred.

Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the Group. Losses applicable to non-controlling interests in a subsidiary are allocated to non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Jointly-controlled entities

Jointly-controlled entities are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions.

Investments in jointly-controlled entities are accounted for in the consolidated financial statements using the equity method (equity-accounted investees) and are recognised initially at cost. The cost of the investment includes transaction costs.

The consolidated financial statements include the Group's share of profit or loss and other comprehensive income of equity accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses exceeds its interest in an equity accounted investee, the Group's carrying amount of that interest is reduced to zero and recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with jointly-controlled entities are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the exchange rates of the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency using the foreign exchange rates ruling at that dates of the transactions. Foreign exchange differences arising on retranslation are recognised in profit or loss.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to the functional currency at foreign exchange rates ruling at the dates of the transactions.

Foreign operations

The assets and liabilities of foreign operations are translated to Thai Baht at the foreign exchange rates ruling at the reporting date.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are stated at exchange rates ruling on transaction dates.

The revenues and expenses of foreign operations are translated to Thai Baht at rates approximating the foreign exchange rates ruling at the dates of the transactions.

Foreign exchange differences arising on translation are recognised in other comprehensive income and presented in the foreign currency translation reserve in equity until disposal of the investment.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and presented in the foreign currency translation reserve in equity until disposal of the investment.

(c) Derivative financial instruments

Derivative financial instruments are used to manage exposure to foreign exchange, interest rate and commodity price risks arising from operational, financing and investment activities. Derivative financial instruments are not used for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Hedge of future foreign currency transactions

Gains and losses from forward exchange contracts and currency swaps used to hedge anticipated future currency transactions are deferred until the forecasted transaction occurs. Where the hedged item is a recognised asset or liability, it is translated at the contracted forward rates.

Foreign currency assets and liabilities hedged by forward exchange contracts are translated to Thai Baht at the contracted forward exchange rates.

Hedge of interest rates

Interest differentials under swap arrangements are accrued and recorded as adjustments to the interest expense relating to the hedged loans. For interest rate forward contracts, the amounts received or paid on cash settlements, representing the gain or loss, are deferred and recognised over the life of the underlying monetary asset or liability as an adjustment to interest income or expense. For purchased interest rate options, the premiums paid are included in the statement of financial position under other assets or other liabilities. The premiums are amortised to interest income or expense over the life of the agreements.

(d) Cash and cash equivalents

Cash and cash equivalents in the statements of cash flows comprise cash balances, call deposits and highly liquid short-term investments. Bank overdrafts that are repayable on demand are a component of financing activities for the purpose of the statement of cash flows.

(e) Trade and other accounts receivable

Trade and other accounts receivable are stated at their invoice value less allowance for doubtful accounts.

The allowance for doubtful accounts is assessed primarily on analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred.

(f) Inventories

Inventories are measured at the lower of cost and net realisable value.

Cost of slab raw materials are calculated using the weighted average cost principle. Cost of ore materials are calculated using the first-in, first-out principles. Finished goods and rolls that are part of consumable goods are calculated using the specific method and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured inventories and work-in-progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs to complete and to make the sale.

(g) Non-current assets held for sale

Non-current assets (or disposal groups comprising assets and liabilities) that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale. The assets (or disposal group) are measured at the lower of their carrying value and fair value less cost to sell. Any impairment loss on a disposal group

is first allocated to goodwill, and then to remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories and financial assets. Impairment losses on initial classification as held for sale and subsequent gains and losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

(h) Investments

Investments in subsidiaries and jointly-controlled entities

Investments in subsidiaries and jointly-controlled entities in the separate financial statements of the Company are accounted for using the cost method. Investments in jointly-controlled entities in the consolidated financial statements are accounted for using the equity method.

Disposal of investments

On disposal of an investment, the difference between net disposal proceeds and the carrying amount together with the associated cumulative gain or loss that was reported in equity is recognised in profit or loss.

If the Group disposes of part of its holding of a particular investment, the deemed cost of the part sold is determined using the weighted average method applied to the carrying value of the total holding of the investment.

(i) Finance lease

The Group entered into sale and lease back agreements for certain machinery and equipment, resulting in a finance lease. Excess of sales proceeds over the carrying amount is not immediately recognised as income. Instead it is deferred and amortised over the lease term.

The Group recognised finance leases as assets and liabilities in the statement of financial position at amounts equal at the inception of the lease to the fair value of the leased property. Lease payments are apportioned between the finance charge and the reduction of the outstanding liabilities. The finance charged is allocated to the periods during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

(j) Property, plant and equipment

Recognition and measurement

Owned assets

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses except for land, building and machinery which are stated at their revalued amounts.

The revalued amount is the fair value determined on the basis of the property's existing use at the date of revaluation less any subsequent accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Cost also may include transfers from other comprehensive income of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains or losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within other income in profit or loss. When revalued assets are sold, the amounts included in the revaluation reserve are transferred to retained earnings.

Leased assets

Leases in terms of which the Group substantially assumes all the risk and rewards of ownership are classified as finance leases. Property, plant and equipment acquired by way of finance leases is capitalised at the lower of its fair value and the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and impairment losses. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the profit or loss.

Revalued assets

Revaluations are performed by independent professional valuers with sufficient regularity to ensure that the carrying amount of these assets does not differ materially from that which would be determined using fair values at the reporting date.

Any increase in value, on revaluation, is recognised in other comprehensive income and presented in the revaluation reserve in equity unless it offsets a previous decrease in value recognised in profit or loss in respect of the same asset. A decrease in value is recognised in profit or loss to the extent it exceeds an increase previously recognised in other comprehensive income in respect of the same asset. The revaluation surplus is utilised by reference to the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost and transferred directly to equity for revalued assets acquired before the FAP's announcement of 1 January 2011. For revalued assets acquired since 1 January 2011, the difference transferred directly to retained earnings. Upon disposal of a revalued asset, any remaining related revaluation surplus is transferred directly to retained earnings and is not taken into account in calculating the gain or loss on disposal.

Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is calculated based on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is based on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. The estimated useful lives are as follows:

Land improvements	5 years
Leasehold and leasehold improvements	5 and 10 years
Buildings and building improvements	20 years
Machinery, tools and equipment	
- in production line	The unit of production
- in coke production line	20 years
- in steel making line	20 years
- in service line	5 - 10 years
- other tools and equipment	3 - 10 years
Furniture, fixtures and office equipment	5 - 10 years
Vehicles	5 years
Roads	5, 20 and 27 years
Berth and berth facilities	5 and 30 years
Tug boats	5 - 17 years
Customs cargo warehouse	5 years

Depreciation is charged to profit or loss (depreciation related to revalued assets acquired before 1 January 2011 is calculated based on the asset's original cost while based on the revalued carrying amount of the asset for revalued assets acquired since 1 January 2011).

No depreciation is provided on freehold land or assets under construction and installation.

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(k) Intangible assets

Intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Amortisation

Amortisation is based on the cost of the asset, or other amount substituted for cost, less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives for the current and comparative periods are as follows:

Software licenses	3 - 10 years
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Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(l) Impairment

The carrying amounts of the Group's assets or its cash-generating unit are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. For goodwill and intangible assets that have indefinite useful lives or are not yet available for use, the recoverable amount is estimated each year at the same time.

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. The impairment loss is recognised in profit or loss unless it reverses a previous revaluation credited to equity, in which case it is charged to equity.

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the value of the asset is impaired, the cumulative loss that had been recognised directly in equity is recognised in profit or loss even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss.

Calculation of recoverable amount

The recoverable amount of held-to-maturity securities and receivables carried at amortised cost is calculated as the present value of the estimated future cash flows discounted at the original effective interest rate. Receivables with a short duration are not discounted.

The recoverable amount of available-for-sale financial assets is calculated by reference to the fair value.

The recoverable amount of a non-financial asset is the greater of the asset's value in use and fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of impairment

An impairment loss in respect of a financial asset is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised in profit or loss. For financial assets carried at amortised cost and available-for-sale financial assets that are debt securities, the reversal is recognised in profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognised in other comprehensive income.

Impairment losses recognised in prior periods in respect of other non-financial assets are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(m) Interest-bearing liabilities

Interest-bearing liabilities are recognised initially at fair value less attributable transaction charges. Subsequent to initial recognition, interest-bearing liabilities are stated at amortised cost with any difference between cost and redemption value being recognised in profit or loss over the period of the borrowings on an effective interest basis.

(n) *Trade and other accounts payable*

Trade and other accounts payable are stated at cost.

(o) *Employee benefits*

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognised past service costs and the fair value of any plan assets are deducted. The discount rate is the yield at the reporting date on AA credit-rated bonds that have maturity dates approximating the terms of the Group's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

The calculation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Group, the recognised asset is limited to the total of any unrecognised past service costs and the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Group. An economic benefit is available to the Group if it is realisable during the life of the plan, or on settlement of the plan liabilities.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised in profit or loss on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in profit or loss.

The Group recognises all actuarial gains and losses arising from defined benefit plans in other comprehensive income and all expenses related to defined benefit plans in profit or loss.

Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits other than pension plans is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is the yield at the reporting date on AA credit-rated bonds that have maturity dates approximating the terms of the Group's obligations. The calculation is performed using the projected unit credit method. Any actuarial gains and losses are recognised in profit or loss in the period in which they arise.

Termination benefits

Termination benefits are recognised as an expense when the Group is committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Group has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting period, then they are discounted to their present value.

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(p) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

Environmental liabilities

The Group has provided environmental liabilities related to site restoration and related restore existing damage in accordance with the Group's policy and applicable legal requirements.

Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting the Group's obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

(q) Revenue

Revenue excludes value added taxes and is arrived at after deduction of trade discounts and volume rebates.

Sale of goods and services rendered

Revenue is recognised in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there is continuing management involvement with the goods or there are significant uncertainties regarding recovery of the consideration due, associated costs or the probable return of goods. Service income is recognised as services are provided.

Dividend income

Dividend income is recognised in profit or loss on the date the Group's right to receive payments is established.

Interest and other income

Interest and other income is recognised in profit or loss as it accrues.

Commissions

When the Group acts in the capacity of an agent rather than as the principal in a transaction, the revenue recognised is the net amount of commission earned by the Group.

(r) Finance costs

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions and contingent consideration, losses on disposal of available-for-sale financial assets, fair value losses on financial assets at fair value through profit or loss, impairment losses recognised on financial assets (other than trade receivables), and losses on hedging instruments that are recognised in profit or loss.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

(s) Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Determining whether an arrangement contains a lease

At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease. A specific asset is the subject of a lease if fulfilment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the Group the right to control the use of the underlying asset.

At inception or upon reassessment of the arrangement, the Group separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Group's incremental borrowing rate.

(t) Income tax

Income tax on the profit or loss for the year comprises current tax. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill; the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and differences relating to investments in subsidiaries and jointly-controlled entities to the extent that it is probable that they will not reverse in the foreseeable future.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(u) Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

(v) Segment reporting

Segment results that are reported to the Group's CEO (the chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

4. Related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Relationships with subsidiaries and jointly-controlled entities are described in Notes 8 and 9. Relationship with key management and other related parties were as follows:

Name of entities	Country of incorporation/ nationality	Nature of relationships
Sahaviriya Group Corporation Limited	Thailand	Major shareholder, 22.76% shareholding and direct and indirect shareholding by the Company's director(s)
Vanomet Holding AG	Switzerland	Major shareholder, 19.71% shareholding and common director with a subsidiary
Sahaviriya Inter Steel Holdings Co., Ltd.	Thailand	Major shareholder, 8.13% shareholding and common directors and direct and indirect shareholding by the Company's director(s)
Thai Coated Steel Sheet Co., Ltd.	Thailand	Shareholding by the Company and common directors
Bangsaphan Barmill Public Company Limited	Thailand	Common directors and direct and indirect shareholding by the Company's director(s)
B.S. Metal Co., Ltd.	Thailand	Common directors and direct and indirect shareholding by the Company's director(s)
Sahaviriya Plate Mill Public Company Limited	Thailand	Common directors and direct and indirect shareholding by the Company's director(s)
Prapawit Building Property Co., Ltd.	Thailand	Common directors and direct and indirect shareholding by the Company's director(s)
Western Housing Co., Ltd.	Thailand	Common directors and direct shareholding by the Company's director(s)
Sahaviriya Steel Group Co., Ltd.	Thailand	Common directors and direct and indirect shareholding by the Company's director(s)
C.A.R. Services Co., Ltd.	Thailand	The direct and indirect shareholding by the Company's director(s)
Sahaviriya Panich International Co., Ltd.	Thailand	Common directors and direct and indirect shareholding by the Company's director(s)

Name of entities	Country of incorporation/ nationality	Nature of relationships
Line Transport Co., Ltd.	Thailand	Common directors with the subsidiary and direct and indirect shareholding by the Company's director(s)
Saha Special Steel Co., Ltd.	Thailand	The direct and indirect shareholding by the Company director(s)
Bangpakong Lighter Co., Ltd.	Thailand	Common directors and direct and indirect shareholding by the Company's director(s)
Bangpakong Port Co., Ltd.	Thailand	Common directors and direct and indirect shareholding by the Company's director(s)
ABC Trading Co., Ltd. (formerly Prachuap Bangsaparn Co., Ltd.)	Thailand	Indirect shareholding by the Company director(s)
Sahaviriya Iron and Steel Co., Ltd.	Thailand	Common directors and direct and indirect shareholding by the Company's director(s)
Thai Steel Sales Co., Ltd.	Thailand	Common directors and direct and indirect shareholding by the Company's director(s)
Prachuap Pattana Development Co., Ltd.	Thailand	Common directors and direct and indirect shareholding by the Company's director(s)
Bangpakong Karnyotha Co., Ltd.	Thailand	Indirect shareholding by the Company director(s)
Saha Logistics Holdings Co., Ltd.	Thailand	Common shareholder and directors and direct and indirect shareholding by the Company's director(s)
Sahaviriya Shipping Limited	Hong Kong	Common shareholder and directors and direct and indirect shareholding by the Company's director(s)
Sahaviriya Shipping UK Limited	United Kingdom	Common shareholder and directors and indirect shareholding by the Company's director(s)
Vanomet AG	Switzerland	Common shareholder and common director with a subsidiary
Vanomet Finance AG	Switzerland	Common shareholder and common director with a subsidiary
Vanomet International AG	Switzerland	Common shareholder and common director with a subsidiary
Vanomet Asia AG	Switzerland	Common shareholder and common director with a subsidiary

