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Annual Report 2015

Sahaviriya Steel Industries Public Company Limited

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Vision & Mission

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

Values

integrity

We do
what we say

aim for
excellence

The best
is yet to be

teamwork

One for all,
all for one



Fighting spirit

Never give up

can change

Be the leader
of change

service-mind

Deliver more than
expected



Performance Highlights

Financial Highlights		2015	2014 (Restated)	2013 ³⁾
Sales and Service Revenues	Million Baht	20,173	33,092	65,387
Total Revenue	Million Baht	20,495	33,344	65,892
Cost of Sales and Services	Million Baht	19,392	30,836	70,250
Gross Profit (Loss)	Million Baht	781	2,256	(4,863)
Profit (Loss) Attributable to Owners of the Company	Million Baht	(40,840)	(4,903)	(7,053)
Total Assets	Million Baht	28,665	77,252	84,726
Total Liabilities	Million Baht	64,904	71,792	74,116
Total Equity	Million Baht	(36,239)	5,460	10,610
Equity Attributable to Owners of the Company	Million Baht	(36,946)	4,660	9,794
Net Profit (Loss) Margin	%	(202.45)	(14.82)	(10.79)
Return on Equity	%	N.A.	(67.84)	(62.52)
Return on Asset	%	(77.12)	(6.05)	(8.14)
Interest Bearing Debt to Equity Ratio	Times	N.A.	9.61	4.89
Earning (Loss) per Share	Baht	(1.27)	(0.15)	(0.24)
Book Value per Share	Baht	(1.15)	0.14	0.30

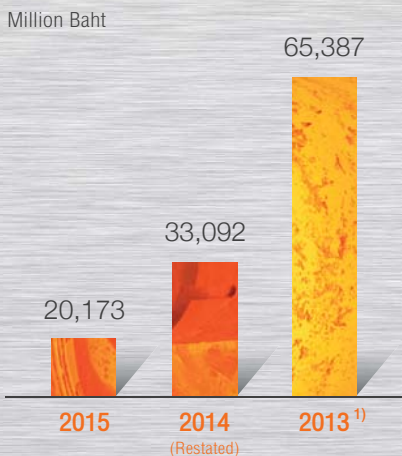
Key Data of "SSI" Share		2015	2014	2013
Closing Price ¹⁾	Baht	0.04	0.29	0.30
High Price	Baht	0.31	0.44	0.72
Low Price	Baht	0.03	0.27	0.30
Average Price	Baht	0.11	0.35	0.55
Number of Listed Shares	Million Shares	32,166	32,166	32,166
Par Value	Baht	1.00	1.00	1.00
Average Daily Trading Volume	Million Shares	81	57	86
Average Daily Trading Value	Million Baht	9	20	47
Market Capitalisation ¹⁾	Million Baht	1,287	9,328	9,650
Foreign Limit	%	49.00	49.00	49.00
Foreign Ownership ²⁾	%	27.61	30.41	30.31
Free Float ²⁾	%	50.38	44.68	48.45
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.

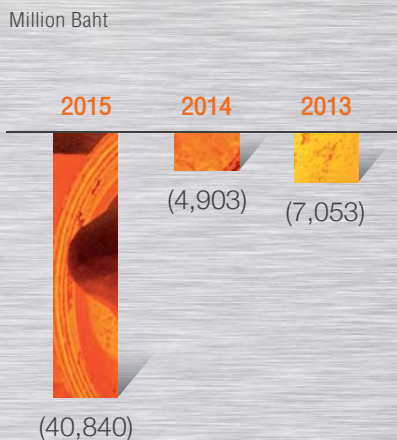
³⁾ 2013 Figures were before reclassification on a break-up basis.

Sales and Service Revenues



¹⁾ 2013 Figures were before reclassification on a break-up basis

Net Profit (Loss)



Market Capitalisation

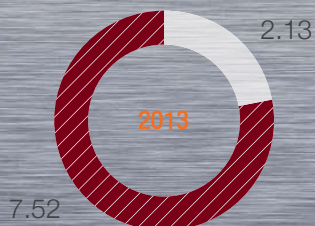
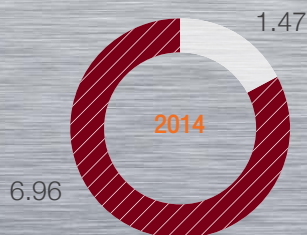
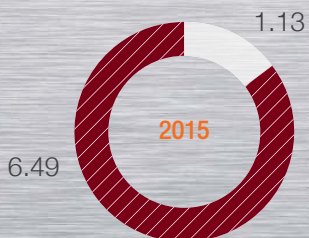
2015
1,287
Million Baht

2014
9,328
Million Baht

2013
9,650
Million Baht

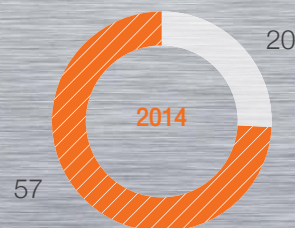
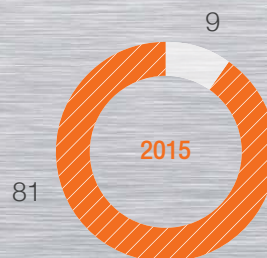
SSI's Sales Volume and Thailand HRC Consumption

- SSI's HRC 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)





Dear Shareholders

Global steel's severe over-capacity since late 2014 mainly resulted from 1) China's all-time high export due to China's severe over-capacity owing to an unfair subsidised steel export, distorting export tax rebate system and China's sluggish steel demand as a result of slowing economy and 2) extraordinary depreciation of the Russian Ruble and the Ukrainian Hryvnia due to political unrest, had caused the supply and demand of steel products a serious imbalance. In addition, commodity prices and steel prices had fallen steadily, causing a huge operating loss for the Group in 2015, especially the Upstream Business in the United Kingdom, operated by Sahaviriya Steel Industries UK Limited ("SSI UK") which is a subsidiary of the Company. The Company has been continuously reporting significant events that occurred to the Group to the Stock Exchange of Thailand ("SET"). The sequences of events taking place from September 2015 until presently are as follows:

1. 18 September 2015 SSI UK notified a suspension of slab production.
2. 21 September 2015 The group of banks which are creditors of SSI UK comprising The Siam Commercial Bank Public Company Limited, Krung Thai Bank Public Company Limited, and TISCO Bank Public Company Limited (collectively, the "Major Creditors") demanded SSI UK to pay its obligation under the loan conditions and requested the Company to be jointly responsible in such payment of the obligation as a guarantor of SSI UK for the obligation amounting to USD 790 million, or approximately Baht 28 billion.
3. 1 October 2015 The Major Creditors demanded the Company to pay its obligations under the loan conditions for an amount of Baht 23.9 billion, additionally to SSI UK's case.
4. 1 October 2015 As the Company had discussed with the Major Creditors, in order to obtain the solution for the HRC Business of the Company to be able to carry on operations as normal, including to maintain business value, the Company decided to submit a petition for Business Rehabilitation to the Central Bankruptcy Court (the "Court"). The Court ordered to accept the petition of the Company on the same day as the black case No. For. 23/2558 and specified the inquiry on the petition on 21 December 2015.
5. 2 October 2015 SSI UK submitted a petition for liquidation to the High Court of Justice Chancery Division Manchester District.
6. 21 December 2015 The litigants preferred to prepare and bring the witnesses to testify on the Court proceedings. The Court, then, specified the next inquiring date on 17 February 2016.
7. 17 February 2016 The Court finished the inquiry and issued the date for the Court's order regarding the Company's petition for Business Rehabilitation on 10 March 2016.
8. 10 March 2016 The Court issued an order for the Company's Business Rehabilitation and appointed the Company as a Plan Preparer.

The next key step is that the Company, as a Plan Preparer, will prepare the Business Rehabilitation Plan (the "Plan") within 5 months after the appointment of the Plan Preparer is announced in the Royal Gazette. The Company then will submit the Plan to the Official Receiver, in order that the Creditors' Meeting passes the resolution accepting the Plan, and the Plan will be proposed to the Court for an approval accordingly. Subsequently, the Company will carry out its business strictly following the Business Rehabilitation Plan. And, after the Business Rehabilitation has been successfully completed pursuant to the Plan, the Company will submit a request to exit the Business Rehabilitation through court proceedings.

The Company would like to additionally inform shareholders that, since 10 March 2016, the date on which the Court issued an order for the Company's Business Rehabilitation and appointed the Company as a Plan Preparer, the power to manage the business and assets of the Company's Board of Directors and Management has been terminated. In addition, the legal rights of the shareholders of the Company (with restriction on the right to receive the dividends - if any) have been temporarily suspended. Power and rights of the shareholders will fall within the duty of the Plan Preparer by law. However, as the Court appointed the Company as a Plan Preparer, the Company's Board of Directors are authorised to continually manage business and assets of the Company, as a Plan Preparer.

According to the Rehabilitation Law, the Plan Preparer will use legal rights for shareholders, until the Court issues an order approving the Plan. After the Court approves the Plan, the right and duties of the

Plan Preparer shall pass to the Plan Administrator accordingly. Therefore, subsequent to the Court's order for the Company's Business Rehabilitation, the Company will not be required to hold the Annual General Meeting of Shareholders, until the Company exits Business Rehabilitation. Nevertheless, the Company realises the importance of communication and dissemination of significant information to shareholders. Plus, the Company is accountable for reporting to SET, regarding the progress on the Company's Business Rehabilitation and periodical operating results. The Company's shareholders are still able to find an electronic publication of the Annual Report and CSR Report, as well as updated information of the Company from reports submitted to SET, or the Company's website at <http://www.ssi-steel.com>. Additionally, shareholders could reach the Company's Investor Relations via phone no. 0-2238-3063-82, or E-mail: ir@ssi-steel.com.

The Company's Board of Directors, acting as directors of the Plan Preparer, is committed to performing its best in overseeing the Company on the principles of good governance, as well as preparing the Business Rehabilitation Plan, in order that the Plan is fair, practical, accepted by creditors and approved by the Court, for the Company's successful Business Rehabilitation as planned.

On behalf of the Company's Board of Directors, I would like to thank shareholders, customers, financial institutions, suppliers, community, concerned government agencies and private organisations, including the Company's management and employees for the support all along in every activity, even though the Company is facing a difficult situation as well as collaboration in the future. Your support will encourage the Company to successfully complete Business Rehabilitation, in order to move the business forward, overcome the debt burden and generate normalised profit in the future.



Message from the Chairman

Mr. Wit Viriyaprapaikit
Chairman of the Board of Directors



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 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.

SSI has joint-venture investments in key downstream projects – namely 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.

As of 31 December 2015, SSI Group employed 2,300 employees. SSI Group has continued its policy to recruit locally. The ratio of local employee at the end of 2015 was 89% at SSI Bangsaphan Steelworks.

The business of SSI Group are divided by business as follows:

Steel Business

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 process.

Engineering Business

This business 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.

Significant Changes and Development in 2015

20 April 2015

- The 26th Annual General Meeting of Shareholders resolved to approve an increase of the Company's registered capital from Baht 34,263,663,124 to Baht 50,263,663,124 by issuing 16,000,000,000 newly issued ordinary shares with the par value of Baht 1 per share to persons under the Private Placement, who are not a connected person of the Company. The Capital increase was required to finish within one year since the annual general meeting of shareholders' approval resolution.

22 April 2015

- The Company received Certificate of ESG 100 Company from Thaipat Institute, as a listed company in the category of Industrials with outstanding Environment, Social and Governance (ESG) performance.

24 April 2015

- The Company registered the reduction of its registered capital with the Registrar, Business Development Department, Ministry of Commerce, from Baht 39,867,778,559 to Baht 34,263,663,124 by way of canceling its 5,604,115,435 authorised but unissued shares having the par value of Baht 1 per share; except the unissued shares of 2,907,405,000 shares which were authorised for the conversion of the Company's convertible debentures into ordinary shares.

30 April 2015

- The Company registered the increase of its registered capital with the Registrar, Business Development Department, Ministry of Commerce, from Baht 34,263,663,124 to Baht 50,263,663,124 by issuing 16,000,000,000 newly issued ordinary shares at the par value of Baht 1 per share.

22 May 2015

- The holders of Subordinated Convertible Debentures of Sahaviriya Steel Industries Plc. No. 1/2012 ("Convertible Debentures") exercised the conversion rights to convert the convertible debentures of 4 units in an aggregate principal amount of Baht 4,000. The stated exercised convertible debentures were converted into 4,000 new ordinary shares of the Company at the par value of Baht 1 per share. Consequently, the Company's paid-up capital increased from Baht 32,166,258,124 to Baht 32,166,262,124.

25 May 2015

- The Company paid the last interest payment, together with the principal repayment for the remaining 275 units Convertible Debentures to the holders, amounting to Baht 275,000.

2 July 2015

- The Company received Thailand Outstanding Company Award for Safety, Occupational Health and Working Environment 2015 (4th consecutive year) held by the Ministry of Labour.

17 July 2015

- The Company received the National Outstanding Industrial Establishment Award in Labour Welfare/Relations Category in 10 consecutive year type (2006 - 2015) held by the Ministry of Labour.

18 September 2015

- SSI UK notified the temporary pause of slab production while awaiting the outcome of ongoing discussions with stakeholders to reduce production cost and stop loss at the Upstream Business.

21 September 2015

- The group of creditors of SSI UK, which are The Siam Commercial Bank Public Company Limited, Krungthai Bank Public Company Limited, and TISCO Bank Public Company Limited (collectively, the "Major Creditors"), demanded SSI UK to pay its obligations under the loan conditions due to some uncertainties from uncontrollable factors which could result in an uncertainty in operation recommencement of SSI UK. In addition, according to its financial position, SSI UK could not respond to the demand of the Major Creditors. Therefore, the Major Creditors requested the Company to be jointly responsible as a guarantor of SSI UK for the obligation amounting to USD 790 million or approximately Baht 28 million.

23 September 2015

- The Company received Industry Award 2015 for Outstanding Safety Management and Quality Management held by the Ministry of Industry.

1 October 2015

- Additionally to SSI UK's case, the Major Creditors demanded the Company to pay its obligation under the

loan conditions amounting to Baht 23.9 billion, as the Company had liabilities exceeding its total assets. As the Company discussed with the Major Creditors to obtain the solution for the HRC Business of the Company to be able to carry on operations as normal, including maintaining the Company's business value, the Board of Directors deemed that the Company should enter into Business Rehabilitation for its debt restructuring. As a result, the Board of Directors approved the Company to submit a petition for Business Rehabilitation to the Central Bankruptcy Court (the "Court") on 1 October 2015 and approved the Company to act as the Planner of the Business Rehabilitation.

- The Company submitted a petition for Business Rehabilitation to the Court, and the Court ordered to accept the petition of the Company on the same day. The preliminary hearing was scheduled on 21 December 2015.

2 October 2015

- The High Court of Justice Chancery Division Manchester District accepted the petition for SSI UK's liquidation. As a result, SSI UK has been in liquidation ever since, and the Board of Directors of SSI UK ceased to have any control of SSI UK's affairs accordingly.

21 December 2015

- The litigants preferred to prepare and bring the witnesses to testify on the Court proceedings. The Court, then, specified the next inquiring date on 17 February 2016.

17 February 2016

- The Court finished the inquiry and issued the date for the Court's order regarding the Company's petition for Business Rehabilitation on 10 March 2016.

10 March 2016

- The Court issued an order for the Company's Business Rehabilitation and appointed the Company as a Plan Preparer.

- The Company notified its guidelines to remove causes of possible delisting.

SSI Group Structure



Core business



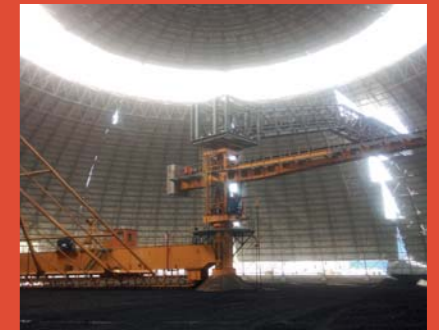
Increase revenues and enhance sustainable growth



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 a business group of Sahaviriya Group, a major shareholder of the Company. Sahaviriya Group is engaged in manufacturing and distributing of steel products. The details of related transactions 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. Generally, the Company wholesales its products 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 do business with retailers or hold shares in the business of its traders and coil centers due to the associated credit risk. One of the common strategies for the business is to separate manufacturer from distributor. As such, there are related companies under Sahaviriya Group which have been established as distributors of HRC and other steel products before the Company's establishment as a manufacturer. The Company has become a major supplier for those related companies with similar sales portion compared with non-related customers.

The Company has a mechanism to protect the rights of shareholders to ensure that they are treated fairly. The Company, as a hot rolled coil manufacturer, has applied the same pricing policies which depend on ordering quantity and frequency to both related and non-related parties. For related party transactions, 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 centre.

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 6.5 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 Product 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 centres 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 a 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 Centre. 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 A3 includes hot-rolled coils with value-added from innovation market, such as goods shelves and scaffolding manufacturers. This group focuses on mechanical properties as well as quick delivery as customers require hot-rolled steel sheet for fabrication following the requirements of end customers. The Company sets a selling price on a monthly basis in Thai Baht and distributed through trading firms.

4. 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.

5. 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	A3	B	Export	Total
2013	8.9	7.9	-	81.8	1.4	100
2014	7.6	12.4	-	79.6	0.4	100
2015	9.4	33.3	1.9	55.4	0.0	100

SSI plans to continuously increase the proportion of premium value products (PVPs). However, the PVPs sales volume in 2015 was 408,260 tons, a decrease of 27% compared with 2014 from decreased total HRC Sales Volume due to high volume import of downstream steel products such as steel pipes and galvanized steel sheet, as well as a sharp drop in the world steel prices and uncertainty about the Company's financial situation during an early stage of the Company's petition for Business Rehabilitation, causing customers to prolong their orders. The proportion of PVPs to total HRC Sales Volume was approximately 36%.

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

Product Type	2013	2014	2015
Premium Value Products	34	38	36
Commercial Products	66	62	64

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 follows:

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 2015 SSI had 16% of the approximate hot-rolled steel demand market share, decreasing from 21% in 2014. Imports had 62% market share, increasing from 59% in a year earlier. The other 4 domestic manufacturers had 22% in total, improving from 20% in 2014. If focusing only the hot-rolled steel coil market, SSI's share is 17%, a decrease from 22% in the previous year. Imports market share was 62%, an increase from 60% in a year earlier. The other 2 domestic manufacturers had a combined market share of 21%, improving from 18% in 2014 due to uncertainty about the Company's financial situation during an early stage of the Company's petition for Business Rehabilitation, causing customers to temporarily prolong their orders in a wait-and-see situation.

Product Procedure

Production

The Company has one Hot Strip Mill to produce Hot-rolled steel sheet in coil and one 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 2015, the Company purchased Slabs from 6 manufacturers in 4 countries including United Kingdom, Japan, Indonesia, 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	Share-holding by SSI (%)	2015		2014 (Restated)		2013	
			Revenue (Million Baht)	%	Revenue (Million Baht)	%	Revenue (Million Baht)	%
HRC Business	Sahaviriya Steel Industries Plc.	-	19,612 ¹⁾	95.69	32,382 ¹⁾	97.11	45,599 ¹⁾	69.20
Engineering Business	West Coast Engineering Co., Ltd.	99.99	416	2.03	567	1.70	487	0.74
Port Business	Prachuap Port Co., Ltd.	51.00	145	0.71	144	0.43	169	0.26
Upstream Business	Sahaviriya Steel Industries UK Ltd.	100.00	-	-	-	-	19,132 ²⁾	29.04
Other revenues	Sahaviriya Steel Industries Plc.		312	1.52	246	0.74	445	0.68
	Prachuap Port Co., Ltd.		6	0.03	3	0.01	3	0.00
	West Coast Engineering Co., Ltd.		4	0.02	2	0.01	2	0.00
	Sahaviriya Steel Industries UK Ltd.		-	-	-	-	55 ²⁾	0.08
			20,495	100.00	33,344	100.00	65,892 ²⁾	100.00

¹⁾ Including sales to Thai Cold Rolled Steel Sheet Plc. amounting to Baht 70 million, Baht 1,485 million, and Baht 2,569 million in 2015, 2014, and 2013 respectively.

²⁾ Revenues in 2013 were before reclassification on a break-up basis.





Steel Industry and Market Overview

World Steel Industry in 2015

World Steel Association (“WSA”) reported an estimated figure of Global Apparent Steel Use of 1,513 million tons in 2015, an annual decrease of 1.7%. Global crude Steel Production in 2015 was approximately 1,599 million tons, an annual decrease of 2.9%. China contributed 50% of world crude steel production and maintained its position



as the production leader, despite its 804 million tons output, an annual decrease of 2.3%.

An annual decrease of 1.7% in Global Apparent Steel Use in 2015 was due to the slowdown of the global economy mainly impacted by the slowdown of Chinese economy, especially in real estate sector, leading to an annual decrease of 3.5% in China Apparent Steel Use in 2015. There was also a decrease in Apparent Steel Use in Russia, Brazil and USA. However, Apparent Steel Use in ASEAN, MENA, India and Mexico improved from the previous year.

In term of steel prices in 2015, iron ore prices (CFR China) declined from the range of USD 52 - 72 per ton in Q1/2015 to the range of USD 48 - 67 per ton, USD 45 - 60 per ton and USD 37 - 56 per ton in Q2/2015, Q3/2015 and Q4/2015 respectively. Meanwhile, slab prices (CFR East Asia Import) continuously decreased from the range of USD 323 - 385 per ton in Q1/2015 to the range of USD 310 - 330 per ton, USD 270 - 310 per ton and USD 230 - 280 per ton in Q2/2015, Q3/2015 and Q4/2015 respectively. Likewise, HRC prices (FOB China) continuously decreased from the range of USD 368 - 458 per ton in Q1/2015 to the range of USD 339 - 375 per ton, USD 264 - 335 per ton and USD 253 - 280 per ton in Q2/2015, Q3/2015 and Q4/2015 respectively.