Name of entities	Country of incorporation/ nationality	Nature of relationships
Atlantic Steel AG	Switzerland	Common shareholder and common director with a subsidiary
Saha Bangpakong Steel Co., Ltd.	Thailand	Common directors and direct and indirect shareholding by the Company's director(s)
Saha Steel Process Holdings Co., Ltd.	Thailand	Common directors and direct and indirect shareholding by the Company's director(s)
Sahaviriya Capital Holdings Co., Ltd.	Thailand	Common directors and direct and indirect shareholding by the Company's director(s)
Bangna 26 Property Co., Ltd.	Thailand	Common directors and direct and indirect shareholding by the Company's director(s)
Sahaviriya Panich Co., Ltd.	Thailand	Common directors and direct shareholding by the Company's director(s)
KP Captial Co., Ltd.	Thailand	Common directors and direct and indirect shareholding by the Company's director(s)
Pichai Agriculture & Land Co., Ltd.	Thailand	Common directors and direct shareholding by the Company's director(s)
Saha Long Steel Holding Co., Ltd.	Thailand	Common directors and direct and indirect shareholding by the Company's director(s)
Sahaviriya Credit Foncier Co., Ltd.	Thailand	Common directors and direct shareholding by the Company's director(s)
Sahaviriya Orchid Co., Ltd.	Thailand	Common directors and direct and indirect shareholding by the Company's director(s)
Surasak Muang-Chol Property Co., Ltd.	Thailand	Common directors and direct and indirect shareholding by the Company's director(s)
Bangsaphan Steel Trading Co., Ltd.	Thailand	Common directors and direct shareholding by the Company's director(s)
C B S Consultant Co., Ltd.	Thailand	Common directors and direct shareholding by the Company's director(s)
SMI Trading Co., Ltd.	Thailand	Common directors and direct and indirect shareholding by the Company's director(s)
SMI Product Co., Ltd.	Thailand	Common directors and direct and indirect shareholding by the Company's director(s)
SST Bangpakong Co., Ltd.	Thailand	Common directors and direct and indirect shareholding by the Company's director(s)

Name of entities	Country of incorporation/ nationality	Nature of relationships
Tong Real Estate Co., Ltd.	Thailand	Common directors and direct and indirect shareholding by the Company's director(s)
Krisna Residence Co., Ltd.	Thailand	Common directors and direct and indirect shareholding by the Company's director(s)
Growth Water Woods Co., Ltd.	Thailand	Common directors and direct and indirect shareholding by the Company's director(s)
Chonglom Property Co., Ltd.	Thailand	Common directors and direct and indirect shareholding by the Company's director(s)
Chumphontanee Property Co., Ltd.	Thailand	Common directors and direct and indirect shareholding by the Company's director(s)
Soi Hiland Property Co., Ltd.	Thailand	Common directors and direct and indirect shareholding by the Company's director(s)
Larn Pharam 3 Property Co., Ltd.	Thailand	Common directors and direct and indirect shareholding by the Company's director(s)
North-South Sathorn Property Co., Ltd.	Thailand	Common directors and direct and indirect shareholding by the Company's director(s)
Prachuap Steel Co., Ltd.	Thailand	Common directors and indirect shareholding by the Company's director(s)
Pomprachul Steel Co., Ltd.	Thailand	Common directors and indirect shareholding by the Company's director(s)
Saha H-Beem Co., Ltd.	Thailand	Common directors and indirect shareholding by the Company's director(s)
Saha Panich Holding Co., Ltd.	Thailand	Common directors and direct and indirect shareholding by the Company's director(s)
SSP Access Co., Ltd.	Thailand	Common directors and direct and indirect shareholding by the Company's director(s)
SV Nittan Co., Ltd.	Thailand	Common directors and indirect shareholding by the Company's director(s)
Key management personnel	Thailand	Persons having authority and responsibility for planning directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the Group.

The pricing policies for particular types of transactions are explained further below:

	Transactions of the Company with subsidiary companies and jointly-controlled entities	Transactions with related companies
Sale of goods	Third party pricing used, dependent on volume and relevant market considerations.	Third party pricing used, dependent on volume and relevant market considerations.
Rendering of port services	Port services rendered are charged based on Ministry of Transportation-determined rates, dependent on service volume and relevant market considerations.	Port services rendered are charged based on Ministry of Transportation-determined rates, dependent on service volume and relevant market considerations.
Rendering of other services	Charges for rendering of services and maintenance-related services are based on agreements and common credit term.	Charges for rendering of services and maintenance-related services are based on agreements and common credit term.
Dividend income	Right to receive dividends	Right to receive dividends.
Other income	Sales of scrap material are priced based on scrap weight and the prices set by the Company.	Sales of scrap material are priced based on scrap weight and the prices set by the Company.
Purchase of goods	Revenue from providing management staff to subsidiaries and jointly-controlled entities are based on agreements. Purchases of goods for production are based on third party prices under terms and conditions normally applicable to similar transactions. Certain purchases of steel slab between the company and subsidiaries are based on the agreed price formula. Purchases of rolls are changed on agreed prices.	Revenue from providing management staff to related parties are based on agreements. Purchases of raw material for production are based on market price.

Transactions of the Company with subsidiary companies and jointly-controlled entities

Receiving of other services

Maintenance-related services are charged based on long-term maintenance service agreements. The term of the agreement can be modified according to business circumstances.

Receiving of port services

Port services rendered are charged based on Ministry of Transportation-determined rates, dependent on service volume and relevant market considerations.

Selling and administrative expense

Port services rendered are charged based on Ministry of Transportation-determined rates, dependent on service volume and relevant market considerations.

Interest and financial charges

Transactions with related companies

Transportation charges are based on agreements, dependent on cargo weight and distance.

Warehouse rental is charged based on rental agreements.

Cut sheet services are charged based on agreements.

Rental charges for staff accommodation are fixed on an annual basis and agreed with the lessor.

Domestic transportation services are charged based on agreements, dependent on cargo weight and distance.

Office rental is charged based on rental agreements.

Rental charges for staff accommodation are fixed on an annual basis and agreed with the lessor.

Commission expense is charged based on agreements.

Interest and financial charges are based on agreed rate, which approximates a market rate.

Significant transactions for the years ended 31 December with related parties were as follows:

Year ended 31 December	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in thousand Baht)</i>			
Subsidiaries				
Purchases of goods and receiving of services	-	-	14,977,259	26,789,417
Purchases of machinery and equipment	-	-	6,549	18,468
Dividend income	-	-	83,400	128,850
Other income	-	-	59,401	27,912
Jointly-controlled entities				
Sales of goods and materials	1,888,328	2,573,214	1,484,564	2,569,145
Rendering of services	151,067	70,545	65,304	-
Purchases of goods and receiving of services	739,518	800,486	2,751	-
Other income	64,357	14,117	11,015	14,107
Selling and administrative expenses	2,883	1,665	2,841	1,661
Other related parties				
Sales of goods	35,467,473	47,372,204	20,565,107	32,479,075
Rendering of services	22,221	30,083	-	-
Purchases of goods and receiving of services (including other expense related)	28,862,101	30,601,463	2,342,720	1,252,686
Other income	4,684	58,473	3,170	56,715
Selling and administrative expenses	279,938	351,723	272,813	345,705
Finance costs	186,663	408,679	54,344	129,276
Key management personnel				
Key management personnel compensation				
Short-term benefits	143,237	130,495	61,460	55,020
Statutory severance pay	1,814	2,623	1,700	1,669
Other long-term benefits	15	33	12	21
Total key management personnel compensation	145,066	133,151	63,172	56,710

For the year ended 31 December 2014, intercompany sales to other related parties described above excluded indirect sales of goods from a subsidiary to the Company through a related company of Baht 8,126 million (2013: Baht 16,695 million) which have been eliminated in the consolidation financial statements.

Balances as at 31 December with related parties were as follows:

<i>Trade accounts receivable from related parties</i>	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in thousand Baht)</i>			
Jointly-controlled entity				
Thai Cold Rolled Steel Sheet Public Company Limited	6,117	10,473	-	421
Other related parties				
B.S. Metal Co., Ltd.	2,298,199	1,978,862	2,298,131	1,978,862
Sahaviriya Panich International Co., Ltd.	2,230,869	1,978,010	2,230,869	1,978,010
Vanomet AG	31,262	524,879	-	-
Others	4,032	9,887	-	-
Total	4,570,479	4,502,111	4,529,000	3,957,293

Other receivables from related parties

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in thousand Baht)</i>			
Subsidiaries				
Sahaviriya Steel Industries UK Limited (Mainly is raw materials procured for and advance payment for purchase of goods)	-	-	3,833,974	2,371,008
West Coast Engineering Co., Ltd.	-	-	12,324	7,544
Prachuap Port Co., Ltd.	-	-	46	1,762
Jointly-controlled entity				
Redcar Bulk Terminal Limited	93,542	119,535	-	-
Thai Cold Rolled Steel Sheet Public Company Limited	900	7	900	7
Other related parties				
Vanomet AG (mainly an advance payment for purchase of goods)	934,440	1,667,813	245,490	396,102
Sahaviriya Plate Mill Public Company Limited - net of allowance for doubtful account of Baht 37 million in 2014	274,581	385,318	274,581	385,318
Sahaviriya Shipping UK	1,802	83,026	-	-
Line Transport Co., Ltd.	371	7,350	25	6,992
Prapawit Building Property	208	208	-	-
B.S. Metal Co., Ltd.	3,680	7	3,680	7
Others	893	2,233	743	431
Total	1,310,417	2,265,497	4,371,763	3,169,171

Accrued income

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in thousand Baht)</i>			
Subsidiaries				
West Coast Engineering Co., Ltd.	-	-	493	536
Jointly-controlled entity				
Redcar Bulk Terminal Limited	-	369,238	-	-
Thai Cold Rolled Steel Sheet Public Company Limited	1,759	3,139	264	273
Other related parties				
Sahaviriya Plate Mill Public Company Limited	130,300	-	130,300	-
Thai Coated Steel Sheet Co., Ltd.	5,587	4,252	5,587	4,252
Bangsaphan Barmill Public Company Limited	2,042	3,780	2,042	3,780
B.S. Metal Co., Ltd.	264	388	264	388
Vanomet AG	63,314	-	-	-
Others	184	-	-	-
Total	203,450	380,797	138,950	9,229

*Long-term other receivable from
related party*

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in thousand Baht)</i>			
Subsidiaries				
Sahaviriya Steel Industries UK Limited	-	-	630,756	572,896
Total	-	-	630,756	572,896

Trade accounts payable to related parties

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in thousand Baht)</i>			
Subsidiaries				
West Coast Engineering Co., Ltd.	-	-	13,194	79,028
Prachuap Port Co., Ltd.	-	-	83,640	59,465
Sahaviriya Steel Industries UK Limited	-	-	1,184,318	19,933
Other related parties				
Vanomet AG	777,758	3,583,132	744,795	3,016,663
Line Transport Co., Ltd.	48,849	2,018	48,841	1,987
B.S. Metal Co., Ltd.	503	660	503	660
Bangpakong Lighter Co., Ltd.	11,114	-	11,114	-
Others	21,789	451	-	402
Total	860,013	3,586,261	2,086,405	3,178,138

Other payables to related parties

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in thousand Baht)</i>			
Subsidiaries				
Prachuap Port Co., Ltd.	-	-	6,160	17,393
West Coast Engineering Co., Ltd.	-	-	188	18,496
Jointly-controlled entity				
Redcar Bulk Terminal Limited	198,335	471,029	-	-
Thai Cold Rolled Steel Sheet Public Company Limited	65	62	65	62
Other related parties				
Vamomet AG	1,478	1,067,525	1,478	6,832
Line Transport Co., Ltd.	14,980	18,270	14,980	18,270
Bangpakong Lighter Co., Ltd.	8,801	8,325	8,801	8,325
Bangpakong Port Co., Ltd.	1,315	1,274	1,315	1,274
Prapawit Building Property Co., Ltd.	1,508	1,511	1,244	1,251
Sahaviriya Shipping UK	613,380	-	-	-
Others	688	452	670	442
Total	840,550	1,568,448	34,901	72,345

Short-term loans from related parties

Movements during the period on short-term loans from related parties were as follows:

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in thousand Baht)</i>			
Subsidiaries				
At 1 January	-	-	-	-
Increase	-	-	103,000	-
Decrease	-	-	(75,000)	-
At 31 December	-	-	28,000	-
Jointly-controlled entity and other related parties				
At 1 January	-	-	-	-
Increase	547,368	-	136,460	-
Decrease	(151,074)	-	(123,000)	-
At 31 December	396,294	-	13,460	-
Total short-term loans from related parties	396,294	-	41,460	-

As at 31 December 2014, Interest rate of short-term loans from related parties are based on agreed rate, which approximates a market rate and unsecured.

As at 31 December 2014, SSI UK had short-term loans from a related party amounted to USD 11.6 million, (equivalent to Baht 384.0 million) under several sales and repurchase of carbon credit agreements. The carbon credits will be repurchased during the second quarter of 2015 at carbon credit price as prescribed in each agreement.

*Significant agreements with related parties**Slab offtake agreement*

The Company entered into a slab offtake agreement with SSI UK for a minimum purchase commitment of 1,500,000 metric tons per year or such quantities to ensure 2,500,000 metric tons per year of slab sales from SSI UK inclusive of third party sales, with prices determined on an arm's length basis at market price. The offtake agreement became effective in April 2012 and terminates in April 2019 (or 7 years). Either party can issue a written letter informing the other party of its intention to terminate the agreement.

Port service agreement

The Company's subsidiary, SSI UK, entered into a port service agreement with Redcar Bulk Terminal Limited, which is its jointly-controlled entity, with a minimum volume for raw materials and finished goods commitment of 10 million tons per year, with prices determined on an arm's length basis at market price. The subsidiary does not have any termination rights under this service agreement.

5. Cash and cash equivalents

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in thousand Baht)</i>			
Cash on hand	2,659	747	600	600
Cash at banks	348,742	162,351	10,078	104,373
Total	351,401	163,098	10,678	104,973

The currency denomination of cash and cash equivalents as at 31 December was as follows:

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in thousand Baht)</i>			
Thai Baht	186,437	155,399	10,678	104,973
United States Dollars	161,464	5,869	-	-
Pound Sterling	3,102	1,052	-	-
Euro	398	778	-	-
Total	351,401	163,098	10,678	104,973

6. Trade accounts receivable

	Note	Consolidated financial statements		Separate financial statements	
		2014	2013	2014	2013
<i>(in thousand Baht)</i>					
Related parties	4	4,570,479	4,502,111	4,529,000	3,957,293
Other parties		1,025,939	889,888	325,370	297,298
Total		5,596,418	5,391,999	4,854,370	4,254,591
Less allowance for doubtful accounts		(284,516)	(283,809)	(283,809)	(283,809)
Net		5,311,902	5,108,190	4,570,561	3,970,782
Bad and doubtful debts expenses for the year (reversal)		707	(146,309)	-	-

Aging analyses for trade accounts receivable were as follows:

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
<i>(in thousand Baht)</i>				
Related parties				
Within credit terms	3,192,194	4,335,630	3,242,711	3,957,293
Overdue:				
Less than 3 months	1,343,645	153,811	1,286,289	-
3 - 6 months	34,640	6,032	-	-
6 - 12 months	-	6,638	-	-
	4,570,479	4,502,111	4,529,000	3,957,293
Less allowance for doubtful accounts	-	-	-	-
	4,570,479	4,502,111	4,529,000	3,957,293

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in thousand Baht)</i>			
Other parties				
Within credit terms	702,802	366,956	39,379	3,915
Overdue:				
Less than 3 months	35,029	154,734	2,182	9,574
3 - 6 months	1,093	45,856	-	-
6 - 12 months	2,211	-	-	-
Over 12 months	284,804	322,342	283,809	283,809
	<u>1,025,939</u>	<u>889,888</u>	<u>325,370</u>	<u>297,298</u>
Less allowance for doubtful accounts	<u>(284,516)</u>	<u>(283,809)</u>	<u>(283,809)</u>	<u>(283,809)</u>
	<u>741,423</u>	<u>606,079</u>	<u>41,561</u>	<u>13,489</u>
Net	<u>5,311,902</u>	<u>5,108,190</u>	<u>4,570,561</u>	<u>3,970,782</u>

The normal credit terms granted by the Group ranges from 5 to 90 days.