Thailand Steel Industry in 2015

Thailand steel industry in 2015 reported total Apparent Steel Supply of 16.7 million tons, an annual decrease of 3.5% (Source: Iron and Steel Institute of Thailand, ISIT). Flat steel consumption dropped by 5.2% YoY. Long steel consumption also dropped by 0.4% YoY, driven by a contraction of investment in private sector due to slower-than-expected recovery of economy.





In 2015, domestic steel production decreased by 4.4% YoY following the decline in domestic consumption. This was mainly resulted from the slighter-than-expected gross domestic product (GDP) growth in Thailand which expanded only 2.8% due to a contraction in export impacted by continuing global economic slowdown.

Prevailing Trade Remedy Measures against imported hot-rolled flat steel sheet and cold-rolled flat steel sheet in Thailand are as follows:

Products	Country of Origin	Measures	Duty Rate	Status ¹⁾	Effective Period
HRC	China, Malaysia	Anti-dumping	23.57% - 42.51%	Final	12 Aug 2011 - 11 Aug 2016
HRC (with Boron added)	China	Anti-dumping	14.28% - 19.47%	Final	26 Dec 2012 - 25 Dec 2017
HRC	Japan, South Africa, Russia, Kazakhstan, India, South Korea, Taiwan, Venezuela, Argentina, Ukraine, Algeria, Indonesia, Slovakia, Romania	Anti-dumping	0% - 128.11%	Final	22 May 2015 - 21 May 2020
HRC (with other elements added)	All (UN developing countries excluded, except Turkey)	Safeguard	41.67% 40.42% 39.21%	Final	27 Feb 2016 - 26 Feb 2017 27 Feb 2017 - 26 Feb 2018 27 Feb 2018 - 26 Feb 2019
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 2014 - 6 Jun 2015 7 Jun 2015 - 6 Jun 2016 7 Jun 2016 - 6 Jun 2017
CRC	China, Vietnam, Taiwan	Anti-dumping	4.22% - 20.11%	Final	6 Feb 2014 - 5 Feb 2019

¹⁾ According to Thai regulations, the two stages of AD and Safeguard 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.

Report of the Audit Committee for 2015

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 2015, the Committee held 8 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	8/8
2. Mr. Permpoon Krairiksh	Audit Committee Member	6/8
3. Mr. Yarnsak Manomaiphiboon	Audit Committee Member	7/8
4. Mrs. Wannee Sirikanchana	Secretary to the Audit Committee	7/8

The Committee performed the following duties:

1. Reviewed the Company's 2015 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). Acknowledged the auditor's report on the Company's financial statement for the year ended 31 December 2015, the auditor did not express an opinion on the financial statements due to 1) the limitation of review scope; 2) material uncertainty other than going concern; and 3) material uncertainty concerning going concern basis of accounting as well as acknowledged the Company's financial status and operating performance with shareholders' equity of less than zero, causing the Company for possible delisting.

2. Preliminary approved the change in accounting policy of the Company and its subsidiaries in Thailand, regarding the valuation of fixed assets for property, plant and equipment, from Revaluation Basis to Cost Basis starting from 1 January 2016 onward.

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 of the Company against self-evaluation forms issued by the SEC and by the external auditors. Acknowledged the report of the internal control system of the Company's subsidiaries in Thailand. Approved the retirement of the former Chief of Group Internal Audit office who also served as secretary to the Audit Committee and approved the appointment of a replacement.

5. Acknowledged reports from Group Legal Office 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.

6. 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.

7. Held a special meeting to discuss on protecting the interest of minority shareholders regarding the Company's financial crisis stemmed from a temporary suspension of SSI UK's slab production and the loan default of SSI UK which the Company was its guarantor and provided the conclusions and recommendations to the Board of Directors.

8. Reviewed the quarterly Major Risk Management Report prepared by the Risk Management Committee as well as acknowledged the annual anti-corruption risk assessment.

9. Reviewed the annual Risk Management System and its guidelines provided by the Risk Management Committee.

10. Considered, selected, and proposed the appointment of Miss Orawan Chunchakritpaisan or Mr. Charoen Phosamritlert or Mr. Sakda Kaothanthong of KPMG Phoomchai Audit Limited as auditors of the Company for the fiscal year 2016 including the audit fee.

11. Ensured the transactions between the Company and its related companies complying with the Securities and Exchange laws and laws concerning the Company's businesses and followed up on accounts receivable/accounts payable report of the related companies.

12. Acknowledged reports from the Company Secretary to ensure compliance of conflicts of interest transactions as specified in the Company's policies and procedures, as requested by the SEC.

13. Considered the delegation of responsibility to the senior management, for managing and monitoring of overdue debt collection from related companies.

14. Considered and proposed to the Board of Directors for their authorisation for the Company to submit the completed Self-Evaluation Tool for Countering Bribery to the Private Sector Collective Action Coalition Against Corruption Council (CAC) for entering the certification process. On 27 January 2016, the Company acknowledged the CAC Committee's resolution that the Company has already passed the certification process and became a member of CAC.

15. Reviewed the Company's Audit Committee charter (3rd edition).

16. Carried out the Audit Committee's self-assessment for 2015 and submitted it to the Board of Directors.

17. Reviewed the information disclosed to the SET and the SEC in the 2015 Company annual report (Form 56-2) and the annual information disclosure form ended 31 December 2015 (Form 56-1).

18. Reported the Audit Committee's activities for the year 2015 to the Board of Directors.

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 2015 are presented fairly, in all material respects, in accordance with generally accepted accounting principles.

2. The Company has suitable and efficient internal control and internal audit systems. The former Chief of Group Internal Audit office who was in charge in 2015 and her replacement have sufficient knowledge and competent needed to perform their duties.

3. The Company has complied with relevant laws and regulations. The Company has disclosed accurate and complete information in a timely manner to its shareholders and investors via the SET and the SEC.

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 the audit fee is appropriate to be proposed to the Board of Directors before submitting to the Annual General Meeting of Shareholders No. 27 or an interim executive or a Plan Preparer or a Plan Administrator, depending upon the Company's situation at that time for further approval.



Mr. Somchai Sakulsurarat

Chairperson of the Audit Committee

11 February 2016



Report of the Risk Management Committee for 2015

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:

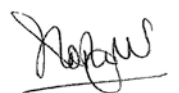
1. Dr. Tongchat Hongladaromp
Chairman of the Risk Management Committee
2. Mr. Somchai Pipitvijitkorn
Risk Management Committee Member
3. Mr. Permpoon Krairiksh
Risk Management Committee Member

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 expressing 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 2015, the Committee reviewed and provided recommendation to management in the quarterly Risk Management Committee meeting and assessed risk factors, risk management plans and the appropriate magnitude of the risk 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 For SSI, the major risks of the Company are market risk and financial risk. The Committee considered risk management reports and provided comment about the market risks which had an impact from the imported goods and price competition in the world market. To mitigate the risk, the Company changed its strategies on sale and raw material management as well as monitoring other impacts which might have on the Company's performance. As for financial risks, the Committee provided suggestions on the commercial debt and loan analysis to ensure the efficiency of debt management as well as proposing the capital increase in order to solve the financial problem, as the Company could not expect the soon recovery amidst the fluctuating market and the current sluggish economy.

2.3 In addition, during the year 2015, the Committee reviewed key risks and closely monitored the situation of Sahaviriya Steel Industries UK Limited (SSI UK), the Company's affiliate, incorporated in the United Kingdom, which operates Upstream Business producing steel slabs. As proposed by the SSI UK's representatives, the followings were the major risk exposures associated with the operations of SSI UK. Market Risk, there was a continuous decrease of product prices with high uncertainty. Manufacturing risk, there are several factors difficult to control including machinery operation and maintenance machine which affected the financial status. The Committee continually focused and made recommendations on liquidity shortfall. However, SSI UK filed a petition for liquidation to the High Court of Justice Chancery Division Manchester District on 2 October 2015, and the court accepted the petition on the same day.

2.4 The Committee acknowledged the risk of entering the rehabilitation process and the situation of the Company during late 2015. The Committee provided comments to the management on liquidity and foreign exchange rate risks which had a big impact from submitting the petition for Business Rehabilitation and falling into the limitation of the "Automatic Stay" provision.



Dr. Tongchat Hongladaromp

Chairman of the Risk Management Committee
3 February 2016



Risk Factors

In 2015, due to both internal factors and external factors, the Company had major changes that affected the operations and structure of the organisation. These included the plant shutdown and business closure of Sahaviriya Steel Industries UK Limited (SSI UK). Indeed, the Company is aware of the risks and risk factors that affect the Company. The Company has Risk Management Committee (RMC) who helps the Board of Directors to oversee risk management tasks by monitoring and





evaluating key risks. In addition, the Company has Audit Committee (AC) who reviews the adequacy of risk management system. Throughout 2015, the Company had reviewed and assessed risk factors as well as setting control measures to mitigate risks on a quarterly basis. The major risks and key risk management measures of the Company in 2015 can be summarised as follows:

Market Risk

- Risk from Fluctuation of Prices and Steel Product Demand

Fluctuation of prices and steel demand is a risk that may affect the Company's performance and causes the Company's inability 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 have significantly impacted product demand causing the Company's incapability to deliver the shipment volume and price as planned.

2. Supply side: domestic sales volume from imported products and domestic competitors may affect the Company's sales volume. In addition, the trade policy of the government may affect the volume of dumping imported hot roll coils from overseas.

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 as well as changes in the Company's situation mentioned above, the Company emphasised on the market and innovation to generate income and add value to its products. 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. The Company also sourced new slab suppliers as replacement of SSI UK which no longer operated, to maintain suitable and predictable cost and quantity. 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 enhance sales and production to run efficiently as well as 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 for searching 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.

Financial Risk

- **Exchange Rate Risk**

In the fourth quarter 2015, after submitting the petition of Business Rehabilitation and being in moratorium period, the Company has been exposed to risks from fluctuations in foreign currency exchange rates. This was because credit limit on the forward exchange contracts used to mitigate the risk from fluctuations in foreign currency exchange rates has been suspended. However, after the Central Bankruptcy Court (“Court”) issued an order of the Company’s Business Rehabilitation on 10 March 2016, the liabilities denominated in foreign currencies would be converted into Thai Baht. The Company, then, may be able to reacquire the credit limit on foreign currency forward contracts. As a result, the risk of fluctuations in foreign currency exchange rates will be reduced.

- **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 generated income trading credit to be at the level that has not affected the Company’s performance.

- **Liquidity Risk**

A significant risk factor that had impact on the Company’s liquidity in 2015 was lower-than-projected cash inflows which was a result of the continuation in slump selling price, the inability of trade debtors to repay the debt on schedule, as well as the dumping of imported hot roll coil. In addition, SSI UK, a subsidiary of the Company and a manufacturer of steel slabs in the UK, has stopped its production and closed down the business. The Company which secured a huge loan of SSI UK, then, had to bear such loan, resulting in negative impact on financial situation and liquidity of the Company.



The Company submitted a petition for Business Rehabilitation to the Central Bankruptcy Court (the Court) on 1 October 2015, the same day on which the accepted the petition. Since then, creditors of the Company had been forced by law to stop their actions to enforce the rights that exist under civil law against the Company. During that time, to mitigate the liquidity risk, the Company has closely monitored its cash flow, reorganisation, as well as focusing on sales and innovation in order to generate income and add value to its products. Moreover, it also rigorously conducts cost reduction in production and reduces other expenses. The Company has prepared its debt restructures, and provided close cooperation with lenders and financial advisors to ensure its readiness to enter the rehabilitation process and ability to go through successfully.

Production Risk

- **Production Process and Technology Risk**

In production of hot-rolled coils, 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, and 7. Increase productivity of pickling and oiling process project.

Risk from Natural Disaster, Fire and other Emergency Incidents Natural Disaster

Regarding risk from the event of windstorm, flood and fire that may cause an opportunity loss in production and delivery of goods, the Company has managed to mitigate the risk by establishing a working group and prepare its personnel and equipment to be ready for the emergency incidents. Moreover, The Company also has insurance covering property damage, damage on goods and products caused by such incidents as well as loss from business interruption in case of fire or natural disaster.

There was an incident of fire at empty oil tank in 2015, but it did not affect the production process or life of employees. The Company's emergency measures were able to control the spread 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 economy of the community.

In order to reduce impacts possibly occurred from the Company's production to the external community, the Company has operated under the Environmental Standard



ISO14001 : 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, as well as activities to promote the prevention of accidents possibly occurred from transportation of goods, e.g., driver training, CCTV installation to monitor driving through community area.

Risk from Investment in SSI Securities

- **Risk from the Unsuccessful Business Rehabilitation or the Delayed Rehabilitation Process Causing Damage to the Business**

Since submitting a petition for Business Rehabilitation to the Court on 1 October 2015, the Company has currently been in the process of Business Rehabilitation under the Bankruptcy Act, ordered by the Court on 10 March 2015. As a result, the statutory rights of shareholders are suspended except the right to receive dividends. However, the Business Rehabilitation, at any stage, may be objected by creditors or denied by the Court. If occurs, it may lead to a delayed or unsuccessful rehabilitation. Moreover, the Company's creditors are eligible to file bankruptcy against the Company as the Court protection under Section 90/12 regarding Automatic Stay of the Bankruptcy Act would no longer exist if the Court revokes the rehabilitation order.

To mitigate the risk, the Company has established a working group for Business Rehabilitation and debt restructuring, which works closely with Weerawong Chinnavat and Peangpanor Ltd., Baker Tilly Corporate Advisory Services (Thailand) Limited and National Advisory Company Limited (the Company's legal counsel and

financial advisors), who help assist the Company for entering the rehabilitation process, preparing the Rehabilitation Plan (the Plan) and offering the Plan to the creditor's meeting for approval before seeking for Court approval, as well as implementing the Plan till it is successful.

- **Risk from Being Possibly Delisted as the Listed Securities from The Stock Exchange of Thailand**

As the Company's financial statements for the year ended 31 December 2015, audited by an independent auditor, showed negative shareholders' equity, the Company is subject to possible delisting unless the Company is able to solve its financial status and operations within time provided, in compliance with SET regulations.

The Company's guidelines for risk management is submitting a petition for the Company's Business Rehabilitation to the Court and asking the Court to appoint the Company, as a debtor, to be a Plan Preparer. Subsequently, on 10 March 2016, the Court issued an order for the Company's Business Rehabilitation and appointed the Company as a Plan Preparer. The Company is committed to prepare the Plan on the principle of fairness to all interested parties with regard to the achievability. The Company will then submit the Plan to the Official Receiver within time in accordance with the law, in order that the Creditors' Meeting passes the resolution accepting the Plan, and the Plan will be proposed to the Court for its consideration and approval accordingly.





General Information and Other Key Information

Location

Head Office:

28/1 Prapawit Building,
2nd - 3rd Floor, Surasak Road,
Silom, Bangrak, Bangkok 10500
Tel.: 0-2238-3063-82
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

Name	: Sahaviriya Steel Industries Public Company Limited
Abbreviation	: SSI
Company	: 0107537000688
Registration No.	
Website	: 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 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). In addition, the Company 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).
Type and Number of Shares (As of 31 December 2015)	: Registered Capital 50,263,663,124 Baht Ordinary Shares 50,263,663,124 Shares Par Value 1 Baht per Share Paid-up Capital 32,166,262,124 Baht Ordinary Shares 32,166,262,124 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 2015

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 1 st 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



Name and Location of Other References

Share Registrar

Ordinary Shares : Thailand Securities Depository Co., Ltd.
93 Ratchadapisek Road, Din Daeng, Bangkok 10400
Tel.: 0-2009-9000
Fax: 0-2009-9991
TSD Call Center: 0-2009-9999

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
Mr. Orawan Chunnakitpaisan C.P.A. Registration No. 6105
KPMG Phoomchai Audit Limited
Empire Tower, 50th - 51st Floors,
195 South Sathorn Road, Bangkok 10120
Tel.: 0-2677-2000
Fax: 0-2677-2222

Corporate : 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

Listed are the names and shareholding of the ten largest shareholders (as per article 258, voted the same way) on the latest closing date of the shareholder register book as of 29 March 2016.

List of Major Shareholders	As of 29 March 2016	
	Number of Shares	Percentage of Shareholding
1. SAHAVIRIYA GROUP	6,778,496,219	21.07
2. VANOMET HOLDING AG	5,326,567,253	16.56
3. JFE STEEL CORPORATION	1,133,908,088	3.53
4. MARUBENI-TOCHU STEEL INC.	1,133,908,088	3.53
5. MR. KOMOL JUNGRUNGRUENKIT	834,125,900	2.59
6. MR. WANCHAI OPASEAMKAJORN	500,000,000	1.55
7. THE BANK OF NEW YORK (NOMINEES) LIMITED A/C 5100	443,709,240	1.38
8. THAI NVDR COMPANY LIMITED	418,753,033	1.30
9. MR. VIROJ UNGPAIBOON	412,000,700	1.28
10. MR. PICHAI WICHAKKHAPAN	296,784,000	0.92
THAI SHAREHOLDERS	23,284,324,766 shares	
FOREIGN SHAREHOLDERS	8,881,937,358 shares	

Note:

Sahaviriya Group consists of:

	Percentage of Shareholding
1. Sahaviriya Group Corporation Limited	14.35%
is an investment holding company whose major shareholders are:	
(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	4.85%
(formerly named SSV ASSET Company Limited)	
is an investment holding company whose major 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	1.13%
4. Ms. Kanokvalee Viriyaprapaikit	0.47%
5. Mrs. Krisna Viriyaprapaikit	0.19%
6. Mrs. Theerarat Kunatthanonda	0.08%
7. Mrs. Prapa Viriyaprapaikit	100 shares
8. Mr. Wit Viriyaprapaikit	100 shares
Total shareholding in SSI	21.07%

Foreign Limit

The Company's foreign shareholding was limited at 49% of the paid-up capital. As of 29 March 2016, the Company's foreign shareholding was 27.61% 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 2015, the 26th Annual General Meeting of Shareholders held on 20 April 2015 considered and approved that no dividend payment shall be made for the operating results of the year 2014, as the Company had retained deficit as at 31 December 2014. 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 80 years

Family Relationship with Other Directors:

Father of Mr. Win Viriyaprapaikit

Servicing Period:

21 years 11 months (from 21 January 1994 to 31 December 2015)

% of Shareholding:

0.00000031% (100 shares)

Education:

Honorary B.A., Rajamangala Institute of Technology

Director Training Programs:

- None -

Work Experience:

- 2008 - 2012 • Chairman of the Board of Directors, Thai Cold Rolled Steel Sheet Public Company Limited
- 1995 - 2010 • Director, Bangpakong Lighter Company Limited
- Director, Bangpakong Port Company Limited
- 1994 - 2010 • Chairman of the Board of Directors, Bangsaphan Barmill Public Company Limited
- 1990 - 2010 • Director, Thai Coated Steel Sheet Company Limited
- Director, Prachuap Port Company Limited
- 1990 - 2003 • Director and Chairman of the Board of Executive Directors, Thai Cold Rolled Steel Sheet Public Company Limited
- 1982 - 2000 • Director, SVOA Public Company Limited
- 1982 - 1998 • Director, Bank of Ayudhya Public Company Limited

Current Position in Other Organisations:

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 Corporation Limited
- Director, Western Housing Company Limited

Meeting Attendance in 2015:

- | | | |
|--------------------------------------|-------|-------|
| 1. The Board of Directors' Meeting | 18/18 | times |
| 2. The Shareholders' Meeting in 2015 | 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 Sakulsurat

Deputy Chairman of the Board of Directors,
Independent Director and Chairman of
the Audit Committee
Age 67 years

Family Relationship with Other Directors:

- None -

Servicing Period:

5 years and 10 months
(from 26 February 2010 to 31 December 2015)

% 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 Programs:

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

Work Experience:

- Director and Chairman of Audit Committee, Globlex Holding Management Public Company Limited
- 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 Organisations:

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

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 2015:

1. The Board of Directors' Meeting	17/18	times
2. The Independent Directors' Meeting	4/4	times
3. The Audit Committee Meeting	8/8	times
4. The Shareholders' Meeting in 2015	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 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 77 years

Family Relationship with Other Directors:

- None -

Servicing Period:

21 years and 10 months
(from 1 March 1994 to 31 December 2015)

% 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 Programs:

- 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 Organisations:

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
- Director, Thai Light Block & Panel 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 2015:

1. The Board of Directors' Meeting	11/18	times
2. The Independent Directors' Meeting	2/4	times
3. The Risk Management Committee Meeting	4/4	times
4. The Shareholders' Meeting in 2015	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 -

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 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 67 years

Family Relationship with Other Directors:

- None -

Servicing Period:

5 years and 8 months (from 30 April 2010 to 31 December 2015)

% 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 Programs:

- 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 | <ul style="list-style-type: none"> • Director,
CAT Telecom Public Company Limited • Director, Thailand Institute of Scientific and Technological Research |
| 2011 - 2013 | <ul style="list-style-type: none"> • Director and Chairman of the Board of Executive Directors/
Chairman of the Audit Committee,
Thai Credit Guarantee Corporation (TCG) |
| 2010 - 2011 | <ul style="list-style-type: none"> • Director and Chairman of
the Risk Management Committee,
Government Housing Bank |
| 2009 - 2010 | <ul style="list-style-type: none"> • 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 Organisations:

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 2015:

- | | | |
|--|------|-------|
| 1. The Board of Directors' Meeting | 7/18 | times |
| 2. The Independent Directors' Meeting | 2/4 | times |
| 3. The Nomination and Remuneration Committee Meeting | 3/3 | times |
| 4. The Shareholders' Meeting in 2015 | 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 -

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 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 64 years

Family Relationship with Other Directors:

- None -

Servicing Period:

15 years and 1 month
(from 8 December 1999 to 31 December 2015)

% of Shareholding:

- None -

Education:

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

Director Training Programs:

- 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
- The Role of The Chairman Program (RCP 37/2015),
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 Organisations:**In listed companies:**

- Independent Director and Audit Committee Member,
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 2015:

- | | | |
|--|-------|-------|
| 1. The Board of Directors' Meeting | 12/18 | times |
| 2. The Independent Directors' Meeting | 4/4 | times |
| 3. The Audit Committee Meeting | 6/8 | times |
| 4. The Risk Management Committee Meeting | 4/4 | times |
| 5. The Shareholders' Meeting in 2015 | 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 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 57 years

Family Relationship with Other Directors:

- None -

Servicing Period:

2 years 10 months (from 1 March 2013 to 31 December 2015)

% of Shareholding:

0.198% (63,640,600 Shares)

Education:

- Commerce, Bangkok Business College

Director Training Programs:

- None -

Work Experience:

- None -

Current Position in Other Organisations:**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 2015:

1. The Board of Directors' Meeting	17/18	times
2. The Independent Directors' Meeting	4/4	times
3. The Good Corporate Governance Committee Meeting	4/4	times
4. The Shareholders' Meeting in 2015	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 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 52 years

Family Relationship with Other Directors:

- None -

Servicing Period:

3 years and 10 months
(from 27 February 2012 to 31 December 2015)

% of Shareholding:

- None -

Education:

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

Director Training Programs:

- 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
- 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
- Director, Federation of Thai Capital Market Organizations
- 2009 - 2011
- 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
- Director, Settrade Dot Com Company Limited
- 2007 - 2011
- Executive Director, Association of Thai Securities Companies
- 2007 - 2008
- IT Steering Committee, The Stock Exchange of Thailand
- 2005 - 2009
- President and Executive Director, Bualuang Securities Public Company Limited

Current Position in Other Organisations:**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 2015:

- | | | |
|--|-------|-------|
| 1. The Board of Directors' Meeting | 14/18 | times |
| 2. The Independent Directors' Meeting | 3/4 | times |
| 3. The Audit Committee Meeting | 7/8 | times |
| 4. The Good Corporate Governance Committee Meeting | 4/4 | times |
| 5. The Shareholders' Meeting in 2015 | 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 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 76 years

Family Relationship with Other Directors:

- None -

Servicing Period:

12 years and 8 months (from 29 April 2003 to 31 December 2015)

% 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 Programs:

- 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 Organisations:

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 2015:

1. The Board of Directors' Meeting	16/18	times
2. The Nomination and Remuneration Committee Meeting	2/3	times
3. The Risk Management Committee Meeting	4/4	times
4. The Shareholders' Meeting in 2015	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 77 years

Family Relationship with Other Directors:

- None -

Servicing Period:

17 years and 8 months (from 28 April 1998 to 31 December 2015)

% 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 Programs:

- Directors 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 Organisations:

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 2015:

- | | | |
|--|-------|-------|
| 1. The Board of Directors' Meeting | 17/18 | times |
| 2. The Good Corporate Governance Committee Meeting | 4/4 | times |
| 3. The Shareholders' Meeting in 2015 | 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. Win Viriyaprapaikit

Director, Group Chief Executive Officer,
Group Executive Officer and President
Age 45 years

Family Relationship with Other Directors:

Son of Mr. Wit Viriyaprapaikit

Servicing Period:

16 years and 6 months (from 30 June 1999 to 31 December 2015)

% 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 Programs:

- 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:

- | | |
|-------------|---|
| 2010 - 2015 | • Director and President,
Sahaviriya Steel Industries UK Limited |
| 2008 - 2014 | • Director
and Management Committee Member,
Thai Cold Rolled Steel Sheet
Public Company Limited |
| 2012 - 2013 | • Chairman of the Board of Directors
and Chairman of the Management
Committee, 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 Organisations:

In listed companies:

- Director, Bangsaphan Barmill Public Company Limited

In non-listed companies:

- 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 listed companies other organisations that may cause any conflict of interest to SSI:

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

Meeting Attendance in 2015:

- | | | |
|--------------------------------------|-------|-------|
| 1. The Board of Directors' Meeting | 18/18 | times |
| 2. The Shareholders' Meeting in 2015 | 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. Nava Chantanasurakon

Director, the Nomination
and Remuneration Committee Member,
Group Executive Officer and Vice President,
Group Public Affairs Division
and Commercial Division
Age 50 years

Family Relationship with Other Directors:

- None -

Servicing Period:

6 months 12 days (from 18 June 2015 to 31 December 2015)

% of Shareholding:

- None -

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 Programs:

- Directors Certification Program (DCP 104/2008),
Thai Institute of Directors Association
- Capital Market Academy Leadership Program (CMA 19),
Capital Market Academy
- National Defense Program (NDC 57),
National Defense College

Work Experience:

- | | |
|-------------|---|
| 2014 - 2015 | • Chairman of the Board of Directors,
Thai Cold Rolled Steel Sheet
Public Company Limited |
| 2012 - 2015 | • Chairman of the Management Committee,
Thai Cold Rolled Steel Sheet
Public 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 |

Current Position in Other Organisations:

In listed companies:

- None -

In non-listed companies:

- Director and Management Committee Member,
Thai Cold Rolled Steel Sheet Public Company Limited
- Director and Executive Director,
Thai Coated Steel Sheet Company Limited

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

- None -

Meeting Attendance in 2015:

- | | | |
|---|-------|-------|
| 1. The Board of Directors' Meeting | 11/11 | times |
| 2. The Nomination and Remuneration
Committee Meeting | 0/0 | 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

Group Chief Executive Officer,
Group Executive Officer and President
Age 45 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:

- 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:

- 2010 - Present • 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 Management 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
- 2010 - 2015 • Director and President, Sahaviriya Steel Industries UK Limited
- 2008 - 2014 • Director and Management Committee Member, Thai Cold Rolled Steel Sheet Public Company Limited
- 2012 - 2013 • Chairman of the Board of Directors and Chairman of the Management Committee, 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. Mr. Nava Chantanasurakon

Group Executive Officer and Vice President,
Group Public Affairs Division
and Commercial Division
Age 50 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:

- Directors Certification Program (DCP 104/2008), Thai Institute of Directors Association
- Capital Market Academy Leadership Program (CMA 19), Capital Market Academy
- National Defense Program (NDC 57), National Defense College

Work Experience:

- 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
- 2014 - 2015 • Chairman of the Board of Directors, Thai Cold Rolled Steel Sheet Public Company Limited
- 2012 - 2015 • Chairman of the Management Committee, Thai Cold Rolled Steel Sheet Public 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 -

3. Mr. Kittisak Mapanao

Group Executive Officer
and Chief Technology Officer
Age 49 years

Education:

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

Director Training Program:

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

Work Experience:

- 2015 - Present • President,
West Coast Engineering Company Limited
- 2012 - Present • Director and Executive Director,
Prachuab Port Company Limited
- 2011 - Present • Director and Executive Director,
West Coast Engineering Company Limited
- 2013 - 2015 • Director,
Sahaviriya Steel Industries UK 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 -

4. Mr. Narongrit Chotnuchittrakul

Group Executive Officer,
Group Chief Finance Officer,
Vice President – Finance & Accounting Division
and Secretary to the Risk Management
Committee
Age 46 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 and Executive Director,
West Coast Engineering Company Limited
- 2012 - 2015 • 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 -



5. Mr. Somsak Sivapaiboon

Group Executive Officer

Age 53 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:

- 2015 - Present • Chairman of the Board of Directors and Chairman of the Management Committee, Thai Cold Rolled Steel Sheet Public Company Limited
- 2013 - Present • Director, Prachuap Port Company Limited
- Director, West Coast Engineering Company Limited
- 2010 - Present • Chairman of the Board of Directors, Pornpiyacharn Transport Company Limited
- 2013 - 2015 • Director, Sahaviriya Steel Industries UK 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 -

6. Mr. Thavorn Cananub

Vice President, Port Business
Age 53 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 -

7. Mr. Thinnakorn Phadungwong

Vice President,
Group Product Development Office,
Group Technology Office
Age 48 years

Education:

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

Work Experience:

- 2013 - 2015 • Vice President - Manufacturing Division,
Sahaviriya Steel Industries
Public Company Limited
- 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 -



8. Mr. Peter Rowson

Vice President,
Group Financial Accounting of Office
Age 52 years

Education:

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

Work Experience:

- 2013 - 2015 • 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 -

9. Mr. Suchart Plysiri

Secretary to the Nomination
and Remuneration Committee
Age 47 years

(Retired from the position due to being transferred to take a position of Assistant Vice President at Downstream Steel Business and designated to work in the position of Executive Officer, Human Resource & Administration Division, Thai Coated Steel Sheet Company Limited since 1 January 2016)

Education:

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

Work Experience:

- 2016 - Present • Executive Officer,
Human Resources & Administration Division,
Thai Coated Steel Sheet Company Limited
- 2009 - 2014 • Executive Officer,
Human Resources & Administration Division,
Thai Coated Steel Sheet Company Limited
- 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 -

10. Mr. Yongyuth Malithong

Vice President, Group Human Resources Office,
Human Resources Division,
Group Purchasing Office and Secretary to
the Nomination and Remuneration Committee
Age 45 years

(Designated as Secretary to the Nomination
and Remuneration Committee due to being appointed
as Vice President, Human Resource Division
since 1 January 2016.)

Education:

- Master of Public Administration
(Human Resources Management),
National Institute of Development Administration (NIDA)
- Bachelor of Art (Political Science), Chiang Mai University

Work Experience:

- 2008 - 2010 • HR & GA Director,
New International School of Thailand
- 2007 - 2008 • Operation Director,
Master Car Rental Company Limited
(Millennium Auto Group)
- 2006 - 2007 • Operation Manager,
Master Car Rental Company Limited
(Millennium Auto Group)

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. Mrs. Wannee Sirikanchana

Secretary to the Audit Committee
and Secretary to the Good Corporate
Governance Committee
Age 60 years

(Retired from the position of Secretary to
the Audit Committee and Secretary to
the Good Corporate Governance Committee due to
retirement since 1 January 2016.)

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 -

12. Ms. Pattamawan Boontang

Secretary to the Audit Committee
and Secretary to the Good Corporate
Governance Committee

Age 40 years

(Designated as Secretary to the Audit Committee
and Good Corporate Governance Committee due to
being appointed as Assistant Vice President
of Group Internal Audit Office since 6 January 2016

Education:

- M.B.A., Southeastern University (London Campus)
- B. Sc. in Computer Science,
The University of the Thai Chamber of Commerce

Work Experience:

- 2011 - 2015 • Audit Manager-IT,
Sahaviriya Steel Industries
Public Company Limited
- 2005 - 2011 • Assistant Audit Manager-IT,
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 -

13. Mr. Surasak Ngamsidhipongsa

Company Secretary

Age 57 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:

- Directors 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.	Director and Management Name	31 December 2014 (Par value of Baht 1 per share)	31 December 2015 (Par value of Baht 1 per share)	Increase (Decrease) in No. of Shares during 2015 (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.	Mr. Nava Chantanasurakon	-	-	-
13.	Mr. Kittisak Mapanao	1,892,000 shares	1,892,000 shares	-
14.	Mr. Narongrit Chotnuchittrakul	-	-	-
15.	Mr. Somsak Sivapaiboon	200,000 shares	500,000 shares	300,000 shares
16.	Mr. Thavorn Cananub	-	-	-
17.	Mr. Thinnakorn Phadungwong	-	-	-
18.	Mr. Peter Rowson	-	-	-
19.	Miss Wanna Tangcharoenching	-	-	-
20.	Mr. Ercument Unal	-	-	-

Remark: No. 10 Mr. Piya Viriyaprapaikit resigned as a director of the Company on 16 June 2015.
No. 19 Miss Wanna Tangcharoenching retired as management of the Company on 17 April 2015.
No. 20 Mr. Ercument Unal resigned as management of the Company on 1 December 2014.

Report of the Nomination and Remuneration Committee for 2015

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 2016¹⁾ 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' meeting¹⁾ 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. Nava Chantanasurakon | 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 2015 to consider the following matters:

1.1. The meeting of the Nomination and Remuneration Committee was held on 10 April 2015 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 2015 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 2015 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 10 June 2015 to acknowledge the resignation of Mr. Piya Viriyaprapaikit and consider the qualified candidate to be a Director and Nomination and Remuneration Committee Member.

Mr. Piya Viriyaprapaikit has resigned from the position of the Director and Nomination and Remuneration Committee Member on 16 June 2015. In order to follow the Company's regulations and the criteria stated in the Nomination and Remuneration Charter, the meeting of the Nomination and Remuneration Committee to consider the qualified candidate for the replacement was

¹⁾ As the Court issued an order for the Company's Business Rehabilitation on 10 March 2016, the Company will not be required to hold the Annual General Meeting until the Company exits Business Rehabilitation.

held on 10 June 2015 at 12.00 at Sahaviriya Steel Industries Public Company Limited (Head Office). As there was no qualified candidate nominated by the Committee Members in the meeting, the Committee selected Mr. Nava Chantanasurakon, an internal qualified candidate, who has knowledge and experience in economic and social aspects as well as holding a position of Chairman of the Board of Directors and the Director of SSI affiliates. He also has expertise in human resource management and nominated and remuneration. His knowledge and competency is considered to be beneficial to the Company's business. In addition, the Committee has considered an issue regarding the conflict of interest, and resolved to propose to the Board of Directors for the following considerations.

- 1) Consider Mr. Nava Chantanasurakon to be the Director as replacement of Mr. Piya Viriyaprapaikit
- 2) Consider Mr. Nava Chantanasurakon to be a Member of Nomination and Remuneration Committee as replacement of Mr. Piya Viriyaprapaikit

Subsequently, the Committee resolved to propose to the Board of Directors for consideration on following matters:

- 1) Approve and nominate Mr. Nava Chantanasurakon to the Board of Directors for consideration of appointment as a Director as replacement of Mr. Piya Viriyaprapaikit
 - 2) Approve and nominate Mr. Nava Chantanasurakon to the Board of Directors for consideration of appointment as a Member of Nomination and Remuneration Committee as replacement of Mr. Piya Viriyaprapaikit
2. The Nomination and Remuneration Committee held 1 meeting in 2016 to consider the following matters:

The meeting of the Nomination and Remuneration Committee on 15 February 2016 considered various issues as follows:

2.1 Reconsideration of the Charter of Nomination and Remuneration that is in the article two. The article two states that the configuration of the Board of Directors will approve the appointment of Chairman and Director of Nomination and Remuneration Committee and consider the non-executive director in order to prevent conflicts of interest.

2.2 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' meeting¹⁾ and resolved to refrain the annual payment to the directors in 2015 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.

¹⁾ As the Court issued an order for the Company's Business Rehabilitation on 10 March 2016, the Company will not be required to hold the Annual General Meeting until the Company exits Business Rehabilitation.



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

(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.

(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.

(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.

2.3 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 2016¹⁾ as follows:

1. Mr. Siripol Yodmuangchareon Director, Independent Director and Chairman of Nomination and Remuneration Committee
2. Mr. Kamol Juntima Director and Chairman of Good Corporate Governance Committee
3. Mr. Win Viriyaprapaikit Director, President and Chief Executive Office of the Company's Group

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 2016¹⁾, 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 28 August 2015 to 31 January 2016. 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.

2.4 Considered qualifications, names, and development plan for the qualified candidates as the successors to President.



Mr. Siripol Yodmuangchareon

Chairman of the Nomination and Remuneration Committee

15 February 2016

¹⁾ As the Court issued an order for the Company's Business Rehabilitation on 10 March 2016, the Company will not be required to hold the Annual General Meeting until the Company exits Business Rehabilitation.

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 2015, the 26th Annual General Meeting of Shareholders held on 20 April 2015 acknowledged the remunerations paid for the year of 2014 to each director and each committee appointed by the Board of Directors. The meeting also acknowledged the directors' annual bonuses for the year of 2014 to be omitted. As at 31 December 2014, 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 2015 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 Hongladarom ⁴⁾	300,000	-	-	-	50,000	350,000
4. Mr. Siripol Yodmuangcharoen ⁵⁾	300,000	-	37,500	-	-	337,500
5. Mr. Permpoon Krairiksh	300,000	90,000	-	-	40,000	430,000
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	-	20,000	-	40,000	360,000
9. Mr. Kamol Juntima ⁶⁾	300,000	-	-	50,000	-	350,000
10. Mr. Piya Viriyaprapaikit*	137,500	-	10,000	-	-	147,500
11. Mr. Nava Chantanasurakon**	-	-	-	-	-	-
12. Mr. Win Viriyaprapaikit***	-	-	-	-	-	-
Total	2,237,500	195,000	67,500	130,000	130,000	2,760,000

- 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. Piya Viriyaprapaikit has resigned as the Company's Board of Directors and a Member of the Nomination and Remuneration Committee since 16 June 2015 due to health problems.
- ** Mr. Nava Chantanasurakon, Group Executive Officer and Vice President, Group Public Affairs Division and Commercial Division was approved by the Board of Directors No. 7/2015 to be appointed as a replacement for Mr. Piya Viriyaprapaikit positions since 17 June 2015 onward. However, Mr. Nava Chantanasurakon, considered as an employee of the Company, shall not receive the meeting allowance as a Board of Directors and a Member of the Nomination and Remuneration Committee remuneration.
- *** Mr. Win Viriyaprapaikit, Director, Group Chief Executive Officer, Group Executive Officer and the President, considered as an employee of the Company, shall not receive the meeting allowance as a Board of Directors.
- The Chairman of the Board of Directors and Deputy Chairman of the Board of Directors, who are 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 2015

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 Sakulsurat 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 2015

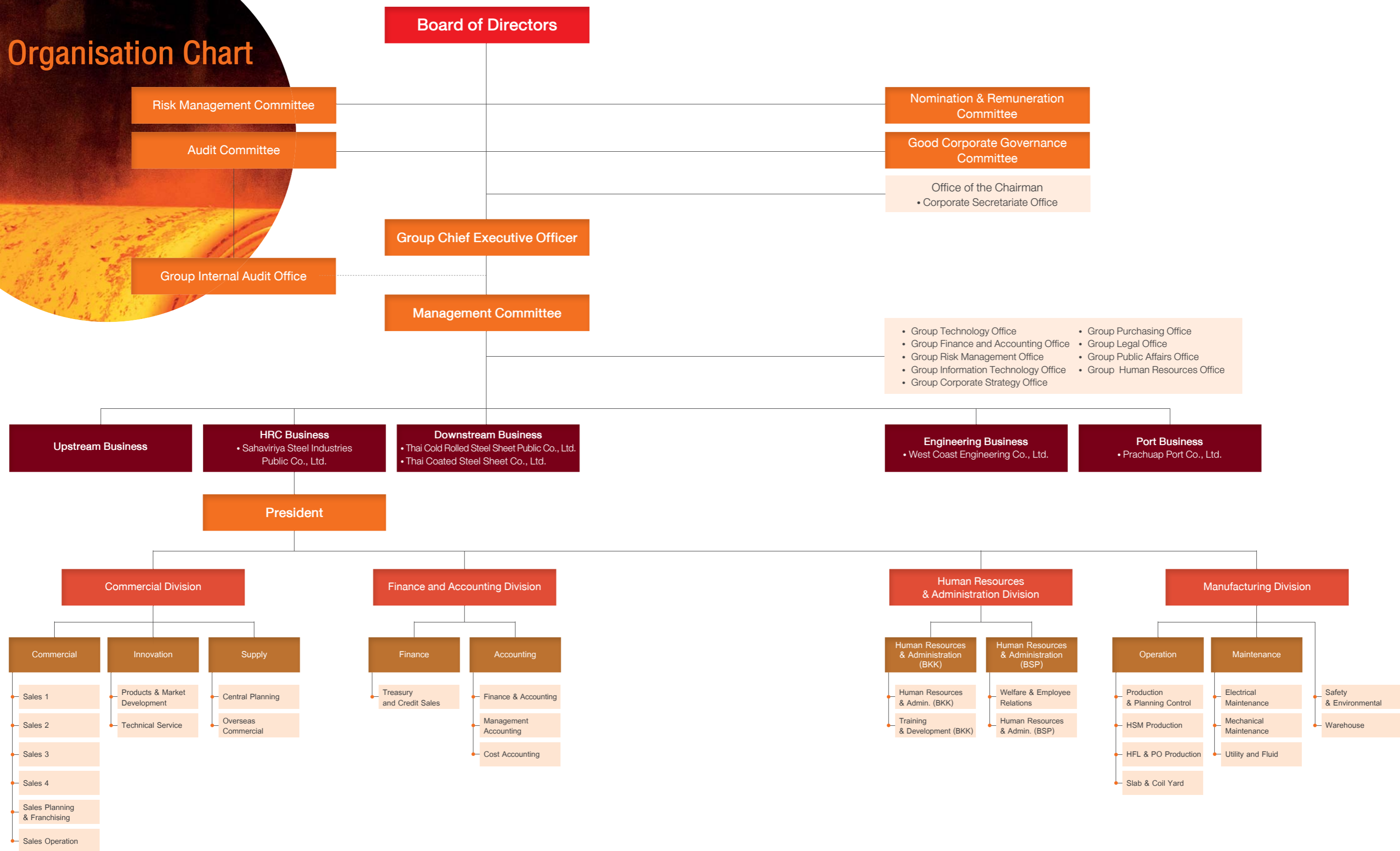
No.	Name of the Company's Independent Directors Who Hold Directorship in the Company's Subsidiary	Position in the Subsidiary	Meeting Allowance in 2015 (Baht)
West Coast Engineering Company Limited			
1.	Mr. Somchai Sakulsurat	Director	150,000
2.	Mr. Tongchat Hongladaromp	Director	150,000
Prachuap Port Company Limited			
1.	Mr. Somchai Sakulsurat	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 6 people plus the President, totaled Baht 36,645,098 for the year.