The currency denomination of trade accounts receivable as at 31 December was as follows:

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in thousand Baht)</i>			
Thai Baht	4,887,950	4,348,338	4,825,567	4,254,591
United States Dollars	439,614	734,293	28,803	-
Pound Sterling	180,666	292,679	-	-
Euro	83,857	13,128	-	-
Other	4,331	3,561	-	-
Total	<u>5,596,418</u>	<u>5,391,999</u>	<u>4,854,370</u>	<u>4,254,591</u>

7. Inventories

	Consolidated financial statements		Separate financial statements		
	2014	2013	2014	2013	
	<i>(in thousand Baht)</i>				
Finished goods	3,095,912	3,837,326	3,103,128	3,858,515	
Work in progress	65,355	68,350	-	-	
Raw materials	4,330,061	5,717,432	1,764,714	2,073,459	
Spare parts and factory supplies	2,446,264	2,036,444	1,351,139	1,222,876	
Inventories under collateral management agreement	14	2,053,902	3,112,322	2,053,902	3,112,322
Goods in transit	2,574,009	3,088,186	2,574,009	3,088,185	
	<u>14,565,503</u>	<u>17,860,060</u>	<u>10,846,892</u>	<u>13,355,357</u>	
Less allowance for decline in value	(936,811)	(472,504)	(709,474)	(255,323)	
Net	<u>13,628,692</u>	<u>17,387,556</u>	<u>10,137,418</u>	<u>13,100,034</u>	
Carrying value of inventories subject to retention of title clauses or otherwise pledged to secure liabilities	<u>8,798,274</u>	<u>12,454,903</u>	<u>6,402,029</u>	<u>8,978,731</u>	
Inventories recognised as an expenses in 'cost of sales of goods':					
- Cost	64,809,917	69,920,137	29,788,871	43,124,851	
- Write-down to net realisable value	464,307	-	454,151	-	
- Reversal of write-down	-	(155,156)	-	(90,168)	
Net	<u>65,274,224</u>	<u>69,764,981</u>	<u>30,243,022</u>	<u>43,034,683</u>	

8. Investments in subsidiaries

	Separate financial statements	
	2014	2013
	<i>(in thousand Baht)</i>	
At 1 January	27,760,792	24,080,276
Acquisitions	-	3,680,516
At 31 December	<u>27,760,792</u>	<u>27,760,792</u>

Investments in subsidiaries as at 31 December 2014 and 2013, and dividend income from those investments for the years then ended were as follows:

Separate financial statements												
Subsidiaries	Type of business	Ownership interest (%)		Paid-up capital		Cost method		Impairment		At cost - net		Dividend income for the year ended
		2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	
Prachuap Port Co., Ltd.	Deep-sea port and marine shipping services	51.00	51.00	400,000	400,000	204,000	204,000	-	-	204,000	204,000	68,850
West Coast Engineering Co., Ltd.	Maintenance services	99.99	99.99	75,000	75,000	75,000	75,000	-	-	75,000	75,000	60,000
Sahaviriya Steel Industries UK Limited	Integrated iron and production of steel slab	100.00	100.00	GBP 557 million	GBP 557 million	27,481,792	27,481,792	-	-	27,481,792	27,481,792	-
Total						27,760,792	27,760,792	-	-	27,760,792	27,760,792	128,850

All subsidiaries were incorporated in Thailand, except Sahaviriya Steel Industries UK Limited which was incorporated in the United Kingdom.

As at 31 December 2014 and 2013, the entire common shares of the Company in SSI UK of 556,999 shares, have been pledged as collateral against the credit facilities provided by the banks.

In 2014, the management performed tests of impairment of certain investments in subsidiaries by using value in use approach to determine the recoverable amount. Fair value less cost to sell was used in 2013 as this was higher than the value in use.

The key assumptions used to measure the recoverable amounts in 2014 were as follows:

Period	5 years plus terminal value
Discount Rate	9.5% per annum

9. Investments in jointly-controlled entities

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in thousand Baht)</i>			
At 1 January	3,839,291	3,499,196	3,159,668	3,159,668
Revaluation of property, plant and equipment	-	159,662	-	-
Defined benefit plan actuarial gains	1,248	-	-	-
Share of net profit of equity - accounted jointly-controlled entities	301,942	250,730	-	-
Dividend income	(723,887)	-	-	-
Others	-	(70,297)	-	-
At 31 December	3,418,594	3,839,291	3,159,668	3,159,668

In February 2013, the Company completed the sale of a portion of its shareholding in TCR to JFE and MISI and received total proceeds of USD 50 million (equivalent to approximately Baht 1,568 million), a transaction in which the Company recognised a gain on sale of investment in jointly-controlled entity of Baht 363 million and Baht 225 million in the consolidated financial statements and separate financial statements, respectively. After completion of the transaction, the Company's shareholding in TCR was 35.19%.

In 2013, a jointly-controlled entity of the Company engaged an independent professional valuer to revalue its property, plant and equipment. The Group has recognised the revaluation in "Investment in jointly-controlled entities" together with revaluation surplus of Baht 160 million according to the ownership interest and presented this as "Revaluation surplus" in equity.

At the extraordinary meeting of shareholders of a TCR held in October 2013, the shareholders approved the reduction of share capital and paid-up share capital to eliminate the deficit by reducing the par value of Baht 10 per share to Baht 4.5 per share. Therefore, the share capital decreased from Baht 10,703 million to Baht 4,816.3 million. However, the Company still maintains the same ownership interest at 35.19%.

Investments in jointly-controlled entities as at 31 December 2014 and 2013, and dividend income from those investments for the years then ended were as follows:

Type of business	Consolidated financial statements													
	Ownership interest		Paid-up capital		Cost method		Equity method		Impairment		At equity - net		Dividend income	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	(in thousand Baht)													
Jointly-controlled entities														
Direct holding														
Thai Cold Rolled Steel and Sheet Public Company Limited	35.19	35.19	4,816,350	4,816,350	3,817,962	3,817,962	2,699,265	2,795,675	-	-	2,699,265	2,795,675	-	-
Indirect holding														
Redcar Bulk Terminal Limited	50.00	50.00			767,624	767,624	719,329	1,043,616	-	-	719,329	1,043,616	723,887	-
Total					4,585,586	4,585,586	3,418,594	3,839,291	-	-	3,418,594	3,839,291	723,887	-

Thai Cold Rolled Steel Sheet Public Company Limited and Redcar Bulk Terminal Limited were incorporated in Thailand and United Kingdom, respectively.

As at 31 December 2014 and 2013, a subsidiary of the Company has pledged all common shares in a jointly-controlled entity, Redcar Bulk Terminal Limited, as collateral against credit facilities provided by the banks.

Separate financial statements

Jointly-controlled entity	Type of business	Ownership interest (%)		Paid-up capital		Cost method		Impairment (in thousand Baht)		At cost - net		Dividend income	
		2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Thai Cold Rolled Steel Sheet Public Company Limited	Production and distribution of cold rolled coils	35.19	35.19	4,816,350	4,816,350	3,817,962	3,817,962	658,294	658,294	3,159,668	3,159,668	-	-
Total						3,817,962	3,817,962	658,294	658,294	3,159,668	3,159,668	-	-

The following summarised financial information on interests in jointly-controlled entities which have been accounted for using the equity method in the consolidated financial statements represents the Group's share:

Ownership interest (%)	<i>(in thousand Baht)</i>								
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Total revenues	Total expenses	Net profit (loss)
<i>Jointly-controlled entities</i>									
2014									
Thai Cold Rolled Steel Sheet									
Public Company Limited	1,308,919	2,970,086	4,279,005	1,018,404	500,583	1,518,987	4,338,640	4,436,298	(97,658)
Redcar Bulk Terminal Limited	293,645	541,460	835,105	109,356	4,015	113,371	716,486	316,886	399,600
Total	1,602,564	3,511,546	5,114,110	1,127,760	504,598	1,632,358	5,055,126	4,753,184	301,942
2013									
Thai Cold Rolled Steel Sheet									
Public Company Limited	1,122,965	3,230,590	4,353,555	999,844	506,408	1,506,252	4,162,751	4,287,678	(124,927)
Redcar Bulk Terminal Limited	485,002	627,852	1,112,854	165,980	6,928	172,908	654,173	278,516	375,657
Total	1,607,967	3,858,442	5,466,409	1,165,824	513,336	1,679,160	4,816,924	4,566,194	250,730

Contingent liabilities and commitments relating to the jointly-controlled entity:

	2014	2013
<i>Contingent liabilities directly incurred by the Group</i>		
Group's share of the jointly-controlled entity's contingent liabilities	Baht 37 million and Yen 11 million	Baht 20 million
<i>Capital commitments in relation to interest in jointly-controlled entity</i>		
Group's share of the jointly-controlled entity according to		
- in capital expenditure	Baht 21 million, USD 0.18 million, Yen 198 million and GBP 0.18 million	Baht 12 million, USD 0.18 million and Yen 86 million
- in non-cancellable operating lease commitments	Baht 5 million	Baht 11 million
- in raw materials purchases	Baht 14 million and USD 1 million	Baht 22 million and USD 2 million
- in other contracts	Baht 16 million and Yen 11 million	Baht 16 million and Yen 11 million

In 2014 and 2013, management performed tests of impairment of the investments in jointly-controlled entities that had indicators of impairment. The method used to measure recoverable amounts was fair value less cost to sell.

10. Other long-term investment

Other long-term investment as at 31 December 2014 and 2013, and dividend income from this investment for the years then ended were as follows:

Consolidated financial statements

Ownership interest (%)	Paid-up capital		Cost method		Impairment (in thousand Baht)		At cost - net		Dividend income	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
3.70	2,206,900	2,206,900	294,000	294,000	294,000	294,000	-	-	-	-
Total			294,000	294,000	294,000	294,000	-	-	-	-

Thai Coated Steel Sheet Company Limited

Total

Separate financial statements

Ownership interest (%)	Paid-up capital		Cost method		Impairment (in thousand Baht)		At cost - net		Dividend income	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
3.70	2,206,900	2,206,900	294,000	294,000	294,000	294,000	-	-	-	-
Total			294,000	294,000	294,000	294,000	-	-	-	-

Thai Coated Steel Sheet Company Limited

Total

11. Property, plant and equipment

Consolidated financial statements

	Land and land improvement	Factory and office buildings	Machinery, tool and factory equipment	Office furniture, fixtures and equipment	Vehicles	Assets under construction and installation	Total
	<i>(in thousand Baht)</i>						
Cost / revaluation							
At 1 January 2013	2,938,329	3,585,595	59,558,622	191,273	82,369	1,998,821	68,355,009
Additions	-	127	92,118	18,234	14,643	580,750	705,872
Transfers	-	87,566	2,174,116	6,316	-	(2,238,621)	29,377
Disposals	-	-	(4,260)	(5,729)	(396)	-	(10,385)
Revaluation	(51,106)	(716,273)	566,098	-	-	-	(201,281)
Effect of movements in exchange rates	89,141	36,528	2,345,980	-	-	21,648	2,493,297
At 31 December 2013							
and 1 January 2014	2,976,364	2,993,543	64,732,674	210,094	96,616	362,598	71,371,889
Additions	675	292	59,409	7,456	12,065	654,959	734,856
Transfers	-	32,792	701,033	2,042	-	(735,867)	-
Disposals	-	-	(226,082)	(12,984)	(3,889)	-	(242,955)
Transfer to intangible assets	-	-	-	-	-	(7,583)	(7,583)
Effect of movements in exchange rates	6,103	2,519	168,639	-	-	68	177,329
At 31 December 2014	2,983,142	3,029,146	65,435,673	206,608	104,792	274,175	72,033,536

Consolidated financial statements

	Land and land improvement	Factory and office buildings	Machinery, tool and factory equipment	Office furniture, fixtures and equipment	Vehicles	Assets under construction and installation	Total
	<i>(in thousand Baht)</i>						
Depreciation and impairment losses							
At 1 January 2013	691,271	2,350,551	13,236,538	154,381	60,913	-	16,493,654
Depreciation charge for the year	6,054	115,582	2,250,348	16,503	8,915	-	2,397,402
Depreciation on revaluation	(3,045)	19,543	351,536	-	-	-	368,034
Revaluation	(42,400)	(634,677)	157,682	-	-	-	(519,395)
Disposal	-	-	(3,829)	(5,605)	(396)	-	(9,830)
Effect of movements in exchange rates	-	2,293	215,188	-	-	-	217,481
At 31 December 2013							
and 1 January 2014	651,880	1,853,292	16,207,463	165,279	69,432	-	18,947,346
Depreciation charge for the year	4,918	84,352	2,276,722	16,858	11,023	-	2,393,873
Depreciation on revaluation	(2,682)	13,014	227,819	-	-	-	238,151
Disposals	-	-	(83,985)	(12,922)	(3,796)	-	(100,703)
Effect of movements in exchange rates	-	432	41,378	-	-	-	41,810
At 31 December 2014	654,116	1,951,090	18,669,397	169,215	76,659	-	21,520,477

Consolidated financial statements

	Land and land improvement	Factory and office buildings	Machinery, tool and factory equipment	Office furniture, fixtures and equipment	Vehicles	Assets under construction and installation	Total
			<i>(in thousand Baht)</i>				
Net book value							
At 1 January 2013							
Owned assets	2,247,058	1,235,044	46,022,304	36,851	5,576	1,998,821	51,545,654
Assets under finance leases and hire-purchases	-	-	299,780	41	15,880	-	315,701
	2,247,058	1,235,044	46,322,084	36,892	21,456	1,998,821	51,861,355
At 31 December 2013							
Owned assets	2,324,484	1,140,251	48,205,254	44,815	11,142	362,598	52,088,544
Assets under finance leases and hire-purchases	-	-	319,957	-	16,042	-	335,999
	2,324,484	1,140,251	48,525,211	44,815	27,184	362,598	52,424,543
At 31 December 2014							
Owned assets	2,329,026	1,073,432	46,469,605	37,393	11,003	274,175	50,194,634
Assets under finance leases and hire-purchases	-	4,624	296,671	-	17,130	-	318,425
	2,329,026	1,078,056	46,766,276	37,393	28,133	274,175	50,513,059

The gross amount of the Group's fully depreciated property, plant and equipment that was still in use as at 31 December 2014 amounted to Baht 2,103 million (2013: Baht 729 million).

In 2014, the Group has no capitalised borrowing cost relating to the acquisition of assets (2013: Baht 58 million with a capitalisation rate of 4.8% to 4.9% per annum).

Separate financial statements

Cost / revaluation	Separate financial statements (in thousand Baht)						Total
	Land and land improvement	Factory and office buildings	Machinery, tool and factory equipment	Office furniture, fixtures and equipment	Vehicles	Assets under construction and installation	
At 1 January 2013	1,056,133	2,955,455	25,227,267	159,926	60,310	166,709	29,625,800
Additions	-	-	62,065	16,192	10,067	14,784	103,108
Transfers	-	5,255	22,000	3,277	-	(79,666)	(49,134)
Disposals	-	-	(819)	(5,225)	-	-	(6,044)
Revaluation	(48,552)	(716,858)	791,165	-	-	-	25,755
At 31 December 2013 and 1 January 2014	1,007,581	2,243,852	26,101,678	174,170	70,377	101,827	29,699,485
Additions	-	25	41,529	4,501	4,602	46,500	97,157
Transfers	-	32,530	32,378	276	-	(65,184)	-
Disposals	-	-	(2,645)	(12,984)	(2,044)	-	(17,673)
At 31 December 2014	1,007,581	2,276,407	26,172,940	165,963	72,935	83,143	29,778,969

Separate financial statements

	Land and land improvement	Factory and office buildings	Machinery, tool and factory equipment	Office furniture, fixtures and equipment	Vehicles	Assets under construction and installation	Total
			<i>(in thousand Baht)</i>				
<i>Depreciation and impairment losses</i>							
At 1 January 2013	378,436	2,252,319	10,072,091	130,565	42,913	-	12,876,324
Depreciation charge for the year	1,159	91,987	516,905	13,287	6,939	-	630,277
Depreciation on revaluation	63	17,672	322,242	-	-	-	339,977
Revaluation	(40,746)	(639,555)	326,801	-	-	-	(353,500)
Disposals	-	-	(462)	(5,109)	-	-	(5,571)
At 31 December 2013 and 1 January 2014	338,912	1,722,423	11,237,577	138,743	49,852	-	13,487,507
Depreciation charge for the year	571	57,884	360,246	12,630	7,852	-	439,183
Depreciation on revaluation	33	11,237	206,847	-	-	-	218,117
Disposals	-	-	(2,552)	(12,922)	(1,950)	-	(17,424)
At 31 December 2014	339,516	1,791,544	11,802,118	138,451	55,754	-	14,127,383

Separate financial statements

	Land and land improvement	Factory and office buildings	Machinery, tool and factory equipment	Office furniture, fixtures and equipment	Vehicles	Assets under construction and installation	Total
			<i>(in thousand Baht)</i>				
Net book value							
At 1 January 2013							
Owned assets	677,697	703,136	15,155,176	29,361	4,627	166,709	16,736,706
Assets under hire-purchase	-	-	-	-	12,770	-	12,770
	677,697	703,136	15,155,176	29,361	17,397	166,709	16,749,476
At 31 December 2013 and 1 January 2014							
Owned assets	668,669	521,429	14,864,101	35,427	4,483	101,827	16,195,936
Assets under hire-purchase	-	-	-	-	16,042	-	16,042
	668,669	521,429	14,864,101	35,427	20,525	101,827	16,211,978
At 31 December 2014							
Owned assets	668,065	484,863	14,370,822	27,512	4,755	83,143	15,639,160
Assets under hire-purchase	-	-	-	-	12,426	-	12,426
	668,065	484,863	14,370,822	27,512	17,181	83,143	15,651,586

The gross amount of the Company's fully depreciated property, plant and equipment that was still in use as at 31 December 2014 amounted to Baht 1,836 million (2013: Baht 647 million).

In October 2006, the FAP issued Notification No. 25/2549 allowing entities which carry their assets at revalued amounts to calculate depreciation to be charged to the income statements based on the historical cost of the assets instead of on the revalued amounts. TAS 16 (Revised 2009) Property, Plant and Equipment, states that depreciation shall be recognised within profit or loss. During years ended 31 December 2011, the FAP issued a notification allowing entities to continue the existing method for another period of 5 years or less. The Group has decided to follow this notification. However, had the depreciation charge been calculated based on the revalued amounts, net income and earnings per share attributable to equity owners of the Company would have been affected as follows:

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in thousand Baht)</i>			
Decrease in profit for the years (in thousand Baht)	237,112	360,965	214,990	333,932
Decrease in earnings per share (Baht per share)	0.007	0.012	0.007	0.011
Decrease in earnings per share (Baht per share)	0.007	0.012	0.007	0.011

In December 2012, the Group engaged an independent professional valuer to revalue its property, plant and equipment. The revaluation of its property, plant and equipment was completed during the first quarter of 2013. The valuation methods were as follows:

- 1) Sales comparison approach, which was based on recent sales and listing of comparable property, for:
 - Land
- 2) Cost approach, which was based on the cost of reproducing or replacing the property, less depreciation from physical deterioration and functional and economic/external obsolescence, for:
 - Land and land improvement;
 - Building and building improvement; and
 - Machinery and equipment.

As at 31 December 2013, the Group provided allowance for asset revaluation of Baht 12.7 million and allowance for impairment loss of Baht 1.7 million.

As at 31 December 2014, the Group has mortgaged/pledged assets amounting to approximately Baht 50,532 million (2013: Baht 51,412 million) (the Company: Baht 15,155 million (2013: Baht 16,051 million)) as collateral against bank overdrafts, short-term loans and long-term loans from financial institutions, and letter of guarantee for electricity, port and goods warehouse, as described in Note 13.

In 2014, the management of Sahaviriya Steel Industry UK performed a test of impairment of their property, plant and equipment which confirmed that the subsidiary's book values are supported by their recoverable amounts as determined by a fair value less costs to sell method.

The key assumptions used to measure value in used of assets were as follows:

Period	5 years plus terminal value
Discount Rate	10.5% per annum

12. Deferred tax

Deferred tax assets and liabilities as at 31 December were as follows:

	Consolidated financial statements			
	Assets		Liabilities	
	2014	2013	2014	2013
	<i>(in thousand Baht)</i>			
Total	2,045,142	1,662,963	(3,229,042)	(2,924,427)
Set off of tax	(2,012,865)	(1,659,694)	2,012,865	1,659,694
Net deferred tax assets (liabilities)	<u>32,277</u>	<u>3,269</u>	<u>(1,216,177)</u>	<u>(1,264,733)</u>
	Separate financial statements			
	Assets		Liabilities	
	2014	2013	2014	2013
	<i>(in thousand Baht)</i>			
Deferred tax liabilities	<u>-</u>	<u>-</u>	<u>(1,142,080)</u>	<u>(1,185,703)</u>

Movements of deferred tax assets and liabilities during the year were as follows:

	Consolidated financial statements				At 31 December 2014
	At 1 January 2014	(Charged) / Credited to:		Exchange differences	
		Profit or loss	Other comprehensive income		
	<i>(in thousand Baht)</i>				
Deferred tax assets					
Trade receivable	-	981	-	-	981
Inventories	444	(425)	-	-	19
Other current assets	201	(201)	-	-	-
Property, plant and equipment	730	6,743	-	-	7,473
Employee benefit obligations	9,095	1,086	(514)	-	9,667
Tax loss carry forward	-	22,460	-	-	22,460
Capital allowance under UK law	1,652,493	366,135	-	(14,086)	2,004,542
Total	1,662,963	396,779	(514)	(14,086)	2,045,142
Deferred tax liabilities					
Other current assets	(149)	(405)	-	-	(554)
Property, plant and equipment	(2,907,500)	(365,726)	48,180	14,086	(3,210,960)
Long-term loans from financial institutions	(14,874)	-	-	-	(14,874)
Finance lease liabilities	(1,904)	(750)	-	-	(2,654)
Total	(2,924,427)	(366,881)	48,180	14,086	(3,229,042)

SSI UK recognised deferred tax assets on the capital allowances according to Capital Allowance Act 2001 under United Kingdom's laws, which do not exceed deferred tax liabilities.

Consolidated financial statements

(Charged) / Credited to:

	At 1 January 2013	Profit or loss	Other comprehensive income	Exchange differences	At 31 December 2013
	<i>(in thousand Baht)</i>				
Deferred tax assets					
Inventories	444	-	-	-	444
Other current assets	-	201	-	-	201
Property, plant and equipment	9	721	-	-	730
Employee benefit obligations	8,205	890	-	-	9,095
Capital allowances under UK Act	-	1,547,658	-	104,835	1,652,493
Total	8,658	1,549,470	-	104,835	1,662,963
Deferred tax liabilities					
Other current assets	(91)	(58)	-	-	(149)
Property, plant and equipment	(3,181,802)	378,221	8,742	(112,661)	(2,907,500)
Long-term loans from financial institutions	(14,874)	-	-	-	(14,874)
Finance lease liabilities	(2,922)	1,018	-	-	(1,904)
Total	(3,199,689)	379,181	8,742	(112,661)	(2,924,427)

Separate financial statements

	At 1 January 2014	(Charged) / credited to:		At 31 December 2014
		Profit or loss	Other comprehensive income	
<i>(in thousand Baht)</i>				
<i>Deferred tax liabilities</i>				
Property, plant and equipment	(1,170,829)	-	43,623	(1,127,206)
Long-term loans from financial institutions	(14,874)	-	-	(14,874)
Total	(1,185,703)	-	43,623	(1,142,080)

Separate financial statements

	At 1 January 2013	(Charged) / credited to:		At 31 December 2013
		Profit or loss	Other comprehensive income	
<i>(in thousand Baht)</i>				
<i>Deferred tax liabilities</i>				
Property, plant and equipment	(1,162,973)	547	(8,403)	(1,170,829)
Long-term loans from financial institutions	(14,874)	-	-	(14,874)
Total	(1,177,847)	547	(8,403)	(1,185,703)

Deferred tax assets (liabilities) arising from temporary differences and unused tax losses that have not been recognised in the financial statements as at 31 December were as follows:

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in thousand Baht)</i>			
Deferred tax assets				
- Deductible temporary differences	816,306	661,006	484,665	364,930
- Tax losses	5,615,336	4,647,630	1,080,258	1,159,272
Deferred tax liability				
- Deductible temporary differences	(4,544)	(9,968)	(4,544)	(9,968)
Net	6,427,098	5,298,668	1,560,379	1,514,234

Tax losses of subsidiaries in Thailand will expire in 2016 - 2017. Meanwhile, tax losses of the UK subsidiary will not expire. The deductible temporary differences do not expire under current tax legislation. The Group has not recognised deferred tax assets in respect of these items because it is not probable that future taxable profit against which the Group can utilise the benefits therefrom.

13. Interest-bearing liabilities

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in thousand Baht)</i>			
Current				
Bank overdraft and short term loan from financial institution				
- unsecured	305,069	281,231	-	-
- secured	21,936,988	21,607,371	11,906,775	11,693,814
Total	22,242,057	21,888,602	11,906,775	11,693,814
Short-term loans from related parties - unsecured	4 396,294	-	41,460	-
Current portion of long-term loans from financial institutions				
- secured	6,100,661	1,924,004	5,736,332	1,811,783
Long-term borrowings classified as current liabilities - secured	23,572,702	-	7,916,544	-
Subordinated convertible debentures	236	-	236	-
Current portion of finance lease liabilities	54,692	49,845	-	-
Current portion of liabilities under hire purchase agreements	6,602	6,897	4,732	5,212
Total interest bearing of current liabilities	52,373,244	23,869,348	25,606,079	13,510,809
Non-current				
Long-term loans from financial institutions				
- secured	-	27,879,311	-	12,057,875
Subordinated convertible debentures	-	149	-	149
Finance lease liabilities	139,627	161,063	-	-
Liabilities under hire purchase agreements	3,338	6,241	2,460	4,314
Total interest bearing of non-current liabilities	142,965	28,046,764	2,460	12,062,338
Grand total	52,516,209	51,916,112	25,608,539	25,573,147

The periods to maturity of interest-bearing liabilities, excluding finance lease liabilities and liabilities under hire purchase agreements, as at 31 December were as follows:

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in thousand Baht)</i>			
Within one year	52,311,950	23,812,605	25,601,347	13,505,597
After one year but within five years	-	18,766,351	-	8,303,259
After five years	-	9,113,109	-	3,754,766
Total	52,311,950	51,692,065	25,601,347	25,563,622

Secured interest-bearing liabilities as at 31 December were secured on the following assets:

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in thousand Baht)</i>			
Property, plant and equipment	50,531,530	51,411,732	15,155,123	16,050,520
Investments in subsidiaries and jointly-controlled entity	28,201,121	24,527,929	27,481,792	27,481,792
Inventories	8,798,274	12,454,903	6,402,029	8,978,731
Total	87,530,925	88,394,564	49,038,944	52,511,043

As at 31 December 2014, the significant long-term loan agreements of the Group are detailed as follows:

13.1 Company: Baht 23,900 million debt facility dated 24 February 2011 and as amended

Facilities received	Main conditions / Other conditions
<p><u>Lenders:</u> 3 commercial banks</p> <p><u>Facility A:</u> Credit facility: Baht 6,200 million</p> <ul style="list-style-type: none"> • Baht term loan to partially-finance the acquisition purchase price, associated deal costs and general working capital purposes. • Interest rate is based on MLR and loan had period 7 year tenure. However, this had been extended for another 3 years. • First repayment 27 months after first draw-down (23 March 2011). <p><u>Facility B:</u> Credit facility: Baht 5,700 million</p> <ul style="list-style-type: none"> • Baht term loan to refinance another facility provided by other commercial banks. • Interest rate is based on MLR and loan had period 7 year tenure. However, this had been extended for another 2 years. • First repayment 3 months after first draw-down (16 March 2011). <p><u>Facility C:</u> Credit facility: Baht 12,000 million</p> <ul style="list-style-type: none"> • Revolving facility to refinance amounts owed to other commercial banks and for general corporate purposes (subject to maximum short-term loans of Baht 2,000 million) • Interest charged at lower of MLR or money market rate plus margin. 	<p><u>Main conditions</u></p> <ol style="list-style-type: none"> 1) Consolidated Debt to Equity ratio of below 2 : 1 for 2011 and 2012 (1.5 : 1 thereafter) 2) Debt Service coverage ratio of at least 1.2 : 1 Testing conducted on a quarterly basis from 31 December 2011 onward 3) Assets disposal, merger and acquisition and dividends payment <p><u>Other conditions</u></p> <ol style="list-style-type: none"> 1) Commitment fees as specified in the agreements 2) Maintaining shareholding structure, Public company status etc. 3) Guaranteed by SSI UK, according to loan rescheduling agreement in third quarter 2013, guarantee was extend to cover the ultimate balance of sums payable by SSI.