2. Other Remunerations

Contributions to the provident fund for executives in a position of Vice President and higher, for 6 people plus the President, totaled Baht 2,860,574 for the year.

Organisation Chart





Good Corporate Governance Committee's Report for 2015

- 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 2015, 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 2015.

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. Revision of the draft amendment of the Board of Directors' guidelines regarding the use and protection of inside information for trading of the Company's securities (Revision No. 4) became effective on 2 March 2015. The proposed revision is to adjust the silent period that the directors and executives must not buy or sell or transfer the Company's securities, which they, their spouses and minor children hold, for a period of one month starting from the end of each fiscal quarter and ending after one full day of trading following a public disclosure of the Company's quarterly or annual results.

3. Conducted the Good Corporate Governance Committee's self-assessment for 2015 using the self assessment of committee as a whole form issued by The Stock Exchange of Thailand and considered the draft self-assessment report for 2015 of 3 Committees: the Risk Management Committee, the Nomination and Remuneration Committee and the Good Corporate Governance Committee and submitted it to the Board of Directors.

4. Revision of the Board of Directors' policy and guidelines regarding anti-corruption which became effective on 28 February 2014 along with acknowledgement an example of related law on anti-bribery and anti-corruption, the various offences and penalties for such offences, and submitted them to the Board of Directors for its consideration and acknowledgement.

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 Manomaiphobon (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;

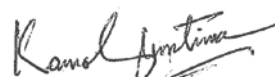
5. Consider the Company's self-assessment results on Corporate Governance for 2015 - 2016 based on the Principles of Good Corporate Governance for listed companies 2012 set out by the Stock Exchange of Thailand.

6. Intensive supervision of the corporate social and environmental responsibility activities conducted by the Public and Community Relations Office and the Safety and Environment Office. There were in total 42 social and community development activities with a total budget of Baht 7,356,315.08, and 23,098 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 shareholding and securities trading of the Company's executives including Vice Presidents, Assistant Vice Presidents, department managers of the Finance & Accounting Division and the section manager of the Investor Relations Department, Group Finance Office. 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 executives including the President, Vice Presidents and Assistant Vice Presidents.
 - 7.3 Report on the progress in preparation for entering the certification process of Thailand's Private Sector Collective Action Coalition Against Corruption Project (CAC). On 27 January 2016, the Company acknowledged the CAC Committee's resolution that the Company has already passed the certification process and became a member of CAC.
8. Acknowledgement of the result of evaluation from regulators:
- 8.1 Letter from Thaipat Institute No. Tor Por 581007 regarding results on the sustainable development progress assessment on anti-corruption development for listed companies 2015, dated 7 October 2015. The Company achieved at Level 3 - Establishment of anti-corruption measures, an improvement from last year which was at Level 2 - Declared for Anti-corruption progress indicator.
 - 8.2 Letter from CSR Club of Thai Listed Companies Association No. 289/2015 regarding results on the Corporate Sustainability Reporting Awards 2015, dated 23 November 2015. There were 106 companies submitting their sustainability reports for review. The Company was one of nine companies honored the Recognition Awards.
 - 8.3 Letter from The Stock Exchange of Thailand No. Por Thor Tor (Wor) 1/2015 regarding results on the Corporate Governance Report of Thai Listed Companies 2015 (CGR) dated 19 October 2015, rated by the Thai Institute of Directors. The Company was rated "Very good", the same score as last year.
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 ended 31 December 2015 (Form 56-1) and in the 2015 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 the year 2015.

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
19 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

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 emphasises 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 emphasises 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 Authorization 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.

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 2015, 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 2015, the same score as last year.

- 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 2015. The Annual General Meeting of shareholders No. 26 for the year 2015 was rated "Excellent", the same result received for the years 2008 - 2014.

Compliance with the Company's Corporate Governance

The Company's activities in 2015 to ensure compliance with the Good Corporate Governance Policy, with reference to the Organisation 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 2015, the Board of Directors meeting No. 3/2015 held on 27 February 2015 approved the date of the Annual General Meeting of Shareholders No. 26 which was held on 20 April 2015.

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 2014 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. 25 held on 28 April 2014. 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. 26 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. 26.

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, 33 days before the Annual General Meeting of Shareholders No. 26. 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. 26 was held on 20 April 2015 at 14.00 hrs. at the Crystal Ballroom, Tawana Hotel, 80 Surawongse Road, Suriyawong, Bang Rak, Bangkok. This venue can be accessed easily, conveniently and fast via the Bangkok Mass Transit System (BTS) and Metropolitan Rapid Transit (MRT).

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. 26	20 April 2015	7 / 11 directors	1) Mr. Tongchat Hongladarom 2) Mr. Siripol Yodmuangcharoen 3) Mr. Somchai Pipitvijitkorn 4) Mr. Piya Viriyaprapaikit

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 two independent representatives from KPMG ,the external auditor, to witness the Annual General Meeting.

In addition, for the Annual General Meeting of Shareholders No. 26, 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: agm26@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. 26 held on 20 April 2015, 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. 26 to The Stock Exchange of Thailand on 20 April 2015 at 21.05 hrs and disclosed online to the public on the Company's website at <http://www.ssi-steel.com> on 6 May 2015, within 16 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. 26 held on 20 April 2015, the Company notified to The Stock Exchange of Thailand on 29 August 2014 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 agm26@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. 27 planned to be held on 20 April 2016¹⁾, the Company disclosed to The Stock Exchange of Thailand on 28 August 2015: 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 13 November 2015: the right of shareholders to submit questions in advance before the date of the Annual General Meeting of Shareholders No. 27 for the year 2016. The shareholders had to propose the matters via an e-mail address: agm27@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. 27 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. 26 comprised 3 directors: 1 independent director, 1 non-executive director and 1 executive director or any other person designated by each shareholder.

¹⁾ As the Court issued an order for the Company's Business Rehabilitation on 10 March 2016, the Company will not be required to hold the Annual General Meeting until the Company exits Business Rehabilitation.



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 2015, 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.”

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 as follows:

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 2015, 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 2015. 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 2015.

3.1.1 Stakeholder: Shareholders

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

3.1.2 Stakeholder: Customers

- The Company put its customers' satisfaction first through its commitment to continuously developing high quality products and quick services. The Company has adopted management systems for quality, environment, health and safety i.e. ISO 9001, ISO/TS 16949, ISO 14001, TIS/OHSAS 18001 in its operation to deliver products and services that satisfy its customers. The Company offered a responsive

process to customer needs across various channels, to effectively listen and help understand customer's needs and expectations i.e. customer visit, monthly meeting, training, providing advice and assisting customers with issues related to its products.

- The Company has a complaints handling process. If the customer was not satisfied with the product, the customer can feedback via the channel provided. All complaints will be recorded in the system and have to be preliminary responded within two days and immediately informed customer upon completion. There's also the satisfaction rating process and customer engagement survey to obtain an information to continue improving its products, services and system so that the Company can exceed its customer expectations.

- 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. In 2015, the Company launched the new value-added products i.e. Extra Strength Steel, and services i.e. product size control to increase customer's productivity and reduce the unnecessary loss of customers, ultra fast delivery for its urgent order to support customer. In 2015, the Company delivered innovative value-added products to customers for 14% of its total volume and increased a market share for high quality hot rolled steel sheet in coil in automotive industry to replace those imported steel from Japan by 15%.

3.1.3 Stakeholder: Suppliers and creditors

- The Company focused on its supplier as a key stakeholders to help each other in the business. The Company treats all supplier equally on the basis of fair competition, respecting each other, building relationships and good cooperation, and strict compliance with contractual terms. The Company has featured in the procurement process, which is a key to control costs, products and services quality. The procedures for procurement are set to ensure transparency, auditability and benefit maximisation.

- The Slab Suppliers Audit Working Subcommittee arranged activities to strengthen the relationship with suppliers through information and experience sharing amongst suppliers. The Company

invited 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.

- 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 or sell high quality products that meet the Company requirements at an appropriate price and on time delivery. Every entrepreneur is treated equally. In 2015, the number of vendors have increased by 198.

- Organising annual seminars and meetings with suppliers and service providers. In 2015, 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, the safety, occupational health and environment policy as well as the Anti-corruption policy and no-gift policy.

- In 2015, the Company has procured Baht 1,502 million of goods from general suppliers, including energy products of Baht 995 million, spares of Baht 75 million, consumables of Baht 106 million, services of Baht 298 million and others of Baht 28 million. The Company also procured products from local communities in Bangsaphan area with a volume of Baht 177 million. In 2016, the Company expects its volume of procurement to rise by up to Baht 3,500 million from general suppliers and Baht 185 million from local communities.

- Visiting the production process and management system of 13 general suppliers and 4 suppliers in Bangsaphan to review their production processes and product quality to ensure those products meet the 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.

- The Company has policy to treat 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.

- HRC producers in Thailand have gathered and form the Thai hot rolled steel association. The meetings among members was held to allow knowledge sharing, strengthen relationships and help promote the enterprise. The association also cooperated with the government in promoting trade and industrial cooperation as well as production development to produce in sufficient quantities to serve needs of both domestic and international market.

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. The Company provide: provident fund, health insurance, life and accident insurance, training and seminars for employees, scholarships, special low interest rate loan program with Government Housing Bank and transportation services to and from SSI Bangsaphan Plant, food court at Bangsaphan. The Company supported for activities of employee's saving cooperatives and establishment of cremation welfare group.

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 National Outstanding Industrial Establishment Award in Labour Welfare/Relations Category in 10 consecutive years type (2006 - 2015). 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 10) home visit for sickness absence, since 2002, to express concerns and provide appropriate assistance for them and 11) leave entitlement for a death in the immediate family. Since 2015, employees were allowed to leave to attend the funeral of an immediate family. 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 2015, the Company had an average training hours of 20.30 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 Plant 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 labour, 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

- Sahaviriya Steel Industries Public Company Limited applied business philosophy and ethics in its business by believing in the value of personel, caring for a good quality of employee's life, having safe and hygienic the working conditions and dedicating to social and environmental responsibilities. The safety, health and environmental management system was considered to be crucial to business operations. The Company has committed to the safety, health and environmental management system by providing effective management system and supporting continuous improvement of the management system to comply with the safety, health and environmental requirements.

- 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 2015 to demonstrate its commitment to reducing and preventing work-related accidents and illness as well as saving resources and energy. The Company developed many project plans such as risk assessment, safety training, safety audit, work environment measurement, environmental monitoring and surveillance for employee and community,

check up by health risk factor, campaign for reporting and improving work environment, campaign to promote desired safe behaviors, emergency plan testing, awareness campaign on waste segregation and recycling which is the most effective waste disposal method, design, the process designed for wastewater recycling 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 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 seperation 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 2015 that the work-related accidents rate was the same as last year but the rate of work-related injury that results in days away from work in 2015 was 0.83 cases per one million hours worked, decreased by 24% compare to that of 2014 which was 1.10 cases per one million hours worked.

- 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 seperation 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 (TIS 18001 (2002 - 2015) and OHSAS 18001 (2007 - 2015) and since September 2015, the Company has implemented only OHSAS 18001 certification in order to save related cost, however, standard for occupational health and safety has not been changed or reduced strickness in anyhow).

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

- Prime Minister's Industry Awards for Safety Management for 2015

- 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 Plant.

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 has already passed the certification process and became a certified company of the Private Sector Collective Action Coalition Against Corruption (CAC) on 22 January 2016. In 2015, the Company carried out several anti-corruption initiatives as detailed in the Corporate Social Responsibility Report 2015 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 Investor Relations Department, Group Corporate Finance Office.

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 2015, 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 joint venture to The Stock Exchange of Thailand and the Office of the Securities and Exchange Commission.

- Distributed the 2014 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 2014 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 Investor Relations Department under the Group Corporate Finance 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 2015, 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 joint venture 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 (seven times in total). 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.



However, the meeting before the disclosure of Q3/2015 financial statement has not been held because there was the issue on financial statement of SSI UK, subsidiary in UK, which entered the liquidation process on 2 October 2015.

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

- 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 (three times).

4.2.2 Other Stakeholder and Public Relations

In 2015, 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 21 September 2015, consisted of 11 members, including 6 Independent directors, 5 non-executive directors and 2 executive directors, Mr. Win Viriyaprapaikit who acts as the Group Chief Executive Officer and President, and Mr. Nava Chantanasurakon who acts as Group Executive Officer of Group Public Affairs and Vice President of Commercial Division. 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 Manomaiphobon
Director and Independent Director
8. Mr. Somchai Pipitvijitkorn
Director
9. Mr. Kamol Juntima
Director
10. Mr. Win Viriyaprapaikit
Director
11. Mr. Nava Chantanasurakon
Director

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

5.1.2 Term of Appointment of Director and Independent Director

The directors shall hold the term of appointment 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 Company has not set the limit on the number of consecutive terms in office of director and independent director 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, Chair person 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 2015 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 2015, there were 18 meetings of the Board of Directors being held. The meetings normally were held once every month except in February and October held 2 meetings per month and in July and September held 3 meetings per month.

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 2015, the meetings of sub-committees can be summarised as follows:

1) Audit Committee held 8 meetings in February (2 times), March, May, August, September, November and December.

2) Nomination and Remuneration Committee held 3 meetings in February, April and June.

3) Good Corporate Governance Committee held 4 meetings in February, June, September and December.

4) Risk Management Committee held 4 meetings in January, April, July and October.

The Company also held specific meetings of independent directors consisting of 6 members. In 2015, 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 2015 (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	18/18					
2. Mr. Somchai Sakulsurat Deputy Chairman and Independent Director	17/18	8/8				4/4
3. Mr. Tongchat Hongladaromp Independent Director	11/18				4/4	2/4
4. Mr. Siripol Yodmuangcharoen Independent Director	7/18		3/3			2/4
5. Mr. Somchai Pipitvijitkorn Director	16/18		2/3		4/4	
6. Mr. Kamol Juntima Director	17/18			4/4		
7. Mr. Pempoon Krairiksh Independent Director	12/18	6/8			4/4	4/4
8. Mr. Piya Viriyaprapaikit Director	2/7		1/3			
9. Mr. Yamsak Manomaiphiboon Independent Director	14/18	7/8		4/4		3/4
10. Mr. Pichai Eursirisub Independent Director	17/18			4/4		4/4
11. Mr. Win Viriyaprapaikit Director	18/18					
12. Mr. Nava Chantanasurakon Director	11/11					

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.

* No. 8 Mr. Piya Viriyaprapaikit has resigned from the Director of the Company since 16 June 2015.

* No. 12 Mr. Nava Chantanasurakon was elected as director in the Board of Directors' Meeting No. 7/2558 held on 18 June 2015.

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, In 2015, every sub-committee conducted self-assessment using the self assessment of committee as a whole form issued by The Stock Exchange of Thailand. There were 3 sub-committees: the Audit Committee, the Risk Management Committee and the Nomination and Remuneration Committee, conducted self-assessment on an individual basis. 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. In 2015, the Audit Committee conducted self-assessment using both form issued by the Office of the Securities and Exchange Commission and The Stock Exchange of Thailand. The Board of Director acknowledged the self-assessment report for 2015 of all sub-committees.

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 board structure.

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*

There was one new elected director in 2015. 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*

Details can be found in the section of the Board of Directors.

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*

Details can be found in the section of the Management.

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. 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 2015 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 2015, 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. Nava Chantanasurakon
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 subcommittee. 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 2015, 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 Manomaiphiboon
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 advisers 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 2015, 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.

5. Management Committee

As of 31 December 2015, the Management Committee consisted of 8 members, as follows:

1. Mr. Win Viriyaprapaikit
Chairman of the Management Committee
2. Mr. Nava Chantanasurakon
Management Committee Member
3. Mr. Kittisak Mapanao
Management Committee Member
4. Mr. Narongrit Chotnuchittrakul
Management Committee Member
5. Mr. Somsak Sivapaiboon
Management Committee Member
6. Mr. Thavorn Cananub
Management Committee Member
7. Mr. Manin Inprom
Management Committee Member
8. 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. Win Viriyaprapaikit or Mr. Nava Chantanasurakon. 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 Joint Venture

1. The mechanisms for the Company to supervise and control management of its subsidiaries and its joint venture, 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 joint venture 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 joint venture. The nominated executives must submit a monthly performance report of such subsidiaries and joint venture 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 joint venture.

- The terms of the joint venture agreement between the Company and its joint venture, 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 joint venture 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. 4) became effective on 2 March 2015:

- 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.

- Directors and executives must not buy or sell or transfer the Company's securities, which they, their spouses and minor children hold, for a period of one month starting from the end of each fiscal quarter and ending after one full day of trading following a public disclosure of the Company's quarterly or annual results.

- 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 2015

1. Audit Fee

The Company, its subsidiaries and joint venture in Thailand including Prachuap Port Company Limited, West Coast Engineering Company Limited and Thai Cold Rolled Steel Sheet Public Company Limited accrued an audit fee for the past fiscal year of Baht 4,205,000 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 accrued an audit fee for the past fiscal year of GBP 91,500 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 accrued Baht 55,000 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 accrued GBP 19,000 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 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 the guidelines for CSR operation and communication under the concept “innovate • strength”.

Report Production

This CSR report has been developed 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 to the Group Legal Office to collect and present all finding 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 the relationship with its stakeholders. This has been done by adhering to three principles: creativity, stakeholder engagement and operation efficiency. In 2015, the Company operated 42 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 2015 projects are as follows:

- The Company collaborated with steel industry partners, namely Thai Cold Rolled Steel Sheet Plc. (TCRSS), Siam United Steel (1995) Co., Ltd. (SUS), NS Blue Scope (Thailand) Limited (NS Blue Scope), and Nippon Steel & Sumikin Galvanizing (Thailand) Co., Ltd. (NSGT) and JFE Steel Galvanizing (Thailand) Company Limited (JSGT), to arrange Thailand Iron Man Mini Marathon 2015. The mini marathon managed to raise Baht 2 million for organisations to support vulnerable people with more than 1,400 participants.



- The Company has been supporting educational projects, including Sahaviriya Funds for Bangsaphan Educational Developments Project and SVG Annual Scholarships, which has continuously provided scholarships for primary schools – bachelor's degree students in Bangsaphan district. In 2015, 21 schools received 242 scholarships, worth Baht 540,000. Moreover, SSI staff also provided additional fund, "Tun Nee Phue Nong", with 92 scholarships, worth Baht 105,000, for the youths in Bangsaphan.

- The Company has developed many youth development projects such as Sufficiency Economy School for Sustainability Project, Young Agriculturist Project, Youth Council Project, Local Curriculum Development Project and Creative Arts, Wide Imagination Project. One hundred fifteen selected drawing pieces was sent to compete in the international contest in Japan.



- The Company considered its responsibility to the environment and natural resources. The Company controlled the industrial processes to ensure that pollution would not affect the quality of life and 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, SSI Waste Bank Project, Youth Conservation Camp, and Super Smart & Intelligent Kids 2015 (SSI KIDS) which involves supporting the youth to realise the importance of water in their communities and to collect water sampling to test water quality.

- "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 2015, SSI Staff arranged 1 major volunteering activity and 14 minor activities under the project "SSI 25th Anniversary, 250 Virtues." There were 360 SSI Staff members with 2,880 volunteering service hours, plus 163 residents with 1,304 volunteering service hours, participating in this project.

Anti-corruption

The Company places a strong emphasis on conducting business under the principles of good corporate governance and social responsibility which is intended for sustainable development. The Company deems that corruption is harmful and causes great damage to organisations and the nation. The Company therefore fully supports the implementation of the anti-corruption policy. As a result, on 22 January 2016, the Company was certified by Thailand's Private Sector Collective Action Coalition Against Corruption Project (CAC) and became a member of CAC. In 2015, the Company carried out several anti-corruption initiatives as follows:

The Company established supervision and control practices to prevent and monitor fraud and corruption risks, which were summarised as follows:

1. Policies and Guidelines on Anti-corruption

The Board of Directors Meeting No. 13/2015 held on 17 September 2015 unanimously approved the policy and guidelines regarding anti-corruption continually from last year to confirm its intent and expectations to implement the anti-corruption policy. The Board also acknowledged anti-corruption measures and penalties as well as an example of related law on anti-bribery and anti-corruption, the various offences and penalties for such offences.

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 as mentioned in business philosophy, integrity as mentioned in business ethics, employee ethics and values, as well as the ethical conduct for employees on conflicts of interest as mentioned in the Company's guidelines regarding conflicts of interest.

2. Communication of Policies and Guidelines on Anti-corruption

The Company recognised the importance of communicating policy and guidelines on anti-corruption. They were communicated by an e-mail and internal newspaper. All employees are able to access to this policy and guidelines which were posted on the Company's intranet and also available on the Company's website.

3. Training

The Company has continually provided 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 July 2015. And to ensure that employees truly understand and can comply with the anti-corruption policy and guidelines, the seminar on anti-corruption policy for employees was also held in September 2015. Moreover, a topic on the anti-corruption policy was included in the orientation program for new employees. In 2015, the orientation program was held four times.

4. Putting Policies into Practice

The Board of Directors Meeting No. 9/2015 held on 16 July 2015 approved the Board notification No. 1/2015 regarding the appointment of the Anti-corruption working committee, which became effective from 20 July 2015, to put the anti-corruption policy into practice and to enable the Company to maintain what it has been doing as a certified company of Thailand's Private Sector Collective Action Coalition Against Corruption. This is to express the Board's commitment and intent on Anti-corruption and to ensure that the Company has an anti-corruption measures monitoring, a delegation of power and a clear responsibility to implement the anti-corruption policy.



5. Fraud and Corruption Risk Assessment

The Company assessed risk of fraud and corruption by the risk owner of each division who identified events where fraud and corruption risk might occur in his/her area, assessed the likelihood and impact, reviewed and designed appropriate measures to combat fraud and corruption. The Group Risk Management Office then collected their results and proposed them to the Risk Management Working Committee for consideration before submitting to the Risk Management Committee for acknowledgement. This will be done annually.

The Company determined guidelines on monitoring and evaluating compliance with the anti-corruption policy as follows:

1. Whistle-Blowing System

The Company provided 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 provided measures to review or investigate the whistleblower's concerns and the imposition of punishment of offenders. All the whistleblower's concerns that were raised with the Good Corporate Governance Committee were to be tracked and examined, resolved and responded to informers as soon as possible. These were also reported to the Audit Committee for acknowledgement. Moreover, a summary of the Good Corporate Governance Committee's activities were also reported to the Board of Directors twice a year.

2. Internal Audit

The Group Internal Audit Office participated in an assessment to assure and advise on good corporate governance, risk management and internal control. The Company's internal control was assessed by the Group 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 Group Internal Audit Office also developed an audit coverage plan and an annual audit plan using a risk based approach including fraud and corruption risk. The audit engagements were conducted following the annual audit plan approved by the Audit Committee and the audit results were reported to the Audit Committee.

Innovation, Research and Development

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 2006 to 2014, the R&D expense related to 90 certified research projects was approximately Baht 64.2 million. However, in 2015, the National Science and Technology Development Agency



(NSTDA) has changed its certification procedure and the Company faced financial difficulty, therefore, the number of our certified research project was not increase from 2014. Nevertheless, the Company will continuously encourage our R&D department to develop research projects to increase knowledge base and increase the Company's competitive edge in the steel industry.

As for research network development, the Company has signed memorandum of understanding in metallurgy and materials research with other government agencies and renowned universities. In 2015, the Company collaborated with Synchrotron Light Research Institute (Public) Organization on "Surface Problems in Hot-Rolled Low Carbon Steel Analysis" and also collaborated with King Mongkut's University of Technology Thonburi in conducting researches on "Micromechanical based Design for Advanced High Strength Steels in Automotive Parts" to develop hot-rolled steel products 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 principle. 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 arranging a number of projects, instilling the concept of safety, such as Behaviour Based Safety (BBS) Project and Zero Accident Campaign. 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, the Lost Time Injury Frequency Rate (LTIFR) in 2015 has reduced to 0.76 from 1.10 in 2014.

Lost Time Injury Frequency Rate (LTIFR) of SSI Group

SSI Group of Companies	2013	2014	2015
SSI	0.97	1.10	0.76
TCRSS	0.00	0.00	0.52
WCE	1.63	2.32	2.12
PPC	0.00	2.94	0.00
SSI UK	2.20	2.85	2.36
SSI Group	1.50	2.00	1.55

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 2015, 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 24 December 2015.

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 2015 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 2015, 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 preliminarily 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 in 2015 was Mrs. Wanee Sirikanchana, who was appointed by the resolution of the Board of Executive Directors at meeting No. 23/1998 held on 8 December 1998. The Internal Audit Office was transformed to the Group Internal audit Office, effective from 1 January 2015 by the resolution of the Board of Directors at meeting No. 13/2014 held on 18 December 2014. As Mrs. Wanee Sirikanchana was retired from her work since 1 January 2016, The Board of Director meeting No. 1/2016 held on 5 January 2016 then approved the appointment of Miss Pattamawan Boontang as a chief, Group Internal Audit for her replacement.

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 former Chief of Group Internal Audit office who was in charge in 2015 and her replacement have sufficient knowledge and competence needed to perform 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

Related Party Transactions

Name of Entities	Nature of Relationships	Related Transactions in 2015 (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	1.00	Trade accounts receivable	0.18
		Revenue from maintenance services	0.55	Accrued income	3.53
		Other income	3.05		
Thai Cold Rolled Steel Sheet Plc.	Jointly controlling shareholder, 35.19% shareholding	Revenue from sale of hot rolled coils	70.24	Trade accounts receivable	12.21
		Revenue from deep-sea port and marine shipping services	43.87	Accrued income	2.10
		Revenue from maintenance services	39.02	Other payables	0.07
		Tolling services	79.93		
		Other income	10.10		
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	12.00	Trade accounts receivable	1.83
		Revenue from maintenance services	0.08	Accrued income	4.99
		Other income	0.64	Other receivables	0.14

Name of Entities	Nature of Relationships	Related Transactions in 2015 (Million Baht)		Outstanding Balance (Million Baht)	
B.S. Metal Co., Ltd.	Common directors and direct and indirect shareholding by the Company's director(s)	Revenue from sales of hot rolled coils/scrap	3,148.65	Trade accounts receivable	2,292.48
		Revenue from maintenance services	0.13	Other receivables	8.76
		Cut sheet expenses	7.10	Accrued income	0.61
				Trade accounts payable	0.26
				Other payables	1.49
Sahaviriya Plate Mill Plc.	Common directors and direct and indirect shareholding by the Company's director(s)	Discount for sale of slabs	(29.11)	Trade accounts receivable	83.88
		Tolling services	78.01	Other receivables	255.91
		Tolling expenses	2.40		
Prapawit Building Property Co., Ltd.	Common directors and direct and indirect shareholding by the Company's director(s)	Office Rental	19.33	Other receivables	0.14
		Revenue from maintenance services	0.08	Trade accounts payable	0.03
				Other payables	0.78
Western Housing Co., Ltd.	Common directors and direct and indirect shareholding by the Company's director(s)	Accommodation expenses	0.12	Other payables	0.01
Sahaviriya Management Service Co., Ltd.	Common directors and direct and indirect shareholding by the Company's director(s)	None	-	None	-
Sahaviriya Panich Corporation Co., Ltd.	Common directors and direct and indirect shareholding by the Company's director(s)	Revenue from sale of hot rolled coils	4,473.97	Trade accounts receivable	2,147.66
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	4.14	Trade accounts receivable	0.36
		Revenue from maintenance services	0.18	Other receivables	0.10
		Other income	1.54	Trade accounts payable	60.74
		Local transportation expenses	319.13	Other payables	11.56
Bangpakong Lighter 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	0.60	Trade accounts receivable	0.07
		Other income	0.25	Other receivables	0.06
		Water transportation expenses	59.61	Trade accounts payable	2.91
		Financial costs	0.11	Other payables	2.76



Name of Entities	Nature of Relationships	Related Transactions in 2015 (Million Baht)		Outstanding Balance (Million Baht)	
Bangpakong Port Co., Ltd.	Common directors with the subsidiary and direct and indirect shareholding by the Company's director(s)	Tolling services	156.81	None	-
		Local transportation expenses	888.18		
		Loss from sale of slabs	59.74		
Prachuap Pattana Development Co., Ltd.	Common directors and direct and indirect shareholding by the Company's director(s)	None	-	None	-
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	-
Prachuap Steel Co., Ltd.	Common directors and indirect shareholding by the Company's director(s)	None	-	None	-
Redcar Bulk Terminal Limited	Jointly controlling shareholder, 50.00% shareholding	None	-	None	-
Vanomet AG	Common shareholder and common director in a subsidiary	Purchases of slabs	555.79	Advance Payment for slabs	267.19
		Finance costs	27.54	Trade accounts payable	23.65
Sahaviriya Shipping UK Limited	Common shareholder and director and indirect shareholding by the Company's director(s)	None	-	None	-
Thai Steel Sales Co., Ltd.	Common directors and direct and indirect shareholding by the Company's director(s)	Revenue from sale of hot rolled coils	235.17	Other payables	5.70

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 transactions 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 transactions 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 2015 was:

- Ms. Sureerat Thongarunsang
Certified Public Accountant Registration No. 4409
KPMG Phoomchai Audit Ltd.

In 2013, the independent auditor's opinion was unqualified with emphasis of matters.

In 2014, the independent auditor's opinion was unqualified with emphasis of matters.

In 2015, the independent auditor's opinion was disclaimer with emphasis of matters.

The summary of the disclaimer basis and the attention drawn by the auditor for the 2015 Company's consolidated and separate financial statements, including additional explanation are as follows:

Basis for Disclaimer of Opinion

1. Limitation of audit scope

Liquidation of Sahaviriya Steel Industries UK Limited ("SSI UK")

SSI UK is wholly-owned by the Company. As disclosed in Notes 2 and 8, since the establishment of SSI UK and until 2 October 2015, when SSI UK entered the liquidation process, the consolidated financial statements of the Group include the financial statements of SSI UK. A petition for winding up SSI UK was lodged and the application was granted on 2 October 2015 and SSI UK's financial statements for Group consolidation purposes as at that date were prepared on a break-up basis. Consequent to the appointment of a liquidator for SSI UK, the Company no longer controls the business or operations of SSI UK and, therefore, the financial statements of SSI UK have not been included in the consolidated financial statements of the Group from 2 October 2015. The results of the coke manufacturing and steel making business of SSI UK for the period to 2 October 2015 have been recorded separately in the consolidated statement of income of the Group for the year ended 31 December 2015 as discontinued operations.

As disclosed in Note 2, the commencement of liquidation of SSI UK has resulted in its assets being frozen; access to its manufacturing facilities, in which most of its accounting records and related supporting documents are located, blocked; and key personnel in financial reporting being dismissed. Consequently, management has prepared the financial statements of SSI UK for the purpose of presentation and disclosure of discontinued operations in the consolidated statement of income of the Group for the year ended 31 December 2015 based on SSI UK's management accounts and

related reports made up to 31 August 2015 and estimates for the remaining period to 2 October 2015, using all relevant information available to the Group to date.

Due to the limitation on the scope of my audit imposed by the above circumstances I was unable to carry out satisfactory audit procedures to conclude whether recognition and presentation in the consolidated statement of income and disclosure in Note 8 relating to discontinued operation is prepared, in all material respects, in accordance with Thai Financial Reporting Standards.

Addition explanation

As SSI UK applied to the court (The High Court of Justice Chancery Division Manchester District) for liquidation in which it was approved and the court has appointed an Official Receiver to proceed in liquidation process on 2 October 2015, when SSI UK entered the liquidation process. Thereafter, SSI UK's financial statements for Group consolidation purposes as at the date were prepared on a break-up basis. The Company presented the statement of financial position and its results according to the financial reporting standard. As for the statement of financial position and its result of discontinued operation whose audit scope was limited as stated by the auditor, the Company would like to clarify that because of the liquidation process as stated above, consequently, assets evaluation could not be performed as well as all financial information could not be accessed adequately. Nevertheless, the management of the Company has made an effort and discretion cautiously to prepare financial information for the purpose of presentation and disclosure of discontinued operations in the consolidated financial statements of income of the Group for the year ended 31 December 2015 based on SSI UK's management accounts and related reports made up to 31 August 2015 and estimates for the remaining period to 2 October 2015, using all relevant information available to the Group to date including estimates of SSI UK's Assets Held for Sale or Disposal.

The Company estimates the value of Assets Held for Sales or Disposal after deducting the expenses occurred during the liquidation and the contingent expenses concerning to safety and environmental related regulations, on a conservative basis, to be zero recovery after the completion of SSI UK liquidation. As SSI UK's main asset is a large iron and steel making plant, controlled under the Control of Major Accident Hazards regulation, there are uncertain external factors which are beyond the Company's control, for instance the validity of the environmental permit, access and ability to safeguard the assets, etc. The legal and liquidation proceeding in this case is unprecedented and unclear to the Company at this stage.

Notwithstanding, the Company believes that the consolidated and separate financial statements were prepared and presented in accordance with the financial reporting standards.

2. Material uncertainty concerning going concern basis of accounting

As disclosed in Note 2(e) and 8 to the financial statements, during the year ended 31 December 2015, the Group incurred a net loss of Baht 40,897 million (includes losses from the discontinuation of SSI UK's operation of Baht 38,037 million) and as at 31 December 2015 the Group had a cumulative deficit of Baht 68,526 million and its current liabilities exceeded its current assets by Baht 54,496 million. As at the same date and for the same period, The Company incurred a net loss of Baht 67,124 million (including losses from the liquidation of SSI UK of Baht 64,329 million); had cumulative deficit of Baht 68,229 million; and current liabilities exceeded current assets by Baht 54,325 million. As disclosed in note 8 to the financial statements, pursuant to the discontinuation of SSI UK's operations the major lenders demanded immediate payment of the remaining balance of a lone carried at USD 815 million (equivalent to Baht 30,034 million as at 31 December 2015) which was primarily secured by SSI UK's property, plant and equipment and guaranteed by the Company. The major lenders also demanded the Company to be responsible for this obligation as guarantor. In addition, on 1 October 2015 the major lenders demanded immediate payment of the remaining balance of another of the Company's loan carried at

Baht 9,840 million as at 31 December 2015. In view of this situation, on 1 October 2015 The Board of Directors of the Company approved for the Company to submit an application for Business Rehabilitation to the Court. These circumstances indicate the existence of a material uncertainty which casts significant doubt about the Group's and the Company's ability to continue as going concerns.

Management has the opinion that despite the above circumstances, the Group and the Company should be able to generate sufficient cash flows from future operations to cover operating costs and to meet financing commitments. This opinion is based on the discontinuation of SSI UK's operation, which had been incurring losses, the commencement and implementation of the Business Rehabilitation Plan, and the support of the major lenders. The consolidated and separate financial statements have been prepared by management on the going concern basis on the assumption that the Business Rehabilitation will be the successful and such further capital and credit facilities will be secured to the extent that the Group's and the Company's operations require. The validity of this assumption is, however, dependent on 1) the success of the Business Rehabilitation Plan, which had not commenced at the date of this report, including the measures taken to improve profitability and cash flows; 2) the successful outcome of the Group's negotiations with its major lenders in debt restructuring; and 3) the availability of financing from other sources to meet funding requirements. I consider that, whilst adequate disclosures have been made in this regard, these matters give rise to significant doubt about the Group's and the Company's ability to continue as going concerns, If the Group and the Company were unable to continue as going concerns, the realisable value of assets may be significantly less than their carrying value.

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.

Addition explanation

Consolidated net loss for the year ended 31 December 2015 was mainly due to losses from the liquidation of a subsidiary resulted from global steel's severe over-capacity and severe imbalance of the demand and supply since late 2014. In addition, steel prices had fallen steadily, causing a huge operation loss for the Group in 2015. Therefore, the Group and the Company decided to liquidate the Upstream Business to stop loss and damage that might occur in the future.

Total current liabilities of the Group and the Company exceeded current assets since the Major Creditors demanded an immediate payment of obligations as a guarantor of the subsidiary.

Although the success of Business Rehabilitation depends on external factors (such as the measures taken to improve profitability, the successful outcome of the Company's negotiation with its Major Creditors in debt restructuring, the availability of financing to meet funding requirements, the court judgment, etc.), the Company believes that the business is fundamentally viable. In the event that the approval of Business Rehabilitation has been granted, it will result in maximum benefit to the creditors and other stakeholders. Subsequently, the Court issued an order for the Company's Business Rehabilitation on 10 March 2016.

3. Material uncertainty other than going concern

As disclosed in Note 2 to the financial statements, on 1 October 2015, the Board of Directors of the Company approved the Company to submit a petition for Business Rehabilitation to the Central Bankruptcy Court. The Court scheduled the inquiry on the petition to testify on the court proceeding on 21 December 2015 and the next inquiry date will be on 17 February 2016. As at the date of this report, The Court's examination and consideration to order the Company for Business Rehabilitation had not been concluded. Such circumstance indicates the existence of a material uncertainty as to whether the court will accept the company for Business Rehabilitation and thereby enable commencement of the business rehabilitation plan as planned. It also casts doubt about the classification and measurement of liabilities and provisions.

Addition explanation

As at the date of preparation of financial statements for the year ended 31 December 2015, the Court's inquiry is still in progress. The Company agrees with the auditor's opinion that, as the Court's examination and consideration to order the Company for Business Rehabilitation has not yet been concluded; therefore, there is material uncertainty concerning the Court's acceptance of the Company's Business Rehabilitation and commencement of the Business Rehabilitation as planned including uncertainty concerning the classification and measurement of liabilities and provisions, whether the Court will approve the Company for Business Rehabilitation or not.

Nevertheless, 1) the current status of the Company which the Court issued an order for the Company's Business Rehabilitation on 10 March 2016 2) the support from creditors for debt restructuring in accordance with the Company's ability to generate revenues which will help the business to continue, and 3) the Company believes that Business Rehabilitation will be resulting in ability to service debts and be more beneficial to the stakeholders than placing a forced sale auction on the Company's assets. The Company will accelerate to carry out its business following the Business Rehabilitation Plan correspondingly.

Emphasis of matter

I draw attention to Note 4 to the accompanying financial information. During the year ended 31 December 2015, the Group and the Company sold goods to related companies and joint venture in the normal course of business totaling Baht 18,565 million and Baht 7,899 million, respectively, which represented 51% of the Group's total sales and which represented 41% of the Company's total sales for those periods, respectively. As at 31 December 2015, the Group's and the Company's outstanding trade accounts receivable from those related parties amounted to Baht 4,564 million and Baht 4,547 million, respectively. Moreover, during the year ended 31 December 2015, the Group and the Company purchased goods from related companies in the normal course of business totaling Baht 15,175 million and Baht 7,682 million, respectively, which represented 34% of the Group's total purchases and which represented 40% of the Company's total purchases for those periods, respectively.

Addition 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 and coil centers. The Company has no policy to directly do business with retailers or hold shares in the business of its traders and coil centers because of the associated credit risk.

One of the common strategies for the business is to separate manufacturer from distributor. As such, there are related companies which have been established as distributors of HRC and other steel products before the Company's establishment as a manufacturer. The Company has become a major supplier for those related companies with rather high sales portion.

In addition, the Company, as a hot rolled coil manufacturer, has applied the same pricing policies which depend on ordering quantity and frequency to both related and non-related parties. For related party transactions, the Company usually discloses the transfer pricing policies in the notes to the financial statements.