13.2 SSI UK: USD 790 million debt facilities

Facilities received	Main conditions
<p><u>Lenders</u>: 3 commercial banks</p> <p><u>Facility A</u>: Credit facility: USD 250 million</p> <ul style="list-style-type: none"> • USD Term loans to finance the acquisition purchase price and investment in Redcar Bulk Terminal Limited • Repayable in 5 - 7 years, but has been extended for 2 years first repayment 27 months after first draw-down month (24 March 2011). <p><u>Facility B</u>: Credit facility: USD 150 million</p> <ul style="list-style-type: none"> • USD term loan to finance capital expenditure and start-up costs • Repayable in 7 years, but has been extended for 2 years first repayment 27 months after first draw-down of facility A month (24 March 2011). <p><u>Facility C</u>: Credit facility: USD 90 million</p> <ul style="list-style-type: none"> • USD term loan to finance capital expenditure • Repayable in 7 for C1 and 4 for C2 years, but has been extended for 2 years first repayment 27 months after first draw-down of facility A (24 March 2011). <p>Agreement had amendment by extend period for the first repayment cover all Facility A, Facility B and Facility C for December 2014 had extended to March 2015.</p> <p><u>Revolving Facility 1</u>: Credit facility: USD 200 million</p> <ul style="list-style-type: none"> • Revolving facility to pay first TCP Working Capital, L/C amounts in respect of capital expenditure and start-up costs and general corporate purposes • Repay each loan on the last day of its interest period 	<p><u>Main conditions</u></p> <ol style="list-style-type: none"> 1) Consolidated long term debt to EBITDA ratio of below 2.5 : 1 for 2013 (2.0 : 1 thereafter) 2) Debt Service coverage ratio of at least 1.2 : 1 (for the period of 27 months following initial utilisation to final maturity for Facility A) 3) Current asset/current liability ratio of at least 1 : 1 from 31 December 2011 onwards 4) Requirement for lenders to pre-authorise corporate mergers, acquisitions or changes in ownership 5) Commitment, cancellation and other fees applicable 6) All debt facilities guaranteed by the Company 7) The additional Revolving Facility obtained in 2012 of USD 100 million is personally guaranteed by the president of SSI. 8) Conditions subsequent include completing liquidity shortfall plan by 30 June 2012 and the Company injecting into SSI UK additional equity of at least USD 250 million by 31 July 2012

Facilities received	Main conditions
<p><u>Revolving Facility 2</u>: Credit facility: USD 100 million</p> <ul style="list-style-type: none"> • Revolving facility for general corporate purposes • Repay each loan on the last day of its interest period • Revolving facility has 6 months tenor after first draw-down (30 April 2012). The facility was extended until 30 September 2013 and subsequently extended additional 2 years. <p>Interest on all facilities is payable at LIBOR + Margin.</p>	

13.3 Group: Other interest-bearing liabilities

In addition to the above borrowings, the Group has secured interest-bearing liabilities as follows:

Bank overdrafts and short-term loans of the Company are secured by the pledge of raw materials and finished goods owned by the Company, and for those banks providing both short-term and long-term loans, the Company has additionally made a mortgage of land and construction thereon and machinery of the Company and assigned beneficiary rights under insurance policies to the lenders. These loan agreements contain certain covenants as stipulated in the agreement that, among other things, require maintenance of financial ratios.

Short-term loans of PPC, a subsidiary company, are secured by the mortgage of certain PPC owned land and construction and/or future construction thereon. The bank overdraft and short-term loans of WCE, a subsidiary company, are secured by mortgage of certain WCE owned land and construction thereon and the assignment of beneficiary rights under insurance policies to the lender.

Various long-term loans of the Company and its subsidiaries are secured by the mortgage/pledge of land with construction thereon and machinery, and the assignment of beneficiary rights under insurance policies to the lenders. For those banks providing both short-term and long-term loan facilities, the Company has additionally made a second pledge of raw materials and finished goods of the Company. These loan agreements contain certain covenants as stipulated in the agreement that, among other things, required the Company to maintain financial ratios, the minimum maintenance of the Company's shareholding in PPC and WCE, restrictions on dividend payment in each fiscal year, and a prohibition on the Company pledging their investments in shares of subsidiaries or creating any obligation thereon. During the third quarter of 2013, the long-term loan of PPC had been fully repaid therefore covenants as stipulated in the agreement were terminated. However, PPC are in the process of withdrawing secured assets from the bank security.

As at 31 December 2014, the Group had unutilised credit facilities totalling Baht 813 million and the Company had unutilised credit facilities totalling Baht 8 million (2013: Baht 354 million for the Group and Baht 201 million for the Company).

As at 31 December 2013, the Company and SSI UK were unable to maintain financial covenant ratios and pay due debt of Baht 136 million. These breaches were waived by the creditors in 2013.

During the fourth quarter 2014, the Company and SSI UK were unable to maintain financial covenant ratios which the Company's breach had been waived in 2014. Moreover, the Company was unable to pay principal due in December 2014 totalling Baht 56 million due in and SSI UK was unable to pay principal and interest due in December 2014 totalling USD 9.5 million. However, the breach of the repayment of principal of SSI UK was waived in December 2014. Subsequently, in February 2015, SSI UK's interest of USD 5.5 million has been paid and the breaches of loan covenants have been waived.

However, due to the Company's and SSI UK's failure to receive the waivers by the balance sheet date, the long term debt of Baht 23,573 million and Baht 7,917 million has been reclassified as "long-term borrowings classified as current liabilities" in the consolidated financial statements and the separate financial statements, respectively.

Non adjusting event after the reporting date

At the date of the issuance of these annual financial reports for 2014, the Group and the Company have receipt of the appropriate waivers which if adjusted for would reflect the non-current nature of the Baht 23,573 million and Baht 7,917 million of borrowings respectively. The impact would be to reduce current liabilities by Baht 23,573 million and Baht 7,917 million and to increase non-current liabilities by a corresponding Baht 23,573 million and Baht 7,917 million respectively.

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in thousand Baht)</i>			
<i>Current liabilities (excerpts)</i>				
Current portion of long-term loans from financial institutions	6,100,661	1,924,004	5,736,332	1,811,783
Long-term borrowings classified as current liabilities	23,572,702	-	7,916,544	-
Less: Reversal of long-term borrowings classified as current liabilities	(23,572,702)	-	(7,916,544)	-
	<u>6,100,661</u>	<u>1,924,004</u>	<u>5,736,332</u>	<u>1,811,783</u>
<i>Non-current liabilities (excerpts)</i>				
Long-term loans from financial institutions	-	27,879,311	-	12,057,876
Reversal of long-term borrowings classified as current liabilities	23,572,702	-	7,916,544	-
	<u>23,572,702</u>	<u>27,879,311</u>	<u>7,916,544</u>	<u>12,057,876</u>

Movement of long-term loans from financial institutions during the ended 31 December would have been as follows:

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in thousand Baht)</i>			
At 1 January	29,803,314	24,988,577	13,869,659	10,272,141
Rescheduling from short-term loans	-	4,486,370	-	4,486,370
Proceeds	-	156,806	-	-
Repayment	(235,523)	(964,170)	(229,523)	(905,734)
Amortisation of transaction charges	32,785	77,703	12,740	16,882
Effect of movements in exchange rates	72,787	1,058,028	-	-
At 31 December	29,673,363	29,803,314	13,652,876	13,869,659

On 13 February 2014, the Company has provided SSI UK with a letter of continuing financial support covering the period for at least 12 months from the date that the financial statements were approved and authorised for issue, as a general requirement of the statutory financial statements.

Finance lease and hire purchase liabilities

The Group had machinery, equipment and vehicles acquired under finance lease and hire purchase agreements as at 31 December were payable as follows:

	Consolidated financial statements					
	2014			2013		
	Future minimum lease payments	Interest	Present value of minimum lease payments	Future minimum lease payments	Interest	Present value of minimum lease payments
	<i>(in thousand Baht)</i>					
Within one year	70,905	9,611	61,294	68,282	11,540	56,742
After one year but within five years	150,397	7,432	142,965	178,834	11,530	167,304
Total	221,302	17,043	204,259	247,116	23,070	224,046

Separate financial statements

	2014			2013		
	Future minimum lease payments	Interest	Present value of minimum lease payments	Future minimum lease payments	Interest	Present value of minimum lease payments
	<i>(in thousand Baht)</i>					
Within one year	5,118	386	4,732	5,637	425	5,212
After one year but within five years	2,695	235	2,460	4,629	315	4,314
Total	7,813	621	7,192	10,266	740	9,526

The Group entered into a sale and lease back agreement for machinery and equipment with a company in 2014. Lease term is for a period of 5 years. The Group has paid the deposit to the lessor in the amount of Baht 7.8 million. The net book value of machinery and equipment as at 31 December 2014 is Baht 4.6 million and the surplus from the sale is Baht 33.7 million. This surplus is deferred and presented net under property, plant and equipment. Amortisation of such surplus presented offsetting with depreciation expenses in the statement of comprehensive income over the term of the lease.

Time deposit of Baht 21.3 million of a subsidiary has been used as a guarantee for a credit facility extended by a financial institution.

The currency denomination of interest-bearing liabilities as at 31 December was as follows:

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in thousand Baht)</i>			
Thai Baht	26,070,863	25,921,668	25,608,539	25,573,147
United States Dollars	26,445,346	25,994,444	-	-
Total	52,516,209	51,916,112	25,608,539	25,573,147

14. Trade accounts payable

	Note	Consolidated financial statements		Separate financial statements	
		2014	2013	2014	2013
<i>(in thousand Baht)</i>					
Related parties	4	860,013	3,586,261	2,086,405	3,178,138
Other parties		9,991,777	9,027,989	6,148,671	5,664,494
Total		10,851,790	12,614,250	8,235,076	8,842,632

The currency denomination of trade accounts payable as at 31 December was as follows:

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
<i>(in thousand Baht)</i>				
Thai Baht	461,132	417,518	519,054	472,750
United States Dollars	7,093,072	8,913,247	7,689,702	8,306,010
Pound Sterling	3,197,668	3,105,955	-	406
Euro	99,627	174,305	26,054	60,270
Others	291	3,225	266	3,196
Total	10,851,790	12,614,250	8,235,076	8,842,632

Inventory under collateral management agreement

The Company entered into the collateral management agreements with two companies which are incorporated in Singapore and Japan. Under the terms of the agreements, the Company has to pay for partial deposit and for the rest when withdraw inventory from representative company. The Company retains all or a significant portion of the risks and rewards relating to the collateralized inventory. Inventory is stored in the warehouse facilities for which that counter party appoints a representative to act as the collateral manager. These transactions are treated as inventory under collateral management agreements and trade payable under collateral management agreements within the statement of financial position. That seller provide a selling price retains a certain amount of interest, management cost and commodity benchmark price movements. As at 31 December 2014, repurchase financing costs of Baht 22.8 million (2013: Baht 36.8 million).

15. Other current liabilities

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in thousand Baht)</i>			
Accrued expenses	2,120,770	2,902,741	65,185	111,753
Other accounts payable	847,283	1,525,934	837,440	1,517,770
Advances received from sales of goods	312,623	63,186	86,480	15,084
Accrued interest expenses	77,892	70,540	77,729	70,348
Others	1,676,424	1,080,468	26,824	60,597
Total	5,034,992	5,642,869	1,093,658	1,775,552

16. Employee benefit obligations

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in thousand Baht)</i>			
Statement of financial position				
Statement of financial position obligations for:				
Statutory severance pay	177,260	140,715	134,712	100,728
Other long-term employee benefits	18,049	20,933	12,072	14,997
Total	195,309	161,648	146,784	115,725
<i>Year ended 31 December</i>				
Statement of comprehensive income:				
Recognised in profit or loss:				
Statutory severance pay	21,712	16,757	15,904	12,022
Other long-term employee benefits	2,741	2,752	1,771	1,853
Total	24,453	19,509	17,675	13,875
Other comprehensive income				
Defined benefit plan actuarial losses	13,388	-	15,960	-

Statutory Severance Pay

The Group and the Company operate defined benefit plans based on the requirement of Thai Labour Protection Act B.E. 2541 (1998) to provide retirement benefits to employees based on pensionable remuneration and length of service.

The movement in the present value of the defined benefit obligations for the year ended 31 December 2014 and 2013 were shown in the table below:

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in thousand Baht)</i>			
Defined benefit obligations at 1 January	161,648	149,106	115,725	107,633
Benefits paid by the plan	(4,180)	(6,967)	(2,576)	(5,783)
Current service costs and interest	24,453	19,509	17,675	13,875
Defined benefit plan actuarial losses	13,388	-	15,960	-
Defined benefit obligations at 31 December	195,309	161,648	146,784	115,725

Expense recognised in profit or loss for the year ended 31 December were as follows:

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in thousand Baht)</i>			
Current service costs	17,182	14,306	12,220	10,067
Interest on obligation	7,271	5,203	5,455	3,808
Total	24,453	19,509	17,675	13,875

The expense is recognised in the following line items in the statement of comprehensive income for the year ended 31 December as follows:

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in thousand Baht)</i>			
Cost of sales	13,973	11,441	8,426	7,099
Selling expenses	740	679	504	637
Administrative expenses	9,740	7,389	8,745	6,139
Total	24,453	19,509	17,675	13,875

Principal actuarial assumptions at the reporting date (expressed as weighted averages):

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	(%)			
Discount rate	4.3	3.5	4.3	3.5
Future salary increases	5.5 - 8.0	5.5 - 6.5	5.5 - 8.0	5.5

Assumptions regarding future mortality are based on published statistics and mortality tables.

17. Subordinated convertible debentures and convertible rights

Movement during the year ended 31 December of the subordinated convertible debentures and convertible rights were as follows:

	Consolidated / Separated financial statements					
	At 1 January 2014	Issuance	Amortisation charge for the year	Exercise of convertible debentures	Repurchase and cancellation	At 31 December 2014
	<i>(in thousand Baht)</i>					
Subordinated convertible debentures						
- Minority (No. 1/2012)	279	-	-	-	-	279
	279	-	-	-	-	279
Less Convertible rights of subordinated debentures	(25)	-	-	-	-	(25)
Less Deferred expenses for issued of subordinated debentures	(105)	-	87	-	-	(18)
Net	149	-	87	-	-	236
Convertible rights of subordinated debentures	25	-	-	-	-	25

Consolidated / Separated financial statements						
	At 1 January 2013	Issuance	Amortisation charge for the year	Exercise of convertible debentures	Repurchase and cancellation	At 31 December 2013
<i>(in thousand Baht)</i>						
Subordinated convertible debentures						
- Sahaviriya Inter Steel Holdings Limited (No. 1/2012)	1,492,000	-	-	-	(1,492,000)	-
- Minority (No. 1/2012)	5,405	-	-	-	(5,126)	279
	<u>1,497,405</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,497,126)</u>	<u>279</u>
Less Convertible rights of subordinated debentures	(179,318)	-	-	-	179,293	(25)
Less Deferred expenses for issuance of subordinated debentures	(378)	-	1	-	272	(105)
Net	<u>1,317,709</u>	<u>-</u>	<u>1</u>	<u>-</u>	<u>(1,317,561)</u>	<u>149</u>
Convertible rights of subordinated debentures	<u>179,318</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(179,293)</u>	<u>25</u>

At the Extraordinary General Meeting of Shareholders held on 22 September 2011, the shareholders approved the Company to issue convertible debentures in an amount not exceeding Baht 2,250 million. For the detail as follows:

The Company's existing shareholders are to be offered

- Up to Baht 1,650 million of convertible debentures at the ratio of 1,000 existing shares to 1 convertible debenture, provided that any fraction of the convertible debentures is rounded up.