Summary of Financial Statement

Statement of Financial Position

Sahaviriya Steel Industries Public Company Limited, its Subsidiaries and its Joint Venture

As at 31 December

	2015		2014		2013	
	(Baht)	%	(Baht)	%	(Baht)	%
Assets						
Current assets						
Cash and cash equivalents	156,508,506	0.5	351,400,815	0.5	163,098,186	0.2
Trade accounts receivable	4,590,821,162	16.0	5,311,902,438	6.9	5,108,189,827	6.0
Other accounts receivable from related parties	532,521,538	1.9	1,310,416,921	1.7	2,265,496,613	2.7
Inventories	3,483,343,439	12.2	13,628,691,848	17.6	17,387,555,837	20.5
Other current assets	197,564,544	0.7	2,406,515,640	3.1	3,230,008,421	3.8
Total current assets	8,960,759,189	31.3	23,008,927,662	29.8	28,154,348,884	33.2
Non-current assets						
Restricted deposit at financial institution	12,720,143	0.0	21,288,350	0.0	-	-
Investments in joint venture	2,621,770,381	9.1	3,418,594,342	4.4	3,839,291,317	4.5
Property, plant and equipment	16,853,312,928	58.8	50,513,059,433	65.4	52,424,543,309	61.9
Intangible assets	158,975,157	0.6	245,303,285	0.3	249,476,666	0.3
Deferred tax assets	45,121,952	0.2	32,277,450	0.0	3,268,823	0.0
Other non-current assets	12,107,442	0.0	12,414,658	0.0	55,256,538	0.1
Total non-current assets	19,704,008,003	68.7	54,242,937,518	70.2	56,571,836,653	66.8
Total assets	28,664,767,192	100.0	77,251,865,180	100.0	84,726,185,537	100.0

Statement of Financial Position

Sahaviriya Steel Industries Public Company Limited, its Subsidiaries and its Joint Venture

As at 31 December

	2015		2014		2013	
	(Baht)	%	(Baht)	%	(Baht)	%
Liabilities and equity						
Current liabilities						
Bank overdrafts and short-term loans from financial institutions and from related parties	12,796,099,840	44.6	22,638,350,536	29.3	21,888,601,462	25.8
Trade accounts payable	2,804,253,376	9.8	10,802,757,605	14.0	12,614,249,781	14.9
Other accounts payable from related parties	21,836,192	0.1	889,582,036	1.2	1,568,448,371	1.8
Current portion of long-term loans from financial institutions	7,033,461,665	24.5	7,639,329,476	9.9	1,924,003,791	2.3
Long-term borrowings classified as current liabilities	6,629,284,761	23.1	22,034,033,707	28.5	-	-
Subordinated convertible debentures	-	-	236,070	0.0	-	-
Current portion of finance lease liabilities	68,763,059	0.2	54,692,504	0.1	49,845,471	0.1
Current portion of hire purchase liabilities	3,629,691	0.0	6,601,542	0.0	6,896,383	0.0
Provision made for loss on guarantee given and others	30,533,752,034	106.5	-	-	-	-
Provision for onerous contracts	-	-	575,188,520	0.7	337,508,589	0.4
Short-term provisions	-	-	-	-	7,790,000	0.0
Income tax payable	-	-	1,355,209	0.0	3,676,521	0.0
Other current liabilities	3,566,049,863	12.4	5,034,991,788	6.5	5,642,869,004	6.7
Total current liabilities	63,457,130,481	221.4	69,677,118,993	90.2	44,043,889,373	52.0



Statement of Financial Position

Sahaviriya Steel Industries Public Company Limited, its Subsidiaries and its Joint Venture

As at 31 December

	2015		2014		2013	
	(Baht)	%	(Baht)	%	(Baht)	%
Non-current liabilities						
Long-term loans from financial institutions	-	-	-	-	27,879,310,667	32.9
Subordinated convertible debentures	-	-	-	-	149,008	0.0
Finance lease liabilities	72,005,250	0.3	98,226,864	0.1	161,062,683	0.2
Hire purchase liabilities	1,003,263	0.0	3,338,283	0.0	6,241,605	0.0
Employee benefit obligations	211,276,457	0.7	195,308,532	0.3	161,647,754	0.2
Environmental liabilities and others	-	-	600,563,651	0.8	597,841,684	0.7
Deferred tax liabilities	1,161,437,602	4.1	1,216,177,430	1.6	1,264,733,220	1.5
Other non-current liabilities	917,315	0.0	1,217,528	0.0	1,517,745	0.0
Total non-current liabilities	1,446,639,887	5.0	2,114,832,288	2.7	30,072,504,366	35.5
Total liabilities	64,903,770,368	226.4	71,791,951,281	92.9	74,116,393,739	87.5

Statement of Financial Position

Sahaviriya Steel Industries Public Company Limited, its Subsidiaries and its Joint Venture

As at 31 December

	2015		2014		2013	
	(Baht)	%	(Baht)	%	(Baht)	%
Liabilities and equity						
Equity						
Share capital						
Authorised share capital	50,263,663,124		39,867,778,559		39,867,778,559	
Issued and paid-up share capital	32,166,262,124	112.2	32,166,258,124	41.6	32,166,258,124	38.0
Discount on ordinary shares issuance	(5,678,076,131)	(19.8)	(5,678,076,131)	(7.4)	(5,678,076,131)	(6.7)
Equity distribution from shareholders from repurchase of subordinated convertible debentures	366,207,178	1.3	366,219,977	0.5	366,219,977	0.4
Convertible rights	-	-	24,779	0.0	24,779	0.0
Revaluation surplus						
- The Group	4,102,902,362	14.3	4,315,634,500	5.6	4,500,473,668	5.3
- Joint Venture	92,686,173	0.3	99,906,412	0.1	104,851,834	0.1
Currency translation differences	-	-	555,555,387	0.7	593,137,611	0.7
Retained earnings (deficit)						
Appropriated - Legal reserve	530,226,819	1.8	530,226,819	0.7	530,226,819	0.6
Unappropriated (deficit)	(68,525,918,318)	(239.1)	(27,695,817,978)	(35.9)	(22,789,391,004)	(26.9)
Equity attributable to owners of the Company	(36,945,709,793)	(128.9)	4,659,931,889	6.0	9,793,725,677	11.5
Non-controlling interests	706,706,617	2.5	799,982,010	1.0	816,066,121	1.0
Capital deficiency/total equity	(36,239,003,176)	(126.4)	5,459,913,899	7.1	10,609,791,798	12.5
Total liabilities and equity	28,664,767,192	100.0	77,251,865,180	100.0	84,726,185,537	100.0



Statement of Income

Sahaviriya Steel Industries Public Company Limited, its Subsidiaries and its Joint Venture

For the year ended 31 December

	2015		2014 (Restated)		2013	
	(Baht)	%	(Baht)	%	(Baht)	%
Income						
Revenue from sale of goods	19,255,060,580	93.9	32,316,180,884	96.9	64,735,191,615	98.2
Revenue from rendering of services	917,943,960	4.5	776,216,087	2.3	651,738,474	1.0
Gain on sales of investment in joint venture	-	-	-	-	362,779,468	0.6
Net foreign exchange gain	260,027,046	1.3	177,563,510	0.5	-	-
Other income	62,427,611	0.3	73,971,785	0.2	142,576,089	0.2
Total income	20,495,459,197	100.0	33,343,932,266	100.0	65,892,285,646	100.0
Expenses						
Cost of sale of goods	18,738,411,726	91.4	30,143,950,504	90.4	69,764,980,902	105.9
Cost of rendering of services	654,044,333	3.2	691,957,405	2.1	485,040,455	0.7
Selling expenses	344,813,924	1.7	310,828,007	0.9	331,739,832	0.5
Administrative expenses	1,168,987,281	5.7	726,071,976	2.2	798,301,839	1.2
Management benefit expenses	74,710,653	0.4	75,539,582	0.2	133,151,158	0.2
Net foreign exchange loss	-	-	-	-	383,945,425	0.6
Provision for loss under onerous contracts (reversal)	(83,048,422)	(0.4)	83,048,422	0.2	(450,781,952)	(0.7)
Finance costs	2,388,348,622	11.7	1,711,317,198	5.1	3,586,832,743	5.5
Total expenses	23,286,268,117	113.6	33,742,713,094	101.2	75,033,210,402	113.9

Statement of Income

Sahaviriya Steel Industries Public Company Limited, its Subsidiaries and its Joint Venture

For the year ended 31 December

	2015		2014 (Restated)		2013	
	(Baht)	%	(Baht)	%	(Baht)	%
Share of profit (loss) of equity-accounted investees						
Joint Venture	(77,495,069)	(0.4)	(97,658,135)	(0.3)	250,729,794	0.4
Loss before income tax expense from continuing operations	(2,868,303,989)	(14.0)	(496,438,963)	(1.5)	(8,890,194,962)	(13.5)
Income tax benefits	7,855,195	0.0	25,445,720	0.1	1,907,137,410	2.9
Loss From continuing operations	(2,860,448,794)	(14.0)	(470,993,243)	(1.4)	(6,983,057,552)	(10.6)
Discontinued operation						
Loss from discontinued operation	(38,036,616,825)	(185.6)	(4,395,839,117)	(13.2)	-	-
Loss for the year	(40,897,065,619)	(199.5)	(4,866,832,360)	(14.6)	(6,983,057,552)	(10.6)
Loss attributable to:						
Owners of the Company	(40,840,170,349)	(199.3)	(4,903,027,293)	(14.7)	(7,052,530,181)	(10.7)
Non-controlling interests	(56,895,270)	(0.3)	36,194,933	0.1	62,472,629	0.1
Loss for the year	(40,897,065,619)	(199.5)	(4,866,832,360)	(14.6)	(6,983,057,552)	(10.6)
Loss per share						
Loss per share	(1.27)		(0.15)		(0.24)	
Diluted loss per share	(1.27)		(0.15)		(0.24)	
Loss per share – continuing operations						
Basic loss per share	(0.09)		(0.01)		-	
Diluted loss per share	(0.09)		(0.01)		-	



Statement of Comprehensive Income

Sahaviriya Steel Industries Public Company Limited, its Subsidiaries and its Joint Venture

For the year ended 31 December

	2015		2014 (Restated)		2013	
	(Baht)	%	(Baht)	%	(Baht)	%
Loss for the year	(40,897,065,619)	(199.5)	(4,866,832,360)	(14.6)	(6,983,057,552)	(10.6)
Other comprehensive income						
Items that will never be reclassified to profit or loss						
Impairment loss on property, plant and equipment previously revalued	(92,129,698)	(0.4)	-	-	-	-
Depreciation on revaluation surplus	(179,170,292)	(0.9)	(237,111,638)	(0.7)	(360,964,762)	(0.5)
Income tax on other comprehensive income	54,437,499	0.3	47,887,951	0.1	8,741,850	0.0
	(216,862,491)	(1.1)	(189,223,687)	(0.6)	(352,222,912)	(0.5)
Items that may be reclassified subsequently to profit or loss						
Foreign currency translation differences for foreign operations	(2,600,611,457)	(12.7)	(37,582,224)	(0.1)	370,536,666	0.6
Reclassification of foreign currency differences following liquidation of subsidiary	2,045,056,070	10.0	-	-	-	-
Revaluation of property, plant and equipment						
- The Group	-	-	-	-	324,593,031	0.5
- Joint venture	-	-	-	-	159,662,460	0.2
Defined benefit plan actuarial gains (losses)						
- The Group	-	-	(13,387,790)	0.0	-	-
- Joint venture	-	-	1,248,172	0.0	-	-
Other comprehensive income for the year net of income tax	(772,417,878)	(3.8)	(238,945,529)	(0.7)	502,569,245	0.8
Total comprehensive income for the year	(41,669,483,497)	(203.3)	(5,105,777,889)	(15.3)	(6,480,488,307)	(9.8)
Total comprehensive income attributable to:						
Owners of the Company	(41,605,207,194)	(203.0)	(5,133,292,650)	(15.4)	(6,517,927,337)	(9.9)
Non-controlling interests	(64,276,303)	(0.3)	27,514,761	0.1	37,439,030	0.1
Total comprehensive income for the year	(41,669,483,497)	(203.3)	(5,105,777,889)	(15.3)	(6,480,488,307)	(9.8)

Statement of Cash Flows

Sahaviriya Steel Industries Public Company Limited, its Subsidiaries and its Joint Venture
For the year ended 31 December

	2015	2014	2013
	(Baht)	(Baht)	(Baht)
Cash flows from operating activities			
Loss for the year	(40,897,065,619)	(4,866,832,360)	(6,983,057,552)
<i>Adjustments for</i>			
Depreciation and amortisation	562,340,005	2,514,243,736	2,506,053,831
Finance costs	2,388,566,394	3,240,188,976	3,586,832,743
Unrealised gain on exchange rate	(141,662,752)	(359,079,411)	(687,904,094)
Bad debts and doubtful debts expenses (reversal)	34,938,353	42,109,600	(146,309,486)
Provision for (reversal of) loss decline in value of inventories	(239,138,758)	464,307,264	(140,649,895)
Employee benefit obligations	26,131,059	24,453,337	19,508,940
Provision for loss under onerous contracts (reversal)	(83,048,421)	237,679,931	(450,781,952)
Loss (gain) on disposal of property, plant and equipment	3,292,889	(17,526,085)	(286,103)
Loss on revaluation of property, plant and equipment	-	-	12,744,833
Loss on impairment of property, plant and equipment	13,421,974	-	(1,700,000)
Loss recognised on the loss on liquidation of subsidiary	38,036,616,825	-	-
Reversal of short-term provision	-	(7,790,000)	(4,045,195)
Share of profit of Joint venture (net of income tax)	77,495,070	(301,942,389)	(250,729,795)
Gain on sales of investment in joint venture	-	-	(362,779,468)
Others	-	9,273,933	47,959,281
Income tax expense (benefits)	(7,855,195)	(25,445,720)	(1,907,137,413)
	(225,968,176)	953,640,812	(4,762,281,325)



Statement of Cash Flows

Sahaviriya Steel Industries Public Company Limited, its Subsidiaries and its Joint Venture

For the year ended 31 December

	2015	2014	2013
	(Baht)	(Baht)	(Baht)
Changes in operating assets and liabilities			
Trade accounts receivable	27,553,133	(565,499,709)	1,299,668,179
Other accounts receivable from related parties	(1,338,310,060)	913,676,880	34,130,690
Inventories	6,602,480,927	3,293,578,074	4,367,736,821
Other current assets	105,485,400	1,148,068,513	(1,817,785,234)
Other non-current assets	19,741,111	1,441,901	3,379,784
Trade accounts payable	(5,463,541,420)	(913,251,624)	761,339,650
Other accounts payable to related parties	(6,990,886)	(1,294,367,981)	1,748,044,240
Other current liabilities	468,791,698	(931,476,012)	(177,144,849)
Employee benefit obligations paid	(10,163,134)	(4,180,349)	(6,966,835)
Other non-current liabilities	(300,215)	(300,215)	(325,713)
Income tax paid	(39,424,638)	(6,563,899)	(26,148,462)
Net cash provided by (used in) operating activities	139,353,740	2,594,766,391	(1,423,646,946)
Cash flows from investing activities			
Proceeds from sale of investment in Joint venture	-	-	1,568,247,452
Deposits at financial institution pledged as collateral	-	(21,288,350)	-
Purchases of property, plant and equipment	(44,222,194)	(740,129,104)	(750,627,394)
Purchases of intangible assets	(15,995,747)	(22,024,372)	(144,619,447)
Sales of property, plant and equipment	640,654	154,679,373	541,633
Machines and equipment acquired by means of finance lease	-	38,840,888	-
Dividend received	-	723,887,536	-
Currency translation differences	-	(97,402,121)	(842,054,654)
Net cash used in discontinued operation	(164,964,557)	-	-
Net cash provided by (used in) investing activities	(224,541,844)	36,563,850	(168,512,410)

Statement of Cash Flows

Sahaviriya Steel Industries Public Company Limited, its Subsidiaries and its Joint Venture
For the year ended 31 December

	2015	2014	2013
	(Baht)	(Baht)	(Baht)
Cash flows from financing activities			
Proceeds from issuance of ordinary shares	-	-	3,458,226,968
Transaction costs from issuance of ordinary shares	-	-	(500,000)
Finance cost paid	(556,952,839)	(2,900,139,035)	(3,705,550,841)
Increase in short-term loans from financial institutions	(6,556,814)	352,247,343	1,066,268,051
Proceeds from short-term loans from related parties	929,000,000	547,367,939	-
Repayment of short-term loans from related parties	(377,792,064)	(123,000,000)	-
Proceeds from long-term loans	-	-	156,805,770
Repayment of long-term loans	(8,870,090)	(235,523,400)	(964,169,723)
Hire purchase and finance lease payments	(118,014,755)	(60,008,601)	(55,404,350)
Machines and equipment acquired by means of finance lease	59,156,845	-	-
Repurchase of subordinated convertible debenture	(274,488)	-	(1,228,566,000)
Dividends paid	(29,400,000)	(44,100,000)	(66,150,000)
Net cash provided by (used in) financing activities	(109,704,205)	(2,463,155,754)	(1,339,040,125)
Net increase (decrease) in cash and cash equivalents	(194,892,309)	168,174,487	(83,905,589)
Effect of exchange rate changes on balance held in foreign currency	-	20,128,142	4,865,997
Cash and cash equivalents at 1 January	351,400,815	163,098,186	242,137,778
Cash and cash equivalents at 31 December	156,508,506	351,400,815	163,098,186



Financial Ratio

Sahaviriya Steel Industries Public Company Limited, its Subsidiaries and its Joint Venture
For the year ended 31 December

	2015	2014 (Restated)	2013 ²⁾
Liquidity Ratio			
Current ratio (Times)	0.14	0.33	0.64
Current ratio exclude long-term borrowings classified (Times)	0.34	0.48	0.64
Quick ratio (Times)	0.07	0.08	0.12
Quick ratio exclude long-term borrowings classified (Times)	0.08	0.12	0.12
Cash ratio (Times)	0.00	0.05	0.03
Accounts receivable turnover (Times)	3.84	6.02	11.95
Average collection period (Days)	94	60	31
Inventories turnover ¹⁾ (Times)	2.81	2.27	3.60
Average days sales (Days)	128	158	101
Accounts payable turnover ratio (Times)	2.85	2.63	5.75
Accounts payable period (Days)	126	137	64
Cash cycle (Days)	96	82	68
Profitability Ratio			
Gross profit ratio	3.87%	6.82%	(7.44%)
Operating profit ratio	(3.59%)	3.21%	(8.68%)
Other profit ratio	1.57%	0.75%	0.18%
Operating cash flow margin ratio (Times)	(0.19)	2.45	(0.25)
Net profit ratio	(202.45%)	(14.82%)	(10.79%)
Return on equity ratio	N/A	(67.84%)	(62.52%)
Efficiency Ratio			
Return on assets ratio	(77.12%)	(6.05%)	(8.14%)
Return on fixed assets ratio	(119.89%)	(4.88%)	(8.93%)
Total assets turnover (Times)	0.39	0.41	0.76
Financial Policy Ratio			
Debt to equity ratio (Times)	N/A	13.15	6.99
Interest bearing debt to equity (Times)	N/A	9.61	4.89
Interest coverage ratio (Times)	1.32	1.90	1.37
Debt service coverage ratio (Cash Basis) (Times)	1.41	2.49	0.74
Dividend payout ratio	-	-	-

¹⁾ Inventories exclude spare parts

²⁾ 2013 Figures were before reclassification on a break-up basis.

Per Share Data and Growth Rate

Sahaviriya Steel Industries Public Company Limited, its Subsidiaries and its Joint Venture
For the year ended 31 December

	2015	2014 (Restated)	2013 ²⁾
Per Share Data			
Book value per share (Baht)	(1.15)	0.14	0.30
Earnings (Loss) per share (Baht)	(1.27)	(0.15)	(0.24)
Dividend per share	-	-	-
Growth Rate			
Total assets	(62.89%)	(8.82%)	(4.29%)
Total liabilities	(9.59%)	(3.14%)	(1.06%)
Revenue from sales and revenue from rendering of services	(39.04%)	(49.39%)	7.89%
Operating expenses	25.93%	47.15%	(53.65%)
Net profit (loss)	(732.96%)	30.48%	55.69%

²⁾ 2013 Figures were before reclassification on a break-up basis.



Report on the Responsibility of the Board of Directors for 2015 Financial Report

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 joint venture for the year end 31 December 2015 as well as the financial information disclosed in the Company's 2015 Annual Report. 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. Regarding the disclaimer of opinion on audit's report proposed to shareholders of the Company for the year ended 31 December 2015, the Company has submitted a clarification letter to the Stock Exchange of Thailand and the Securities and Exchange Commission. The Company's financial report has been prepared in accordance with the financial reporting standards.

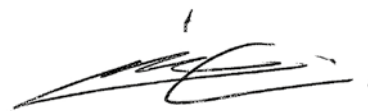
The Board of Directors has established the risk management system, internal control system and internal audit function under supervision of the Risk Management Committee and the Audit Committee consisting of independent directors, who are responsible for overseeing the Company's control and audit functions 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 principle, 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

	2015	2014	% YoY
	Jan - Dec	Jan - Dec (Restated)	
Sales and service revenues	20,173	33,092	-39%
Cost of sales and service	19,392	30,836	-37%
Gross profit (loss)	781	2,256	-65%
SG & A	1,589	1,112	+43%
Provision for loss under onerous contracts (reversal)	(83)	83	-200%
EBITDA	(37,907)	(710)	N.A.
Interest expense	2,379	1,704	+40%
Depreciation and amortisation	562	2,514	-78%
Income tax (reversal)	(8)	(25)	+69%
Realised FX gain (loss)	118	(182)	+165%
Unrealised FX gain (loss)	142	359	-61%
Profit (Loss) from Discontinued Operation	(38,037)	(4,396)	-765%
Net profit (loss)	(40,840)	(4,903)	-733%
EPS (Baht)	(1.27)	(0.15)	-733%

- 2015 and 2014 operating performance excludes the Discontinued Operation, except for Net Loss.
- EBITDA = Net (Loss) Profit + Interest + Tax + Depreciation and Amortisation



Table 2: Financial Results by Business Unit

Unit: Million Baht

	2015	2014	% YoY
	Jan - Dec	Jan - Dec (Restated)	
Sales and Service Revenues			
Consolidated ¹⁾	20,173	33,092	-39%
HRC Business	19,612	32,382	-39%
Upstream Business	17,387	32,200	-
Port Business	145	139	+4%
Engineering Business	367	551	-33%
EBITDA			
Consolidated	(37,907)	(710)	N.A.
HRC Business	(64,333)	1,887	N.A.
Upstream Business	(35,793)	(1,046)	-
Port Business	(5)	192	-102%
Engineering Business	7	(114)	+106%
Elimination of Related Parties Transaction	62,216	(1,630)	-
Net Profit (Loss)			
Consolidated ²⁾	(40,840)	(4,903)	-733%
HRC Business	(67,124)	(346)	N.A.
Upstream Business	(38,404)	(4,396)	-
Port Business	(127)	69	-284%
Engineering Business	(18)	(120)	+85%
Elimination of Related Parties Transaction	(64,888)	(146)	-
Non-controlling Interest	(57)	36	-

¹⁾ Revenues of each Business Unit are shown as net revenues after elimination of related party transactions.

²⁾ Profit/Loss from TCRSS is recorded under the equity method.

Table 3: Performance Highlight of HRC Business (the Company)

Unit: USD/ton

	2015	2014	% YoY
	Jan - Dec	Jan - Dec	
Average Selling Price	491	679	-28%
Average Cost of Goods Sold	484	625	-23%
HRC Spread ¹⁾	59	125	-53%
HRC Rolling Margin ²⁾	12.0%	18.4%	-
HRC EBITDA ³⁾	(0.1)	39.7	-100%
Sales Volume (k tons)	1,126	1,468	-23%
Production Volume (k tons)	1,057	1,424	-26%

¹⁾ HRC Spread excludes the provision for loss on decline in value of inventories or the reversal thereof.

²⁾ HRC Rolling Margin = HRC Spread/Average Selling Price

³⁾ HRC EBITDA includes net stock loss provision (reversal) USD (7.9) per ton in 2015, and USD 11.1 per ton in 2014, but excludes loss recognised on the liquidation of subsidiary USD 1,583.6 per ton in 2015.

Table 4: Performance Highlight of Upstream Business (SSI UK)

Unit: USD/ton

	2015	2014	% YoY
	Jan - Sep	Jan - Dec	
Average Selling Price	340	511	-
Average Cost of Goods Sold	453	538	-
Slab Spread ¹⁾	104	183	-
Slab Margin ²⁾	30.6%	35.8%	-
Sales Volume (k tons)	1,975	2,760	-
Slab Sales Volume to 3 rd Party Customers (k tons)	1,494	1,849	-
Slab Sales Portion to 3 rd Party Customers	76%	67%	-
Production Volume (k tons)	1,950	2,760	-

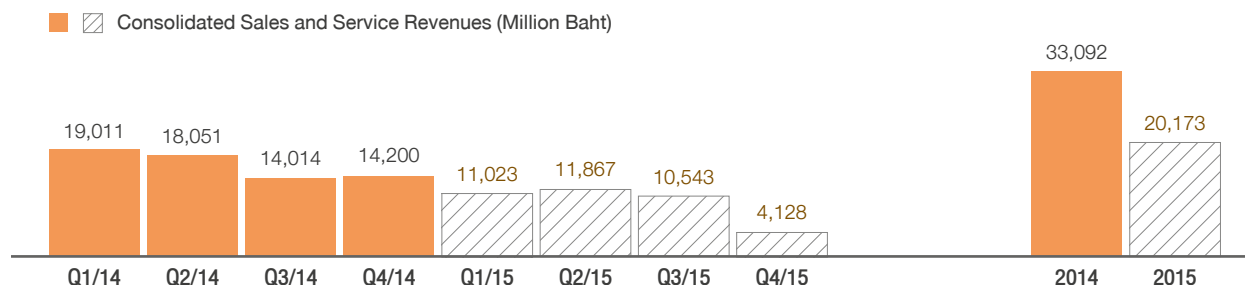
¹⁾ Slab Spread excludes the provision for loss on decline in value of inventories or the reversal thereof.

²⁾ Slab Margin = Slab Spread/Average Selling Price

- SSI UK has been in liquidation proceeding since 2 October 2015.



Figure 1: Sales and Service Revenues of the Company and its Subsidiaries



Except Q4/15, performance was based on the previous data before reclassification on a break-up basis.

Performance of the Company, its Subsidiaries and its Joint Venture

In 2015, the Company and its subsidiaries recorded sales and service revenues Baht 20,173 million, down 39% YoY following 1) exclusion of revenues from the Discontinued Operation and 2) a decrease in HRC Sales Volume and HRC Average Selling Price as the world steel prices had been dropping sharply. Group Sales Volume was 1,126 k tons. EBITDA was negative Baht 37,907 million and net loss was Baht 40,840 million, including loss from Discontinued Operation of Baht 38,037 million. Operating performance dropped YoY due to lower HRC Sales Volume and HRC Spread as well as loss from the Discontinued Operation as earlier explained. Negative EPS and negative profitability ratios are as shown in the table below.

Profitability Ratio	2015	2014
NP Margin (%)	(202.4)	(14.8)
ROA (%)	(77.1)	(6.1)
ROE (%)	N.A.	(67.8)
EPS (Baht)	(1.27)	(0.15)

HRC Business (the Company)

Revenues: In 2015, the Company recorded sales and service revenues Baht 19,612 million, down 39% YoY, with HRC Sales Volume of 1,126 k tons, down 23% YoY. Lower HRC Sales Volume was due to high import volume of downstream steel products such as steel pipes and galvanised steel sheet which affected HRC consumption. In addition, the world steel prices have been dropping sharply and there was uncertainty about the Company's financial status during the early stage of the Company's applying for Business Rehabilitation as earlier explained

causing customers to temporarily prolong their orders in a wait-and-see situation. HRC Average Selling Price was Baht 17,705 ton or approx. USD 491 per ton, down 28% YoY following steel prices in the world market. Premium Value Products (PVPs) contributed to 36% of total HRC Sales Volume.

Expenses: In 2015, the Company recorded **Cost of sales and service** Baht 19,044 million; comprising total cost of sales Baht 19,283 million and the reversal of provision for loss on decline in value of inventories Baht 239 million. Cost of sales and service decreased 37% YoY following lower HRC Sales Volume and raw materials cost. **SG&A**

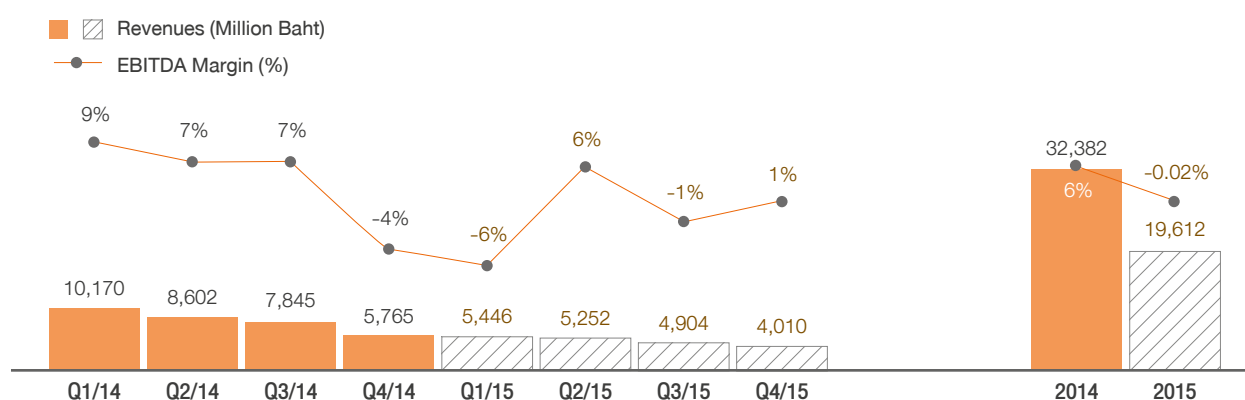
was Baht 1,452 million; up 56% YoY due to the penalty charges on the delay of VAT payment Baht 191 million, the demurrage charges Baht 190 million, and the reclassification on idle cost which is the fixed cost incurred from below normal production level to be part of SG&A expense in the amount Baht 65 million. There was the reversal of provision for loss under onerous contracts Baht 83 million. Interest Expense was Baht 2,348 million; up 40% YoY resulted from the accrued default interest rates recorded. There was loss recognised on the liquidation of subsidiary Baht 64,329 million, consisting of 1) impairment on investment in subsidiary Baht 27,482 million; 2) allowance for doubtful receivable from SSI UK Baht 5,958 million; 3) provision made for loss on guarantee and others from SSI UK Baht 30,534 million; and 4) provision made for goods-in-transit from SSI UK Baht 355 million.

HRC Spread: In 2015, the Company recorded HRC Spread of 59 per ton or HRC Rolling Margin of 12.0%, down from USD 125 per ton in the same period of 2014.

Profits: In 2015, the Company recorded gross profit Baht 568 million, negative HRC EBITDA Baht 64,333 million (excluding the reversal of provision for loss on decline

in value of inventories Baht 239 million, the reversal of provision for loss under onerous contracts Baht 83 million, and loss recognised on the liquidation of subsidiary Baht 64,329 million, Core EBITDA was negative Baht 326 million), and net loss Baht 67,124 million. Operating performance dropped YoY (where gross profit was Baht 2,089 million, EBITDA was positive Baht 1,887 million, and net loss was Baht 346 million) due to loss recognised on the liquidation of subsidiary, a decrease in HRC Sales Volume and HRC Spread, the penalty charges on the delay of VAT payment, the demurrage charges, the reclassification on idle cost which is the fixed cost incurred from below normal production level to be part of SG&A expense, and the default interest rates as earlier explained. HRC EBITDA/ton was negative USD 0.1 per ton (including the reversal of provision for loss on decline in value of inventories USD 5.9 per ton, and the reversal of provision of loss under onerous contracts USD 2.0 per ton, but excluding the recognised loss on the liquidation of subsidiary USD 1,583.6 per ton); down from positive EBITDA USD 39.7 per ton in the same period of 2014.

Figure 2: Revenues and EBITDA Margin of HRC Business



(Including loss recognised on the liquidation of subsidiary, EBITDA Margin in Q3/2015, Q4/2015 and 2015 would be -1,307%, -5%, and -328%, respectively).



Upstream Business (SSI UK)

As SSI UK has been in liquidation proceeding since 2 October 2015. According to IAS 10: Events After the Reporting Period, the Group's financial statements have been prepared on a break-up basis and SSI UK's operating results for the period from 1 January 2015 to 2 October 2015 (the date on which TH ceased to have control) were reclassified and presented as Discontinued Operations, apart from the Continuing Operations, as follows:

Unit: Thousand Baht

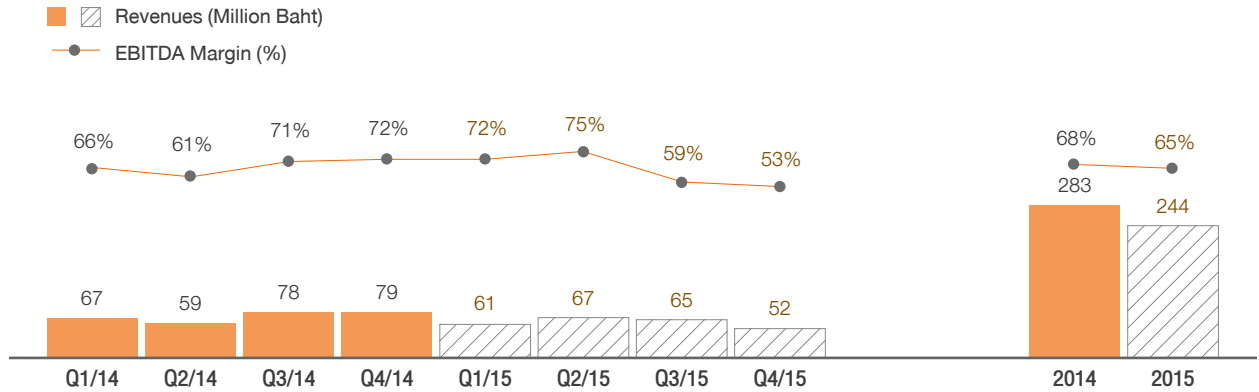
	2015	2014
	1 Jan - 2 Oct	1 Jan - 31 Dec
Results of Discontinued Operation		
Revenue	17,504,383	46,808,987
Expenses	(26,372,051)	(51,204,826)
Results from Operating Activities	(8,867,668)	(4,395,839)
Income tax	-	-
Results from Operating Activities, net of income tax	(8,867,668)	(4,395,839)
Loss on derecognition of SSI UK following liquidation	(29,168,949)	-
Loss for the year	(38,036,617)	(4,395,839)

Port Business (PPC)

Revenues: In 2015, PPC recorded total service revenues Baht 244 million, down 14% YoY following lower revenues from PPC Shore Crane and lower throughput volume resulted from a decrease in throughput volume of the Company and its subsidiaries.

Profits: In 2015, PPC recorded gross profit Baht 105 million, negative EBITDA Baht 5 million, and net loss Baht 127 million, or down 19%, 102%, and 284% YoY respectively as a result of lower revenues, provision for loan granted to SSI UK, and the reversal of accrued interest receivable on loan granted to SSI UK, as well as an increase in interest expenses from higher amount of short term loan.

Figure 3: Revenues and EBITDA Margin of Port Business



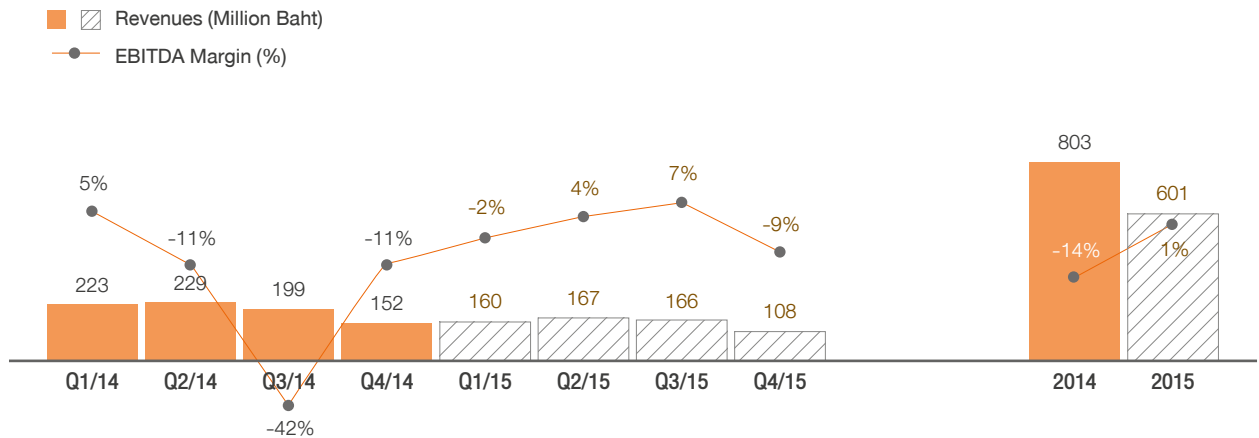
(Including losses from provision for loan granted to SSI UK, EBITDA Margin in Q3/2015 and 2015 would be -194% and -2% respectively).

Engineering Business (WCE)

Revenues: In 2015, WCE recorded total sales and service revenues Baht 601 million, down 25% YoY due to the economy slowdown resulted in the delay of private investment. Revenues from external customers apart from the Company and its subsidiaries accounted for 61% of total sales and service revenues.

Profits: In 2015, WCE recorded gross profit Baht 50 million; positive EBITDA Baht 7 million; and net loss Baht 18 million; improved 213%, 106% and 85% YoY respectively since there was no loss-making project as occurred last year, despite a sharp drop in revenues.

Figure 4: Revenues and EBITDA Margin of Engineering Business

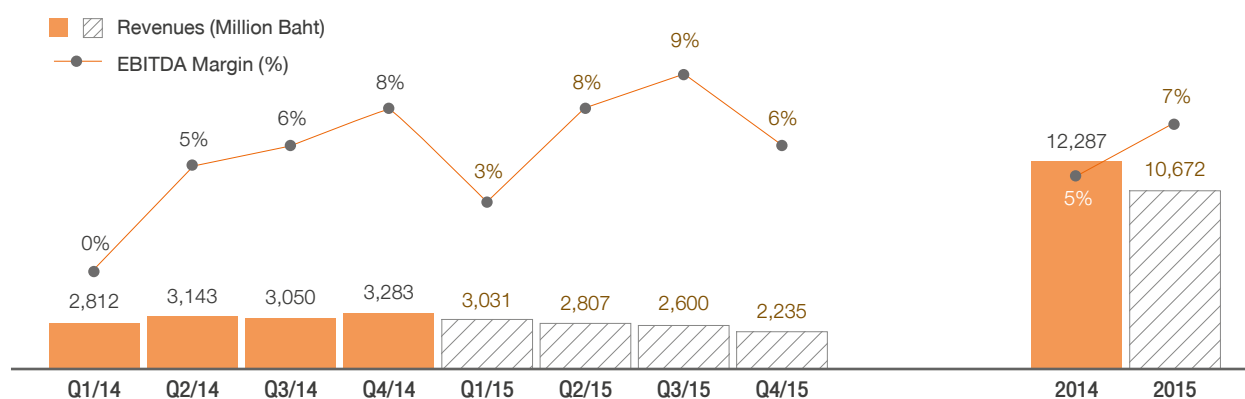


CRC Business (TCRSS)

Revenues: In 2015, TCRSS recorded total sales Baht 10,672 million, down 13% YoY due to a decrease in CRC Sales Volume by 2% YoY to 478k tons. CRC Average Selling Price dropped by 11% YoY to stay competitive against CRC imports such as South Korea and India.

Profits: In 2015, TCRSS recorded gross profit Baht 441 million, EBITDA Baht 720 million and net profit Baht 124 million; up by 14%, 18%, and 5,671% YoY respectively due to a decrease in interest expenses from lower amount of short term loan and reduced average interest rate, as well as a rise in net foreign exchange gain.

Figure 5: Revenues and EBITDA Margin of CRC Business



Consolidated Financial Status

Assets

As at 31 December 2015, the Company and its subsidiaries had total assets Baht 28,665 million, down 63% or Baht 48,587 million from 31 December 2014 mainly due to a decrease in trade accounts receivable and inventories. The details of total assets are as follows:

Assets	31 Dec 2015		31 Dec 2014		31 Dec 2013	
	Million Baht	%	Million Baht	%	Million Baht	%
Cash and cash equivalents	157	1	351	0	163	0
Trade accounts receivable	4,591	16	5,312	7	5,108	6
Inventories	3,483	12	13,629	18	17,388	21
Property, plant and equipment	16,853	59	50,513	65	52,425	62
Investments in joint venture	2,622	9	3,419	4	3,839	5
Other assets	959	3	4,028	5	5,804	7
Total assets	28,665	100	77,252	100	84,726	100

Trade accounts receivable: As at 31 December 2015, trade and notes receivable netted Baht 4,591 million, down 14% from the end of 2014; mainly as a result of the liquidation of Upstream Business in the United Kingdom.

Inventories: As at 31 December 2015, inventory netted Baht 3,483 million, down 74% from to the end of 2014, as a result of the liquidation of Upstream Business and a decrease in cost and purchase volume of raw materials of HRC Business.

Property, plant and equipment: As at 31 December 2015, Property, plant and equipment netted Baht 16,853 million, down 67% from the end of 2014.

Liabilities and Sources of Fund

Proportion of liabilities and total equity of the Company and its subsidiaries consist of:

Liabilities and Equity	31 Dec 2015		31 Dec 2014		31 Dec 2013	
	Million Baht	%	Million Baht	%	Million Baht	%
Current portion of interest-bearing debts	26,531	93	52,373	68	23,869	28
Provision made for loss on guarantee given and others	30,534	107	-	-	-	-
Trade accounts payable	2,804	10	10,803	14	12,614	15
Non-current portion of interest-bearing debt	73	0	102	0	28,047	33
Subordinated convertible debentures	-	0	0.3	0	149	0
Environmental liabilities and others	-	0	601	1	598	1
Deferred tax liabilities	1,161	0	1,216	2	1,265	1
Other liabilities	3,801	4	6,697	9	7,575	9
Equity attributable to owners of the Company	(36,946)		4,660		9,794	
Non-controlling interests	707		800		816	
Total equity	(36,239)	-126	5,460	7	10,610	13
Total liabilities and equity	28,665	100	77,252	100	84,726	100

As at 31 December 2015, the Company and its subsidiaries had total liabilities Baht 64,904 million, down 10% from 31 December 2014, mainly as a result of the liquidation of Upstream Business and lower trade accounts payable from a decrease in purchase volume of raw materials of HRC Business.

The Company and its subsidiaries had total interest-bearing debts Baht 57,138 million, whilst net debt was Baht 56,981 million. These debts consisted of short-term borrowings and current portion of long-term interest-bearing debts Baht 57,065 million and long-term interest-bearing debts Baht 73 million.

As at 31 December 2015, equity attributable to owners of the Company decreased to negative Baht 36,946 million as a result of loss from the Discontinued Operation of SSI UK Baht 38,037 million and the operating loss of the Group.

Liquidity

1. Cash flow

As at 31 December 2015, the Company and its subsidiaries' ending cash was Baht 157 million, a decrease from net cash and cash equivalents of Baht 351 million at the end of 2014. Details of cash flow are as follows:

- Net cash received from operating activities of Baht 139 million consisting of (1) cash outflows from operation Baht 226 million, and (2) cash inflows from net change in working capital of Baht 365 million mainly resulted from a reduction in inventories.



- Net cash used from investing activities of Baht 225 million was mainly from (1) cash outflows from purchase of property, plant and equipment of Baht 44 million (2) cash outflows on liquidation of subsidiary Baht 165 million, and (3) cash outflows from other activities of Baht 15 million.
- Net cash used in financing activities was Baht 110 million; mainly consisting of (1) cash paid for finance costs Baht 557 million (2) net repayment on short-term and long-term loans Baht 15 million (3) net cash received from short-term loans from related parties Baht 551 million, and (4) cash paid for other financing activities Baht 89 million.

2. Current Ratio

As of 31 December 2015, current ratio decreased from the end of 2014. Average collection period and average days sales improved as details below:

Liquidity Ratio	2015	2014 (Restated)	2013
Current Ratio (x)	0.14	0.33	0.64
Interest-bearing Debt to Equity Ratio (x)	N.A.	9.61	4.89
Average Collection Period (Days)	90	57	31
Average Days Sales (Days)	161	184	101

Current Ratio: As of 31 December 2015, current ratio was 0.14x; decreased from 0.33x at the end of 2014, mainly from lower value of inventories and trade accounts receivable from the liquidation of Upstream Business as well as a decrease in cost and purchase volume of raw materials of HRC Business as earlier explained.

Stock Price

The stock's lowest trading price of the Company during the year 2015 was Baht 0.03 per share, and the highest trading price was Baht 0.31 per share. Average daily trading volume was 81.4 million shares, and average daily trading value was Baht 9.3 million with average trading price Baht of 0.11 per share. The closing price on the last trading day in 2015 of the Stock Exchange of Thailand on 30 December 2015 was Baht 0.04 per share.