These convertible debentures have:

- Par value and offering price of Baht 1,000 per unit, a 3 year term, coupon rate of 3% per annum (payable every 6 months) and can be exercised at the end of each quarter with the exercise period from 30 December 2011 to 3 years from issuance date (Board of Directors' meeting held on 26 April 2012, the Board approved to postpone the exercise period from 30 December 2011 to be 30 June 2012).
- The initial conversion price shall not be lower than the volume weighted average of the Company's ordinary share trading price at offering period plus 10% premium and may be adjusted upwards or downwards at a certain rate or method as specified under the rights.

- Repayment of subordinated convertible debentures by ordinary shares instead of cash. The convertible debenture holders shall convert all convertible debentures at a conversion price at the convertible debentures' maturity date if the market share price is equal to a maximum of 110% of the conversion price.
- Conversion price is Baht 1 per share.

If the Company's existing shareholders do not subscribe for all available convertible debentures, the other investors may subscribe to convertible debentures with:

- Term (not exceeding 5 years), coupon rate (not more than 5% per annum), par value, offering and initial conversion price and exercise period to be determined by the Company's Board of Directors.

On 23 May 2012, the convertible debentures in amount of Baht 1,650 million (No. 1/2012 due in 2015) were offered and issued to existing shareholders. Also, on 5 June 2012, the convertible debentures in amount of Baht 600 million (No. 2/2012 due in 2017) were offered and issued to specific investors. Total proceed of Baht 2,250 million has been used to subscribe newly issued ordinary shares in SSI UK.

On 29 June 2012, two holders of Convertible Debentures No. 1/2012 declared their intention to exercise their conversion right to convert the Convertible Debentures in an aggregate principal amount of 152,595 units or Baht 152.60 million, which was subsequently converted to the Company's ordinary shares in July 2012. The Company registered the increase of its paid-up capital with the Ministry of Commerce on 4 July 2012.

At the Extraordinary General Meeting of Shareholders held on 11 October 2012, the shareholders approved to repurchase and cancel its outstanding convertible debentures. Subsequently on 24 December 2012, the Company repurchased and cancelled its outstanding convertible debenture from Vanomet AG, which is a subsidiary of the Company's shareholder, at net price of Baht 835.94 per unit, totalling Baht 501.6 million. The gain on repurchase and cancellation of convertible debentures (difference between repurchase price and the outstanding value) of Baht 98.1 million is presented separately in equity as it was treated as an equity distribution from shareholders.

On 18 July 2013, the Company repurchased and cancelled its outstanding convertible debenture of 1,492,000 units from Sahaviriya Inter Steel Holding Co., Ltd., which is one of the Company's shareholders, at net purchase price of Baht 820 per unit, amounted to Baht 1,223.5 million. The gain on repurchase and cancellation of convertible debentures (difference between repurchase price and the outstanding value) of Baht 268.1 million is presented separately in equity as it was treated as an equity distribution from shareholders.

On 16 August 2013, 6 September 2013, 4 October 2013 and 21 October 2013, the Company repurchased and cancelled its outstanding convertible debenture totalling 5,126 units, respectively from minority holders, at a net price of Baht 1,000 per unit, totalling Baht 5.1 million. There was no gain (loss) from this repurchase and cancellation of convertible debenture.

18. Share capital

	Par value per share (in Baht)	2014		2013	
		Number	Baht	Number	Baht
<i>(thousand shares / thousand Baht)</i>					
Authorised					
At 1 January					
- ordinary shares	1	39,867,779	39,867,779	39,867,779	39,867,779
At 31 December					
- ordinary shares	1	<u>39,867,779</u>	<u>39,867,779</u>	<u>39,867,779</u>	<u>39,867,779</u>
Issued and paid-up					
At 1 January					
- ordinary shares	1	32,166,258	32,166,258	27,080,630	27,080,630
Issue of new shares	1	-	-	5,085,628	5,085,628
At 31 December					
- ordinary shares	1	<u>32,166,258</u>	<u>32,166,258</u>	<u>32,166,258</u>	<u>32,166,258</u>
Share discount					
At 1 January					
- ordinary shares		32,166,258	5,678,076	27,080,630	4,050,175
Issue of new shares		-	-	5,085,628	1,627,901
At 31 December					
- ordinary shares		<u>32,166,258</u>	<u>5,678,076</u>	<u>32,166,258</u>	<u>5,678,076</u>

Increase of new shares

During the year ended 31 December 2013, the Company allocated various newly issued ordinary shares summarised as follows:

- On 8 February 2013, the Company allocated 350,705,883 newly issued ordinary shares, at a par value of Baht 1 per share and at the offering price of Baht 0.68 per share, under the private placement scheme. The Company received the subscription proceeds from the issuance of these ordinary shares of Baht 238.5 million. The Company registered its increase in paid-up share capital with the Ministry of Commerce on 11 February 2013.
- On 23 and 31 May 2013, the Company allocated 665,058,825 newly issued ordinary shares, at a par value of Baht 1 per share and at the offering price of Baht 0.68 per share, under the private placement scheme. The Company received the subscription proceeds from the issuance of these ordinary shares of Baht 452.2 million. The Company registered its increase in paid-up share capital with the Ministry of Commerce on 3 June 2013.

- On 21 June 2013, the Company allocated 91,852,942 newly issued ordinary shares, at a par value of Baht 1 per share and at the offering price of Baht 0.68 per share, under the private placement scheme. The Company received the subscription proceeds from the issuance of these ordinary shares of Baht 62.5 million. The Company registered its increase in paid-up share capital with the Ministry of Commerce on 4 July 2013.
- On 18 July 2013, the Company allocated 1,872,948,530 newly issued ordinary shares, at a par value of Baht 1 per share and at the offering price of Baht 0.68 per share, under the private placement scheme. The Company received the subscription proceeds from the issuance of these ordinary shares of Baht 1,273.6 million. The Company registered its increase in paid-up share capital with the Ministry of Commerce on 18 July 2013.
- On 25 to 30 September 2013, the Company allocated 544,588,233 newly issued ordinary shares, at a par value of Baht 1 per share and at the offering price of Baht 0.68 per share, under the private placement scheme. The Company received the subscription proceeds from the issuance of ordinary shares of Baht 370.3 million.
- During 1 to 3 October 2013, the Company allocated 351,470,587 newly issued ordinary shares, at a par value of Baht 1 per share and at the offering price of Baht 0.68 per share, by private placement to specific investor. The Company received the subscription proceeds from issuance of ordinary shares of Baht 239 million. The allocated newly issued ordinary shares paid-up during 25 September to 3 October 2013, had been registered with the Ministry of Commerce on 4 October 2013 totalling 896,058,820 shares and had proceed from the issuance of ordinary shares totalling Baht 609.3 million.
- During 4 to 10 October 2013, the Company allocated 1,209,002,894 newly issued ordinary shares, at a par value of Baht 1 per share and at the offering price of Baht 0.68 per share, by private placement to specific investor. The Company received the subscription proceeds from the issuance of these ordinary shares of Baht 822.1 million. The Company registered its increase in paid-up share capital with the Ministry of Commerce on 11 October 2013.

The Company has issued ordinary shares totalling 5,085,627,894 shares (at Baht 1 per share) and received the subscription proceeds totalling Baht 3,458.2 million in 2013.

19. Reserves

Legal reserve

Section 116 of the Public Companies Act B.E. 2535 Section 116 requires that a public company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward, to a reserve account ("Legal reserve"), until this account reaches an amount not less than 10% of the registered authorised capital. The legal reserve is not available for dividend distribution.

*Other components of equity**Currency translation differences*

The currency translation differences account within equity comprises all foreign currency differences arising from the translation of the financial statements of foreign operations, as well as from the translation of liabilities that hedge the Company's net investment in a foreign operation.

Valuation surplus

The valuation surplus account within equity comprises the cumulative net change in the valuation of property, plant and equipment included in the financial statements at valuation until such property, plant and equipment is sold or otherwise disposed of.

Movements in reserves

Movements in reserves are shown in the statements of changes in equity.

20. Segment reporting

The Group has four reportable segments, as described below, which are the Group's strategic divisions. The strategic divisions offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic divisions, the chief operating decision maker (CODM) reviews internal management reports on at least a quarterly basis. The following summary describes the operations in each of the Group's reportable segments.

Segment 1	Manufacture of hot rolled coils
Segment 2	Maintenance services
Segment 3	Deep-sea port services
Segment 4	Coke manufacturing and steel making plants

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before tax, as included in the internal management reports that are reviewed by the Group's CODM. Segment profit before tax is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Information about reportable segments

	Manufacture of hot rolled coils		Maintenance services		Deep-sea port services		Coke manufacturing and steel making plants		Elimination of inter-segment revenues		Total	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
External revenue	32,381,575	45,598,513	550,655	487,431	143,531	169,367	32,200,494	19,131,619	-	-	65,276,255	65,386,930
Inter-segment revenue	-	-	252,276	422,278	139,638	224,517	14,608,493	26,126,582	(15,000,407)	(26,773,377)	-	-
Segment profit (loss) before income tax	(443,928)	222,188	(143,621)	60,685	72,536	162,995	(4,395,839)	(9,184,103)	18,574	(151,960)	(4,892,278)	(8,890,195)
Segment assets	66,304,357	68,164,420	477,137	567,038	2,109,539	2,052,424	42,025,093	44,944,485	(33,622,861)	(31,002,182)	77,293,265	84,726,185

(in thousand Baht)

*Reconciliation of reportable segment profit or loss and assets**For the year ended 31 December*

	2014	2013
	<i>(in thousand Baht)</i>	
Profit or loss		
Total loss for reportable segments	(4,910,852)	(8,738,235)
Elimination of inter-segment profits	18,574	(151,960)
Consolidated loss before income tax	(4,892,278)	(8,890,195)
Assets		
Total assets for reportable segments	110,916,126	115,728,367
Elimination of inter-segment assets	(33,622,861)	(31,002,182)
Consolidated total assets	77,293,265	84,726,185

Geographical segments

- Segment 1 - is managed and operates manufacturing facilities and sales offices in Thailand.
- Segment 2 and 3 - operate principally in Thailand. There are no material revenues derived from, or assets located in, foreign countries.
- Segment 4 - is managed and operates manufacturing facilities and sales offices in the United Kingdom.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets.

Geographical information

	Revenues	
	2014	2013
	<i>(in thousand Baht)</i>	
Thailand	33,238,712	45,786,052
Europe	15,511,247	14,469,302
United Kingdom	2,294,734	1,809,606
Mexico	2,414,246	1,345,439
North America	10,269,161	886,935
Other	1,548,155	1,089,596
Total	65,276,255	65,386,930

Major customer

Revenues from 2 customers of the Group's segment 1 represent approximately Baht 20,299 million (2013: Baht 32,479 million) and revenues from one customer of the Group's segment 4 represent approximately Baht 10,893 million (2013: Baht 11,022 million) of the Group's total revenues.

21. Selling expenses

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in thousand Baht)</i>			
Distribution expenses	269,652	294,300	269,652	294,300
Employee benefit expenses	32,030	25,504	23,740	19,482
Others	9,146	11,936	5,117	9,979
Total	310,828	331,740	298,509	323,761

22. Administrative expenses

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in thousand Baht)</i>			
Employee benefit expenses	585,132	455,476	260,564	166,252
Travelling expenses	71,278	73,958	67,563	68,776
Bad debt and doubtful expenses	42,110	-	37,203	-
Depreciation and amortisation expenses	37,760	42,529	33,472	26,464
Rental and utility expenses	32,736	24,006	25,681	25,208
Loss on written-off assets	24,107	526	155	423
Professional fee	18,018	26,359	12,247	16,436
Taxes and other fees	11,647	17,956	9,335	12,114
Advertisement and public relation expenses	8,524	11,216	8,524	10,189
Insurance premium expenses	7,474	8,057	7,474	6,431
Wages and salaries	6,357	21,172	-	-
Training expenses	2,119	3,162	1,740	1,222
Supplies	1,299	2,475	1,299	1,261
Others	224,669	111,410	103,446	54,620
Total	1,073,230	798,302	568,703	389,396

23. Employee benefit expenses

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in thousand Baht)</i>			
<i>Management</i>				
Wages and salaries	139,668	123,759	58,610	52,237
Defined benefit plans	3,569	6,736	2,850	2,783
Post employment benefit plan	1,814	2,623	1,700	1,669
Long-term employee benefits	15	33	12	21
	<u>145,066</u>	<u>133,151</u>	<u>63,172</u>	<u>56,710</u>
<i>Other employees</i>				
Wages and salaries	5,087,501	4,084,981	538,368	520,619
Defined benefit plans	35,852	321,976	25,847	24,726
Post employment benefit plan	19,898	14,134	14,204	10,353
Long-term employee benefits	2,726	2,719	1,759	1,831
	<u>5,145,977</u>	<u>4,423,810</u>	<u>580,178</u>	<u>557,529</u>
Total	<u>5,291,043</u>	<u>4,556,961</u>	<u>643,350</u>	<u>614,239</u>

Defined contribution plans

The defined contribution plans comprise provident funds established by the Group for its employees. Membership of the funds is on a voluntary basis. Contributions are made monthly by the employees at rates ranging from 5% to 10% of their basic salaries and by the Group at rates ranging from 5% to 10% of the employees' basic salaries. The provident funds are registered with the Ministry of Finance as juristic entities and are managed by a licensed Fund Manager.

SSI UK Defined contribution plans

The defined contribution plans comprise pension plan established by SSI UK for its employees. Membership to the funds is on a voluntary basis. Contributions are made monthly by the employees at rates ranging from 3% to 6% of their basic salaries (dependent upon ages and length of employments) and by the subsidiary at rates ranging from 6% to 12% of the employees' basic salaries (dependent upon ages and length of employments). The pension plan is managed by a pension plan manager authorised and regulated by the Financial Services Authority.

24. Expenses by nature

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in thousand Baht)</i>			
Changes in inventories of finished goods and work in progress	(80,611)	1,456,886	755,387	6,676
Raw materials and consumables used	43,479,521	47,716,439	27,081,389	40,433,582
Employee benefit expenses	5,145,977	4,423,932	580,178	557,530
Sub-contractor and wage	4,257,926	3,723,371	-	-
Fuel oil and electrical expenses	3,380,931	2,666,861	736,870	954,651
Depreciation and amortisation expenses	2,429,373	2,430,044	466,395	650,048
Maintenance expenses	2,330,610	2,619,673	246,887	375,530
Transportation expenses	1,644,782	1,417,734	269,652	294,300
Loss on decline in value of inventories (reversal)	465,286	(155,156)	454,151	(90,168)
Professional fee	41,357	676,334	12,247	29,341
Minimum lease payments recognised as an operating lease expenses	41,016	28,898	33,190	34,157
Bad debt and doubtful expenses	42,110	-	37,203	-
Advertising and public relation expenses	16,264	20,876	16,264	19,849
Others	4,155,697	4,354,171	469,965	482,344
Total cost of sales of goods and cost of rendering of services, selling expenses and administrative expenses	67,350,239	71,380,063	31,159,778	43,747,840

25. Finance costs

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in thousand Baht)</i>			
Interest expenses	3,209,808	3,513,541	1,669,894	1,970,875
Bank charges	17,794	21,547	7,203	11,645
Loss on interest rate swap agreements	12,587	51,745	12,587	51,744
Total	3,240,189	3,586,833	1,689,684	2,034,264

26. Income tax expense

Income tax recognised in profit or loss

	Note	Consolidated financial statements		Separate financial statements	
		2014	2013	2014	2013
		<i>(in thousand Baht)</i>			
Current tax expense					
Current year		4,452	21,513	-	-
Deferred tax expense					
Movements in temporary differences	12	(29,898)	(1,928,651)	-	(547)
Total		(25,446)	(1,907,138)	-	(547)

Income tax recognised in other comprehensive income

	Consolidated financial statements					
	2014			2013		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
	<i>(in million Baht)</i>					
Foreign currency translation differences for foreign operations	(37,582)	-	(37,582)	370,537	-	370,537
Revaluation of property, plant and equipment	-	-	-	324,593	(64,919)	259,674
Depreciation on revaluation surplus	(237,112)	48,402	(188,710)	(360,965)	73,661	(287,304)
Defined benefit plan actuarial losses	(13,388)	(514)	(13,902)	-	-	-
Total	(288,082)	47,888	(240,194)	334,165	8,742	342,907
	Separate financial statements					
	2014			2013		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
	<i>(in million Baht)</i>					
Revaluation of property, plant and equipment	-	-	-	379,295	(75,189)	304,106
Depreciation on revaluation surplus	(214,990)	43,623	(171,367)	(333,932)	66,786	(267,146)
Defined benefit plan actuarial losses	(15,960)	-	(15,960)	-	-	-
Total	(230,950)	43,623	(187,327)	45,363	(8,403)	36,960

Reconciliation of effective tax rate

	Consolidated financial statements			
	2014		2013	
	Rate (%)	(in thousand Baht)	Rate (%)	(in thousand Baht)
Loss before income tax expense		(4,892,278)		(8,890,195)
Income tax using the Thai corporation tax rate	20	(978,456)	20	(1,778,039)
Effect of different tax rates in foreign jurisdictions	1	(29,558)	3	(270,640)
Income not subject to tax	3	(169,738)	1	(68,543)
Expenses not deductible for tax purposes	(1)	40,942	(1)	90,500
Recognition of previously unrecognised tax losses	2	(79,014)	2	(219,137)
Current year losses for which no deferred tax asset was recognised	(21)	1,046,720	(20)	1,766,795
Unrecognise deferred tax assets and deferred tax liabilities during the year	(3)	160,724	1	(63,498)
Under provided in prior years	-	-	(2)	170,933
Effect of capital allowance under UK Act	-	-	17	(1,547,658)
Others	-	(17,066)	-	12,150
Total	1	(25,446)	21	(1,907,137)

	Separate financial statements			
	2014		2013	
	Rate (%)	(in thousand Baht)	Rate (%)	(in thousand Baht)
Profit (loss) before income tax expense		(346,270)		209,445
Income tax using the Thai corporation tax rate	20	(69,254)	20	41,889
Income not subject to tax	5	(16,900)	(12)	(25,854)
Expenses not deductible for tax purposes	(12)	40,009	7	14,845
Recognition of previously unrecognised tax losses	23	(79,014)	-	-
Current year losses for which no deferred tax asset was recognised	-	-	16	34,090
Unrecognised deferred tax assets and deferred tax liabilities during the year	(36)	125,159	(31)	(65,517)
Total	-	-	-	(547)

Income tax reduction

Royal Decree No. 530 B.E. 2554 dated 21 December 2011 grants a reduction in the corporate income tax rate for the three accounting periods 2012, 2013 and 2014; from 30% to 23% for the accounting period 2012 which begins on or after 1 January 2012 and to 20% for the following two accounting periods 2013 and 2014 which begin on or after 1 January 2013 and 2014, respectively. Royal Decree No. 577 B.E. 2557 dated 10 November 2014 grants an order to maintain the corporate income tax rate at 20% for the accounting period which begins on or after 1 January 2015.

The Group has applied the reduced tax rate of 20% in measuring deferred tax assets and liabilities as at 31 December 2014 and 2013 in accordance with the clarification issued by the FAP in 2012.

27. Promotional privileges

By virtue of the provisions of the Industrial Investment Promotion Act of B.E. 2520, the Group has been granted privileges by the Board of Investment relating to (1) the manufacture of hot rolled coils and hot rolled pickled and oiled coils (2) the provision of marine shipping services (3) the provision of high-powered tug boat services (4) the manufacture of industrial machinery and equipment, mechanical parts, and the repair and improvement of industrial machinery and equipment and steel structures for industrial use.

The privileges granted include:

- (a) exemption from payment of import duty on machinery approved by the Board;
- (b) exemption from payment of import duty on essential raw materials and supplies imported;
- (c) exemption from payment of income tax for sales of hot rolled coils and hot rolled pickled and oiled coils, to the extent that the amount sold does not exceed 1.6 million tons a year, for a period of 8 years from the date on which the income is first derived from such operations (13 May 2004);
- (d) exemption from payment of income tax on net income from the provision of marine shipping services, for a period of 8 years from the date on which the income is first derived from such operations (14 November 2006) to the extent that the amount of tax exempted does not exceed 100% of the total investment made, excluding the price of land and working capital. The amount of income tax exempted thus must not exceed Baht 1,146 million, and such cap is to be adjusted according to the actual capital investment (excluding land cost and working capital) as of the started date operation of the project commences. In addition, the privilege also includes an exemption from payment of import duty on machinery approved by the Board;

- (e) exemption from payment of income tax on net income from the provision of high-powered tug boat services, for a period of 8 years from the date on which the income is first derived from such operations (4 July 2012) to the extent that the amount of tax exempted does not exceed 100% of the total investment made, excluding the price of land and working capital. The amount of income tax exempted thus must not exceed Baht 300 million, and such cap is to be adjusted according to the actual capital investment (excluding land cost and working capital) as of the started date operation of the project commences; and
- (f) exemption from payment of income tax on net income from manufacture of industrial machinery and equipment, mechanical parts, and the repair and improvement of industrial machinery and equipment and steel structures for industrial use, for a period of 8 years from the date on which the income is first derived from such operations, to the extent that the amount of tax exempted does not exceed 100% of the total investment made, excluding the price of land and working capital. The total amount of income tax exempted thus must not exceed Baht 167 million, and such cap is to be adjusted according to the actual capital investment (excluding land cost and working capital) as of the started date operation of the project commences.

As promoted companies, the Group must comply with certain terms and conditions prescribed in the promotional certificates.

Summary of revenue from promoted and non-promoted businesses as at 31 December:

	Consolidated financial statements					
	2014			2013		
	Promoted businesses	Non-promoted businesses	Total	Promoted businesses	Non-promoted businesses	Total
	<i>(in thousand Baht)</i>					
Export sales and services	-	47,065,610	47,065,610	-	44,864,338	44,864,338
Local sales and services	169,517	33,041,535	33,211,052	272,981	47,022,989	47,295,970
Eliminations	(107,692)	(14,892,715)	(15,000,407)	(201,427)	(26,571,951)	(26,773,378)
Total Revenue	61,825	65,214,430	65,276,255	71,554	65,315,376	65,386,930

	Separate financial statements					
	2014			2013		
	Promoted businesses	Non-promoted businesses	Total	Promoted businesses	Non-promoted businesses	Total
	<i>(in thousand Baht)</i>					
Export sales	-	217,374	217,374	-	613,639	613,639
Local sales and services	-	32,164,201	32,164,201	-	44,984,874	44,984,874
Total Revenue	-	32,381,575	32,381,575	-	45,598,513	45,598,513

28. Basic/diluted earning (loss) per share

The calculations of basic/diluted loss per share for the years ended 31 December 2014 and 2013 were based on the loss for the years attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding during the years as follows:

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in thousand Baht / thousand shares)</i>			
Profit (loss) attributable to ordinary shareholders of the Company (basic)	<u>(4,903,027)</u>	<u>(7,052,530)</u>	<u>(346,270)</u>	<u>210,003</u>
Number of ordinary shares outstanding at 1 January	32,166,258	27,080,630	32,166,258	27,080,630
Effect of shares issued on 11 February 2013	-	311,312	-	311,312
Effect of shares issued on 3 June 2013	-	386,281	-	386,281
Effect of shares issued on 4 July 2013	-	45,549	-	45,549
Effect of shares issued on 18 July 2013	-	856,938	-	856,938
Effect of shares issued on 4 October 2013	-	218,491	-	218,491
Effect of shares issued on 11 October 2013	-	271,612	-	271,612
Weighted average number of ordinary shares outstanding (basic)	<u>32,166,258</u>	<u>29,170,813</u>	<u>32,166,258</u>	<u>29,170,813</u>
Profit (loss) per share (basic) <i>(in Baht)</i>	<u>(0.15)</u>	<u>(0.24)</u>	<u>(0.01)</u>	<u>0.01</u>

Diluted earnings per share

The calculation of diluted earnings per share for the year period ended 31 December 2013 was based on the profit for the periods attributable to ordinary share holders of the company and the weighted average number of ordinary shares outstanding during the periods shares after adjusting for the effects of all dilutive potential ordinary as follows:

<i>For the year ended 31 December 2013</i>	Separate financial statements <i>(in thousand Baht / thousand shares)</i>
Profit for the year attributable to ordinary shareholders of the Company (basic)	210,003
Interest expenses on subordinated convertible debentures, net of tax	5
Profit attributable to ordinary shareholders of the Company (diluted)	210,008
Weighted average number of ordinary shares outstanding (basic)	29,170,813
Effect of conversion of subordinated convertible debentures	279
Weighted average number of ordinary shares outstanding (diluted)	29,171,092
Earnings per share (diluted) <i>(in Baht)</i>	0.01

The incremental shares from assumed conversions are not included in calculating the diluted per-share amounts for the consolidated and separate financial statement for 2014 because the control number (loss from continuing operations attributable to ordinary equity holders of the parent entity adjusted for interest expense of the convertible bonds) was negative (loss rather than profit).

29. Financial instruments*Financial risk management policies*

The Group is exposed to normal business risks from changes in market interest rates and currency exchange rates and from non-performance of contractual obligations by counterparties. The Group does not hold or issue derivative financial instruments for speculative or trading purposes.

Risk management is integral to the whole business of the Group. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved.

Capital management

The Board of Directors' policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board monitors the return on capital, which the Group defines as result for operating activities divided by total shareholders' equity, excluding non-controlling interests and also monitors the level of dividends to ordinary shareholders.

Interest rate risk

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Group's operations and its cash flows because loan interest rates are mainly fixed. The Group is primarily exposed to interest rate risk from its borrowings (Note 13). The Group mitigates this risk by ensuring that the majority of its borrowings are at fixed interest rates and uses derivative financial instruments, principally interest rate swaps, to manage exposure to fluctuations in interest rates on borrowings.

The effective interest rates of interest-bearing financial liabilities as at 31 December and the periods in which those liabilities mature or re-price were as follows:

	Effective interest rate (% per annum)	Consolidated financial statements			
		Within 1 year	After 1 year but within 5 years (in thousand Baht)	After 5 years	Total
2014					
Current					
Bank overdraft		187,476	-	-	187,476
Short-term loans from financial institutions					
- Secured	3.35 - 7.85	21,917,566	-	-	21,917,566
- Unsecured		137,015	-	-	137,015
Short-term loans from related parties - unsecured	8.50	396,294	-	-	396,294
Long-term loans from financial institutions - current portion	4.49 - 7.33	6,100,661	-	-	6,100,661
Long-term borrowings classified as current liabilities - secured	4.49 - 7.33	23,572,702	-	-	23,572,702
Subordinated convertible debentures	3.00	236	-	-	236
Finance lease liabilities - current portion	6.50 - 15.00	54,692	-	-	54,692
Hire purchase liabilities - current portion	0.39 - 7.50	6,602	-	-	6,602
Non-current					
Finance lease liabilities	6.50 - 15.00	-	139,627	-	139,627
Hire purchase liabilities	0.39 - 7.50	-	3,338	-	3,338
Total		52,373,244	142,965	-	52,516,209

	Effective interest rate <i>(% per annum)</i>	Consolidated financial statements			Total
		Within 1 year	After 1 year but within 5 years	After 5 years	
			<i>(in thousand Baht)</i>		
2013					
Current					
Bank overdraft		281,231	-	-	281,231
Short-term loans from financial institutions	4.00 - 7.38	21,607,371	-	-	21,607,371
Long-term loans from financial institutions					
- current portion	4.24 - 7.40	1,924,004	-	-	1,924,004
Finance lease liabilities					
- current portion	7.56	49,845	-	-	49,845
Hire purchase liabilities					
- current portion	4.76	6,896	-	-	6,896
Non-current					
Long-term loans from financial institutions	4.24 - 7.40	-	18,766,202	9,113,109	27,879,311
Subordinated convertible debentures	3.00	-	149	-	149
Finance lease liabilities	7.56	-	161,063	-	161,063
Hire purchase liabilities	4.76	-	6,242	-	6,242
Total		23,869,347	18,933,656	9,113,109	51,916,112

	Effective interest rate (% per annum)	Separate financial statements			Total
		Within 1 year	After 1 year but within 5 years (in thousand Baht)	After 5 years	
2014					
Current					
Bank overdraft		17,179	-	-	17,179
Short-term loans from financial institutions	3.35 - 4.17	11,889,596	-	-	11,889,596
Short-term loans from related parties - unsecured	7.63 - 8.50	41,460	-	-	41,460
Long-term loans from financial institutions - current portion	6.75 - 7.33	5,736,332	-	-	5,736,332
Long-term borrowings classified as current liabilities - secured	6.75 - 7.33	7,916,544	-	-	7,916,544
Subordinated convertible debentures	3.00	236	-	-	236
Hire purchase liabilities - current portion	4.76 - 6.69	4,732	-	-	4,732
Non-current					
Hire purchase liabilities	4.76 - 6.69	-	2,460	-	2,460
Total		25,606,079	2,460	-	25,608,539

	Effective interest rate (% per annum)	Separate financial statements			Total
		Within 1 year	After 1 year but within 5 years (in thousand Baht)	After 5 years	
2013					
Current					
Short-term loans from financial institutions	4.05 - 4.17	11,693,814	-	-	11,693,814
Long-term loans from financial institutions - current portion	7.00 - 7.40	1,811,783	-	-	1,811,783
Hire purchase liabilities - current portion	4.76	5,212	-	-	5,212
Non-current					
Long-term loans from financial institutions	7.00 - 7.40	-	8,303,110	3,754,766	12,057,876
Subordinated convertible debentures	3.00	-	149	-	149
Hire purchase liabilities	4.76	-	4,313	-	4,313
Total		13,510,809	8,307,572	3,754,766	25,573,147

Foreign currency risk

The Group is exposed to foreign currency risk relating to purchases which are denominated in foreign currencies. The Group primarily utilises forward exchange contracts with maturities of less than one year to hedge such financial liabilities denominated in foreign currencies. The forward exchange contracts entered into at the reporting date also relate to anticipated purchases, denominated in foreign currencies, for the subsequent period.

At 31 December, the Group and Company were exposed to foreign currency risk in respect of financial assets and liabilities denominated in the following currencies:

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in thousand Baht)</i>			
<i>United States Dollars</i>				
Cash and cash equivalents	161,464	5,869	-	-
Trade accounts receivable	439,614	406,632	28,803	-
Interest-bearing liabilities	(26,445,346)	(25,994,443)	-	-
Trade accounts payable	(7,093,072)	(8,346,778)	(7,689,702)	(8,342,809)
Gross balance sheet exposure	(32,937,340)	(33,928,720)	(7,660,899)	(8,342,809)
Forward purchase contracts	6,559,896	6,205,359	6,559,896	6,205,359
Net exposure	(26,377,444)	(27,723,361)	(1,101,003)	(2,137,450)
<i>Pound Sterling</i>				
Cash and cash equivalents	3,102	1,052	-	-
Trade accounts receivable	180,666	292,679	-	-
Trade accounts payable	(3,197,668)	(3,105,955)	-	(406)
Gross balance sheet exposure	(3,013,900)	(2,812,224)	-	(406)
Forward purchase contracts	3,197,668	-	-	-
Net exposure	183,768	(2,812,224)	-	(406)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in thousand Baht)</i>			
<i>Euro</i>				
Cash and cash equivalents	398	778	-	-
Trade accounts receivable	83,857	13,128	-	-
Trade accounts payable	(99,627)	(174,305)	(26,054)	(60,270)
Gross balance sheet exposure	(15,372)	(160,399)	(26,054)	(60,270)
Forward purchase contracts	73,573	54,343	-	54,343
Net exposure	58,201	(106,056)	(26,054)	(5,927)

Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or counterparty to settle its financial and contractual obligations to the Group as and when they fall due.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. At the reporting date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet. However, due to the large number of parties comprising the Group's customer base, Management does not anticipate material losses from its debt collection.

Liquidity risk

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. The fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The fair value of trade and other short-term receivables is taken to approximate the carrying value.

The fair value of investments in equity and debt securities, which are held for trading, held to maturity and available for sales, is determined by reference to their quoted bid price at the reporting date. The fair value of held-to-maturity investments is determined for disclosure purposes only.

The fair value of interest rate swaps is based on broker quotes. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date.

The fair value of forward exchange contracts is based on their listed market price, if available. If a listed market price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price at the reporting date for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

The fair value of non-derivative financial liabilities, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. In respect of the liability component of convertible notes, the market rate of interest is determined by reference to similar liabilities that do not have a conversion option.

As at 31 December, the fair value of financial assets and liabilities, together with the carrying values shown in the statement of financial position at 31 December were as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	Fair value	Carrying value	Fair value	Carrying value
	<i>(in thousand Baht)</i>			
2014				
Current				
Interest rate swaps - liabilities	-	-	-	-
Forward exchange contracts - liabilities	9,916,271	9,831,137	6,645,675	6,559,896
Total	9,916,271	9,831,137	6,645,675	6,559,896
2013				
Current				
Interest rate swaps - liabilities	86,627	109,010	86,627	109,010
Forward exchange contracts - liabilities	6,450,715	6,259,702	6,450,715	6,259,702
Total	6,537,342	6,368,712	6,537,342	6,368,712

30. Commitments with non-related parties

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in million Baht)</i>			
Capital commitments				
<i>Contracted but not provided for</i>				
Machinery and equipment	132	83	16	30
Total	132	83	16	30

As at 31 December 2014, the Group had capital commitment of Baht 12.1 million, USD 3.5 million, EUR 0.07 million and GBP 0.03 million in relation to the acquisition and installation of machinery and equipment.

As at 31 December 2014, the Company had capital commitment of Baht 12 million, GBP 0.03 million, and EUR 0.07 million in relation to the acquisition and installation of machinery and equipment.

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in million Baht)</i>			
Non-cancellable operating lease commitments				
Within one year	23	34	4	14
After one year but within five years	4	4	-	2
Total	27	38	4	16
Other commitments				
Raw materials purchases	4,212	4,556	2,184	2,335
Letters of credit	67	-	3	-
Bank guarantees	151	186	106	106
Other agreements	1,336	4,615	1,253	4,579
Total	5,766	9,357	3,546	7,020

As at 31 December 2014, the Company had outstanding bank guarantees issued by banks on behalf of the Company in respect of certain performance bonds as required in the normal course of the business. These included letters of guarantee to guarantee:

- to the Customs Department in respect of the establishment of a wharf and go-downs amounting to Baht 11 million (31 December 2013: Baht 11 million);
- contractual performance amounting to Baht 29.9 million, GBP 1.5 million and AUD 0.9 million (31 December 2013: Baht 62.5 million, GBP 0.1 million and AUD 0.1 million); and
- electricity usage Baht 107.8 million (31 December 2013: Baht 106.7 million).

As at 31 December 2014, the Group had other commitments in relation to purchase spare parts and equipment supplies, and to obtain maintenance services amounting to Baht 1,027 million, USD 2.9 million, EUR 2.8 million, GBP 0.2 million and JPY 3.3 million (2013: Baht 4,250.7 million, USD 4.4 million and EUR 4.7 million, GBP 0.1 million and JPY 1.2 million).

As at 31 December 2014, the Company had other commitments in relation to purchase spare parts and equipment supplies, and to obtain maintenance services amounting to Baht 943.7 million, USD 2.9 million, EUR 2.8 million, GBP 0.2 million and JPY 3.3 million (2013: Baht 4,212.2 million, USD 4.4 million, EUR 4.7 million, GBP 0.1 million and JPY 1.2 million).

The Company has issued guarantees in favour of the British Environment Agency in relation to landfill and radioactive source permits held by SSI UK. These guarantees in relation to landfill permit in the first year to the third year value of GBP 3.1 million, GBP 3.3 million and GBP 2.2 million, respectively. The guarantee in relation to radioactive source permit have a value of 25,000 pounds.

Off balance sheet arrangements

Arrangements for one subsidiary are in place to ensure security of supply by consignment stock at Redcar Bulk Terminal Limited, the jointly-controlled entity.

31. Contingent liabilities and contingent assets

Contingent liabilities

As at 31 December, the Group was liable to banks in respect to the following guarantees:

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in thousand Baht)</i>			
Electricity supply	106,652	106,652	104,452	104,452
Performance guarantees	26,945	66,955	-	-
Others	17,497	12,111	1,110	1,110
Total	151,094	185,718	105,562	105,562

Dispute

On 9 July 2010, the Prachuabkirikhan Provincial Land Office, Bangsaphan Branch (“the Land Office”) ordered the Company and a subsidiary to submit the Certificates of Utilisation (Nor. Sor. 3 Kor) (“the Certificates”) for various plots of land, with an aggregate value of Baht 123.1 million for the Company and Baht 187.6 million for the subsidiary, for cancellation. Later, the Land Office announced that it was issuing replacement certificates for the Certificates. The Company and the subsidiary filed a lawsuit against the officers of the Land Office with the Central Administrative Court “CAC”, petitioning the CAC to order the cancellation of the announcement of the Company and the subsidiary. The Company and the subsidiary also petitioned the CAC to identify measures to provide them with temporary relief. The Court accepted the lawsuit for consideration, and is currently deliberating. However, in preparing the financial statements, the Company and the subsidiary recorded full allowance since 2007 and 2008, respectively.

On 1 September 2010, the Company and the subsidiary filed a lawsuit against the Director-General of the Department of Lands and the Deputy Permanent Secretary of the Ministry of Interior with the CAC, petitioning the court to order the revocation of the order of the Director-General of the Department of Lands issued on 5 January 2010, which ordered the revocation and recharting of the area under the Certificates, and the withdrawal of the appeal decision of the Deputy Permanent Secretary of the Ministry of Interior. Also, the Company and the subsidiary requested the court to suspend the execution of a sentence of the CAC. Presently, the court is in a process of submitting the deposition of the defendant to the Company and the subsidiary. In addition, the court ordered to combine this case with the case that the Company and the subsidiary filed a lawsuit against the Prachuabkirikhan Provincial Land Office, Bangsaphan Branch, discussed above.

On 20 December 2010, the Bangsaphan Sheriff, as the official responsible for the oversight and care of the National Forest, Khlong Mae Ramphueng forest, Prachuap Khiri Khan province (“the Forest”), issued a written order for the Company and the subsidiary to vacate the land for which the Director-General of the Department of Lands ordered revocation of the Certificates and for which the Land Office issued replacement certificates for the Certificates within 30 January 2011.

On 30 March 2011, the Company and the subsidiary filed a lawsuit petitioning the CAC to order the cancellation of written order of the Bangsaphan Sheriff on 20 December 2010, for the Company and the subsidiary to vacate from the Forest and to undertake no activities on that land. These are currently being considered by the CAC.

On 6 August 2013, CAC ordered to stay the execution ordering the Company and its subsidiary to vacate from the Forest and to undertake no activities on that land.

The management of the Company and the subsidiary believe that, regardless of the result, the dispute will not affect the business operations of the Company and the subsidiary.

Litigation

- 1) The Company has been sued by the Royal Forest Department in a civil case regarding the encroachment on a national forest reserve, with a total of Baht 4.9 million claimed and the Prachuabkirikhan Provincial Court ordered the Company to pay compensation of Baht 2 million plus interest at a rate of 7.5% per annum as from the date the lawsuit was lodged by the Royal Forestry Department. The Company placed a bank guarantee of Baht 3.9 million with the Appeal Court to suspend the execution of the judgement for the term of the appeal, and lodged an appeal of the judgement with the Prachuabkirikhan Provincial Court. The Company submitted an appeal to the Appeal Court and continued to the Supreme Court. The Supreme Court verdict ruled in favour of The Royal Forest Department and consequently on 20 September 2013, the Company paid the claim amounting to Baht 4.9 million. The case is finally complete.

- 2) In March 2004, the Company was named co-defendant in two civil cases before the Bangkok South Civil Court, involving total claims of Baht 126 million resulting from the incorrect issue of bills of lading by forwarding agents. Subsequently, two of the plaintiffs in these cases sued the Company in the Central Intellectual Property and International Trade Court ("CIPITC"), which has jurisdiction in the cases. Claims made totalled approximately Baht 80 million. In December 2005, CIPITC combined the two cases because they relate to the same dispute. The CIPITC ordered the Company to pay compensation of USD 200,000, together with interest as from 9 May 2003 until the Company pays the claims and legal fees. In August 2009, the Company submitted an appeal of CIPITC's judgements to the Supreme Court and the case is currently being considered by the Supreme Court. Subsequently, one of the plaintiffs withdrew its lawsuit and did not intend to enforce settlement in accordance with the judgement given by CIPITC. The Company withdrew its appeal in relation to the plaintiff.

The Company has recorded a provision against this claim of Baht 7.8 million which has been held since 2009. However, on 28 October 2014, the Supreme Court has dismissed this case. As a result, the Company has reversed this provision.

Contingent assets

On 6 June 2011, the Company filed a lawsuit against the Department of Land and Department of Provincial Administration ("the Departments") related to a civil case pursued by the Departments against Company to revoke land use certificates (Nor. Sor. 3 Kor). The Company's case is currently waiting for acceptance by the CAC.

32. Environment liabilities

The environmental provision is based upon environmental site assessments and environmental compliance reviews carried out in 2010 as part of the acquisition process of SSI UK. The financial effect and timing of the environmental provision are uncertain. The provision is reviewed on a periodic basis to reflecting a reassessment of the costs of compliance with European Union regulations and landfill containment.

33. Events after the reporting period

In February 2015, the defaults under the loan agreements made with certain lenders by SSI UK under its facility (non-payments) that occurred continued for a period of not less than 60 days, led to a cross default at SSI TH under SSI TH's facility. However, the lenders have not indicated what action, if any, is contemplated as a result of this cross default.

34. Thai Financial Reporting Standards (TFRS) not yet adopted

A number of new and revised TFRS have been issued but are not yet effective and have not been applied in preparing these financial statements. Those new and revised TFRS that may be relevant to the Group's operations, which become effective for annual financial periods beginning on or after 1 January in the year indicated, are set out below. The Group does not plan to adopt these TFRS early.

TFRS	Topic	Year effective
TAS 1 (revised 2014)	Presentation of Financial Statements	2015
TAS 2 (revised 2014)	Inventories	2015
TAS 7 (revised 2014)	Statement of Cash Flows	2015
TAS 8 (revised 2014)	Accounting Policies, Changes in Accounting Estimates and Errors	2015
TAS 10 (revised 2014)	Events after the Reporting Period	2015
TAS 11 (revised 2014)	Construction Contracts	2015
TAS 12 (revised 2014)	Income Taxes	2015
TAS 16 (revised 2014)	Property, Plant and Equipment	2015
TAS 17 (revised 2014)	Leases	2015
TAS 18 (revised 2014)	Revenue	2015
TAS 19 (revised 2014)	Employee Benefits	2015
TAS 21 (revised 2014)	The Effects of Changes in Foreign Exchange Rates	2015
TAS 23 (revised 2014)	Borrowing Costs	2015
TAS 24 (revised 2014)	Related Party Disclosures	2015
TAS 26 (revised 2014)	Accounting and Reporting by Retirement Benefit Plans	2015
TAS 27 (revised 2014)	Separate Financial Statements	2015
TAS 28 (revised 2014)	Investments in Associates and Joint Ventures	2015
TAS 33 (revised 2014)	Earnings per Share	2015
TAS 34 (revised 2014)	Interim Financial Reporting	2015
TAS 36 (revised 2014)	Impairment of Assets	2015
TAS 37 (revised 2014)	Provisions, Contingent Liabilities and Contingent Assets	2015
TAS 38 (revised 2014)	Intangible Assets	2015

TFRS	Topic	Year effective
TAS 40 (revised 2014)	Investment Property	2015
TFRS 2 (revised 2014)	Share-based Payment	2015
TFRS 3 (revised 2014)	Business Combinations	2015
TFRS 5 (revised 2014)	Non-current Assets Held for Sale and Discontinued Operations	2015
TFRS 8 (revised 2014)	Operating Segments	2015
TFRS 10	Consolidated Financial Statements	2015
TFRS 11	Joint Arrangements	2015
TFRS 12	Disclosure of Interests in Other Entities	2015
TFRS 13	Fair Value Measurement	2015
TSIC 15 (revised 2014)	Operating Leases - Incentives	2015
TSIC 25 (revised 2014)	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders	2015
TSIC 27 (revised 2014)	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	2015
TSIC 32 (revised 2014)	Intangible Assets - Web Site Costs	2015
TFRIC 1 (revised 2014)	Changes in Existing Decommissioning, Restoration and Similar Liabilities	2015
TFRIC 4 (revised 2014)	Determining whether an Arrangement contains a Lease	2015
TFRIC 5 (revised 2014)	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	2015
TFRIC 10 (revised 2014)	Interim Financial Reporting and Impairment	2015

The Group has made a preliminary assessment of the potential initial impact on the consolidated and separate financial statements of these new and revised TFRS and expects that there will be no material impact on the financial statements in the period of initial application.



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