Financial Report



Independent Auditor's Report

To the Shareholders of Sahaviriya Steel Industries Public Company Limited

I was engaged to audit the accompanying consolidated and separate financial statements of Sahaviriya Steel Industries Public Company Limited, its subsidiaries, and its joint-venture (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 2015, 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 financial statements. Because of the matters described in the Basis for Disclaimer of Opinion paragraph, however, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

Limitation of Audit Scope

Liquidation of Sahaviriya Steel Industries UK Limited ("SSI UK")

SSI UK is wholly-owned by the Company. As disclosed in Notes 2 and 8, since the establishment of SSI UK and until 2 October 2015, when SSI UK entered the liquidation process, the consolidated financial statements of the Group include the financial statements of SSI UK. A petition for winding up SSI UK was lodged and the application was granted on 2 October 2015 and SSI UK's financial statements for Group consolidation purposes as at that date were prepared on a break-up basis. Consequent to the appointment of a liquidator for SSI UK, the Company no longer controls the business or operations of SSI UK and, therefore, the financial statements of SSI UK have not been included in the consolidated financial statements of the Group from 2 October 2015. The results of the coke manufacturing and steel making business of SSI UK for the period to 2 October 2015 have been recorded separately in the consolidated statement of income of the Group for the year ended 31 December 2015 as discontinued operations.

As disclosed in Note 2, the commencement of liquidation of SSI UK has resulted in its assets being frozen; access to its manufacturing facilities, in which most of its accounting records and related supporting documents are located, blocked; and key personnel in financial reporting being dismissed. Consequently, management has prepared the financial statements of SSI UK for the purpose of presentation and disclosure of discontinued operations in the consolidated statement of income of the Group for the year ended 31 December 2015 based on SSI UK's management accounts and related reports made up to 31 August 2015 and estimates for the remaining period to 2 October 2015, using all relevant information available to the Group to date.

Due to the limitation on the scope of my audit imposed by the above circumstances I was unable to carry out satisfactory audit procedures to conclude whether the recognition and presentation in the consolidated statement of income and disclosure in Note 8 relating to discontinued operations is prepared, in all material respects, in accordance with Thai Financial Reporting Standards.



Material Uncertainty Concerning Going Concern Basis of Accounting

As disclosed in Notes 2(e) and 8 to the financial statements, during the year ended 31 December 2015, the Group incurred a net loss of Baht 40,897 million (includes losses from the discontinuation of SSI UK's operation of Baht 38,037 million) and as at 31 December 2015 the Group had a cumulative deficit of Baht 68,526 million and its current liabilities exceeded its current assets by Baht 54,496 million. As at the same date and for the same period, the Company incurred a net loss of Baht 67,124 million (including losses from the liquidation of SSI UK of Baht 64,329 million); had cumulative deficit of Baht 68,299 million; and current liabilities exceeded current assets by Baht 54,325 million. As disclosed in note 8 to the financial statements, pursuant to the discontinuation of SSI UK's operations the major lenders demanded immediate payment of the remaining balance of a loan carried at USD 815 million (equivalent to Baht 30,034 million as at 31 December 2015) which was primarily secured by SSI UK's property, plant and equipment and guaranteed by the Company. The major lenders also demanded the Company to be responsible for this obligation as guarantor. In addition, on 1 October 2015 the major lenders demanded immediate payment of the remaining balance of another of the Company's loan carried at Baht 9,840 million as at 31 December 2015. In view of this situation, on 1 October 2015 the Board of Directors of the Company approved for the Company to submit an application for Business Rehabilitation to the court. These circumstances indicate the existence of a material uncertainty which casts significant doubt about the Group's and the Company's ability to continue as going concerns.

Management has the opinion that despite the above circumstances, the Group and the Company should be able to generate sufficient cash flows from future operations to cover operating costs and to meet financing commitments. This opinion is based on the discontinuation of SSI UK's operation, which had been incurring losses, the commencement and implementation of the business rehabilitation plan, and the support of the major lenders. The consolidated and separate financial statements have been prepared by management on the going concern basis on the assumption that the business rehabilitation will be successful and such further capital and credit facilities will be secured to the extent that the Group's and the Company's operations require. The validity of this assumption is, however, dependent on 1) the success of the business rehabilitation plan, which had not commenced at the date of this report, including the measures taken to improve profitability and cash flows; 2) the successful outcome of the Group's negotiations with its major lenders in debt restructuring; and 3) the availability of financing from other sources to meet funding requirements. I consider that, whilst adequate disclosures have been made in this regard, these matters give rise to significant doubt about the Group's and the Company's ability to continue as going concerns. If the Group and the Company were unable to continue as going concerns, the realisable value of assets may be significantly less than their carrying value.

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.

Material Uncertainty Other than Going Concern

As disclosed in Note 2 to the financial statements, on 1 October 2015, the Board of Directors of the Company approved the Company to submit a petition for Business Rehabilitation to the Central Bankruptcy Court. The Court scheduled the inquiry on the petition to testify on the court proceeding on 21 December 2015 and the next inquiry date will be on 17 February 2016. As at the date of this report, the Court's examination and consideration to order the Company for Business Rehabilitation had not been concluded. Such circumstance indicates the existence of a material uncertainty as to whether the court will accept the Company for Business Rehabilitation and thereby enable commencement of the business rehabilitation plan as planned. It also casts doubt about the classification and measurement of liabilities and provisions.

Disclaimer of Audit Opinion

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraph, I am not in a position to, and do not, express an opinion on the financial statements.

Emphasis of Matter

I draw attention to Note 4 to the accompanying financial information. During the year ended 31 December 2015, the Group and the Company sold goods to related companies and joint venture in the normal course of business totaling Baht 18,565 million and Baht 7,899 million, respectively, which represented 51% of the Group's total sales and which represented 41% of the Company's total sales for those periods, respectively. As at 31 December 2015, the Group's and the Company's outstanding trade accounts receivable from those related parties amounted to Baht 4,564 million and Baht 4,547 million, respectively. Moreover, during the year ended 31 December 2015, the Group and the Company purchased goods from related companies in the normal course of business totaling Baht 15,175 million and Baht 7,682 million, respectively, which represented 34% of the Group's total purchases and which represented 40% of the Company's total purchases for those periods, respectively.



Sureerat Thongarunsang

Certified Public Accountant
Registration No. 4409



Statement of Financial Position

Sahaviriya Steel Industries Public Company Limited, its Subsidiaries and its Joint Venture

As at 31 December

Unit: Baht

	Note	Consolidated financial statements		Separate financial statements	
		2015	2014	2015	2014
Assets					
Current assets					
Cash and cash equivalents	5	156,508,506	351,400,815	44,536,982	10,677,858
Trade accounts receivable	4,6	4,590,821,162	5,311,902,438	4,545,033,945	4,570,560,879
Other accounts receivable from related parties	4	532,521,538	1,310,416,921	540,806,870	4,371,762,878
Inventories	7	3,483,343,439	13,628,691,848	3,474,189,613	10,137,418,056
Other current assets	4	197,564,544	2,406,515,640	139,701,737	299,983,082
Assets held for disposal following liquidation of subsidiary	2(e)	-	-	-	-
Total current assets		8,960,759,189	23,008,927,662	8,744,269,147	19,390,402,753
Non-current assets					
Restricted deposit at financial institution	15	12,720,143	21,288,350	-	-
Long-term receivable from a related party	4	-	-	-	630,756,064
Investments in subsidiaries	9	-	-	278,999,930	27,760,791,887
Investments in joint venture	11	2,621,770,381	3,418,594,342	3,159,668,346	3,159,668,346
Other long-term investment	12	-	-	-	-
Property, plant and equipment	13	16,853,312,928	50,513,059,433	15,078,554,786	15,651,585,716
Intangible assets		158,975,157	245,303,285	149,296,495	165,148,608
Deferred tax assets	14	45,121,952	32,277,450	-	-
Other non-current assets		12,107,442	12,414,658	7,813,721	7,654,988
Total non-current assets		19,704,008,003	54,242,937,518	18,674,333,278	47,375,605,609
Total assets		28,664,767,192	77,251,865,180	27,418,602,425	66,766,008,362

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 Joint Venture

As at 31 December

Unit: Baht

Note	Consolidated financial statements		Separate financial statements		
	2015	2014	2015	2014	
Liabilities and equity					
Current liabilities					
Bank overdrafts and short-term loans from					
financial institutions and from related parties	15	12,796,099,840	22,638,350,536	12,533,671,330	11,948,235,312
Trade accounts payable	4,16	2,804,253,376	10,802,757,605	2,795,400,158	8,235,075,742
Other accounts payable from related parties	4	21,836,192	889,582,036	36,684,568	34,900,801
Current portion of long-term loans from					
financial institutions	15	7,033,461,665	7,639,329,476	7,033,461,665	5,736,331,755
Long-term borrowings classified as current					
liabilities	15	6,629,284,761	22,034,033,707	6,629,284,761	7,916,544,081
Subordinated convertible debentures	15	-	236,070	-	236,070
Current portion of finance lease liabilities	15	68,763,059	54,692,504	-	-
Current portion of hire purchase liabilities	15	3,629,691	6,601,542	2,911,616	4,732,326
Provision made for loss on guarantee given					
and others	2(e)	30,533,752,034	-	30,533,752,034	-
Provision for onerous contracts	32	-	575,188,520	-	83,048,422
Income tax payable		-	1,355,209	-	-
Other current liabilities	17	3,566,049,863	5,034,991,788	3,503,658,732	1,093,658,055
Total current liabilities		63,457,130,481	69,677,118,993	63,068,824,864	35,052,762,564
Non-current liabilities					
Finance lease liabilities	15	72,005,250	98,226,864	-	-
Hire purchase liabilities	15	1,003,263	3,338,283	843,111	2,460,056
Employee benefit obligations	18	211,276,457	195,308,532	160,394,876	146,784,463
Environmental liabilities and others		-	600,563,651	-	-
Deferred tax liabilities	14	1,161,437,602	1,216,177,430	1,091,093,289	1,142,079,436
Other non-current liabilities		917,315	1,217,528	823,876	823,876
Total non-current liabilities		1,446,639,887	2,114,832,288	1,253,155,152	1,292,147,831
Total liabilities		64,903,770,368	71,791,951,281	64,321,980,016	36,344,910,395

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 Joint Venture

As at 31 December

Unit: Baht

	Note	Consolidated financial statements		Separate financial statements	
		2015	2014	2015	2014
Liabilities and equity (continued)					
Equity					
Share capital	20				
Authorised share capital		50,263,663,124	39,867,778,559	50,263,663,124	39,867,778,559
Issued and paid-up share capital		32,166,262,124	32,166,258,124	32,166,262,124	32,166,258,124
Discount on ordinary shares issuance	20	(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	19	366,207,178	366,219,977	366,207,178	366,219,977
Convertible rights	19	-	24,779	-	24,779
Revaluation surplus					
- The Group		4,102,902,362	4,315,634,500	4,011,432,368	4,214,781,729
- Joint venture		92,686,173	99,906,412	-	-
Currency translation differences	21	-	555,555,387	-	-
Retained earnings (deficit)					
Appropriated					
Legal reserve	21	530,226,819	530,226,819	530,226,819	530,226,819
Unappropriated (deficit)		(68,525,918,318)	(27,695,817,978)	(68,299,429,949)	(1,178,337,330)
Equity attributable to owners of the Company		(36,945,709,793)	4,659,931,889	(36,903,377,591)	30,421,097,967
Non-controlling interests	10	706,706,617	799,982,010	-	-
Capital deficiency/total equity		(36,239,003,176)	5,459,913,899	(36,903,377,591)	30,421,097,967
Total liabilities and equity		28,664,767,192	77,251,865,180	27,418,602,425	66,766,008,362

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

Statement of Income

Sahaviriya Steel Industries Public Company Limited, its Subsidiaries and its Joint Venture
For the year ended 31 December

Unit: Baht

	Note	Consolidated financial statements		Separate financial statements	
		2015	2014 (Restated)	2015	2014
Continuing operations					
Income					
Revenue from sale of goods	4,29	19,255,060,580	32,316,180,884	19,254,300,305	32,316,271,375
Revenue from rendering of services	4,29	917,943,960	776,216,087	357,277,419	65,303,772
Net foreign exchange gain		260,027,046	177,563,510	259,329,706	92,348,370
Dividend income	4,9	-	-	30,600,000	83,399,990
Other income	4	62,427,611	73,971,785	72,760,694	92,089,140
Total income		20,495,459,197	33,343,932,266	19,974,268,124	32,649,412,647
Expenses					
Cost of sale of goods	4,7	18,738,411,726	30,143,950,504	18,806,653,890	30,243,022,137
Cost of rendering of services	4	654,044,333	691,957,405	236,863,987	49,543,489
Selling expenses	4,23	344,813,924	310,828,007	335,797,108	298,509,013
Administrative expenses	24	1,168,987,281	726,071,976	1,061,186,010	568,703,352
Loss recognised on the liquidation of subsidiary	2(e)	-	-	64,328,526,170	-
Management benefit expenses	4,25	74,710,653	75,539,582	55,003,451	63,171,570
Provision for loss under onerous contracts (reversal)	32	(83,048,422)	83,048,422	(83,048,422)	83,048,422
Finance costs	4,27	2,388,348,622	1,711,317,198	2,356,947,856	1,689,684,358
Total expenses		23,286,268,117	33,742,713,094	87,097,930,050	32,995,682,341
Share of profit (loss) of equity-accounted investees					
Joint venture	11	(77,495,069)	(97,658,135)	-	-
Loss before income tax expense from continuing operations		(2,868,303,989)	(496,438,963)	(67,123,661,926)	(346,269,694)
Income tax benefits	28	7,855,195	25,445,720	148,807	-
Loss from continuing operations		(2,860,448,794)	(470,993,243)	(67,123,513,119)	(346,269,694)
Discontinued operation					
Loss from discontinued operation	8	(38,036,616,825)	(4,395,839,117)	-	-
Loss for the year		(40,897,065,619)	(4,866,832,360)	(67,123,513,119)	(346,269,694)

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 Joint Venture

For the year ended 31 December

Unit: Baht

	Note	Consolidated financial statements		Separate financial statements	
		2015	2014 (Restated)	2015	2014
Loss attributable to:					
Owners of the Company		(40,840,170,349)	(4,903,027,293)	(67,123,513,119)	(346,269,694)
Non-controlling interests		(56,895,270)	36,194,933	-	-
Loss for the year		(40,897,065,619)	(4,866,832,360)	(67,123,513,119)	(346,269,694)
Loss per share					
Basic loss per share	30	(1.27)	(0.15)	(2.09)	(0.01)
Diluted loss per share		(1.27)	(0.15)	(2.09)	(0.01)
Loss per share - continuing operations					
Basic loss per share		(0.09)	(0.01)	(2.09)	(0.01)
Diluted loss per share		(0.09)	(0.01)	(2.09)	(0.01)

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

Statement of Comprehensive Income (continued)

Sahaviriya Steel Industries Public Company Limited, its Subsidiaries and its Joint Venture
For the year ended 31 December

Unit: Baht

	Note	Consolidated financial statements		Separate financial statements	
		2015	2014 (Restated)	2015	2014
Loss for the year		(40,897,065,619)	(4,866,832,360)	(67,123,513,119)	(346,269,694)
Other comprehensive income					
<i>Items that will never be reclassified to profit or loss</i>					
Impairment loss on property, plant and equipment previously revalued		(92,129,698)	-	(92,129,698)	-
Depreciation on revaluation surplus		(179,170,292)	(237,111,638)	(159,636,502)	(214,989,900)
Income tax on other comprehensive income	28	54,437,499	47,887,951	50,837,339	43,623,376
		(216,862,491)	(189,223,687)	(200,928,861)	(171,366,524)
<i>Items that may be reclassified subsequently to profit or loss</i>					
Foreign currency translation differences for foreign operations		(2,600,611,457)	(37,582,224)	-	-
Reclassification of foreign currency differences following liquidation of subsidiary	2(e)	2,045,056,070	-	-	-
Defined benefit plan actuarial gains (losses)					
- The Group		-	(13,387,790)	-	(15,959,792)
- Joint venture		-	1,248,172	-	-
Other comprehensive income for the year net of income tax		(772,417,878)	(238,945,529)	(200,928,861)	(187,326,316)
Total comprehensive income for the year		(41,669,483,497)	(5,105,777,889)	(67,324,441,980)	(533,596,010)
Total comprehensive income attributable to:					
Owners of the Company		(41,605,207,194)	(5,133,292,650)	(67,324,441,980)	(533,596,010)
Non-controlling interests		(64,276,303)	27,514,761	-	-
Total comprehensive income for the year		(41,669,483,497)	(5,105,777,889)	(67,324,441,980)	(533,596,010)

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 Joint Venture

For the year ended 31 December

Unit: 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	Revaluation surplus		Total other components of equity			
								The Group	Joint venture				
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 Joint Venture

For the year ended 31 December

Unit: Baht

Consolidated financial statements														
Note	Retained earnings (deficit)			Other components of equity							Total equity			
	Issued and paid-up share capital	Discount on ordinary shares issuance	Equity distribution from shareholders from repurchase of subordinated convertible debentures	Convertible rights	Legal reserve	Unappropriated (deficit)	Revaluation surplus		Total other components of equity	Equity attributable to owners of the Company		Non-controlling interests		
							Currency translation differences	The Group					Joint venture	
Year ended 31 December 2015														
Balance at 1 January 2015	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	
Transactions with owners, recorded directly in equity														
Issue of ordinary shares	20	4,000	-	-	-	-	-	-	-	-	4,000	-	4,000	
Repurchase and cancellation of subordinated convertible debentures	19	-	-	(12,799)	(24,779)	-	-	-	-	-	(37,578)	-	(37,578)	
Dividends paid to non-controlling interests		-	-	-	-	-	-	-	-	-	-	(29,400,000)	(29,400,000)	
Total transactions with owners, recorded directly in equity		4,000	-	(12,799)	(24,779)	-	-	-	-	-	(33,578)	(29,400,000)	(29,433,578)	
Comprehensive income for the year														
Profit (loss)		-	-	-	-	(40,840,170,349)	-	-	-	-	(40,840,170,349)	(56,895,270)	(40,897,065,619)	
Other comprehensive income (loss)		-	-	-	-	-	(555,555,387)	(209,481,458)	-	(765,036,845)	(765,036,845)	(7,381,033)	(772,417,878)	
Total comprehensive income for the year		-	-	-	-	(40,840,170,349)	(555,555,387)	(209,481,458)	-	(765,036,845)	(41,605,207,194)	(64,276,303)	(41,669,483,497)	
Transfer to retained earnings (deficit)														
Write off revalued property, plant and equipment		-	-	-	-	10,070,009	-	(3,250,680)	(7,220,239)	(10,470,919)	(400,910)	400,910	-	
Balance at 31 December 2015		32,166,262,124	(5,678,076,131)	366,207,178	-	530,226,819	(68,525,918,318)	-	4,102,902,362	92,686,173	4,195,588,535	(36,945,709,793)	706,706,617	(36,239,003,176)

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 Joint Venture

For the year ended 31 December

Unit: 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	(819,234,827)	4,389,275,236	4,389,275,236	30,954,693,977
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	(1,178,337,330)	4,214,781,729	4,214,781,729	30,421,097,967

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 Joint Venture

For the year ended 31 December

Unit: Baht

Note	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 2015									
Balance at 1 January 2015	32,166,258,124	(5,678,076,131)	366,219,977	24,779	530,226,819	(1,178,337,330)	4,214,781,729	4,214,781,729	30,421,097,967
Transactions with owners, recorded directly in equity									
Issue of ordinary shares	20	4,000	-	-	-	-	-	-	4,000
Repurchase and cancellation of subordinated convertible debentures	19	-	-	(12,799)	(24,779)	-	-	-	(37,578)
Total transactions with owners, recorded directly in equity		4,000	-	(12,799)	(24,779)	-	-	-	(33,578)
Comprehensive income for the year									
Loss		-	-	-	-	(67,123,513,119)	-	-	(67,123,513,119)
Other comprehensive income		-	-	-	-	-	(200,928,861)	(200,928,861)	(200,928,861)
Total comprehensive income for the year		-	-	-	-	(67,123,513,119)	(200,928,861)	(200,928,861)	(67,324,441,980)
Transfer to retained earnings (deficit)									
Write off revalued property, plant and equipment		-	-	-	-	2,420,500	(2,420,500)	(2,420,500)	-
Balance at 31 December 2015	32,166,262,124	(5,678,076,131)	366,207,178	-	530,226,819	(68,299,429,949)	4,011,432,368	4,011,432,368	(36,903,377,591)

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 Joint Venture

For the year ended 31 December

Unit: Baht

	Note	Consolidated financial statements		Separate financial statements	
		2015	2014	2015	2014
Cash flows from operating activities					
Loss for the year		(40,897,065,619)	(4,866,832,360)	(67,123,513,119)	(346,269,694)
<i>Adjustments for</i>					
Depreciation and amortisation		562,340,005	2,514,243,736	442,945,967	551,031,440
Finance costs		2,388,566,394	3,240,188,976	2,356,947,856	1,689,684,358
Unrealised gain on exchange rate		(141,662,752)	(359,079,411)	(142,879,480)	(70,143,648)
Bad debts and doubtful debts expenses		34,938,353	42,109,600	34,938,353	37,202,812
Provision for (reversal of) loss decline in value of inventories		(239,138,758)	464,307,264	(239,138,758)	454,150,761
Employee benefit obligations		26,131,059	24,453,337	18,814,447	17,675,373
Provision for loss under onerous contracts (reversal)		(83,048,421)	237,679,931	(83,048,421)	83,048,421
Loss (gain) on disposal of property, plant and equipment		3,292,889	(17,526,085)	1,957,805	202,291
Loss on impairment of property, plant and equipment		13,421,974	-	13,421,974	-
Loss recognised on the loss on liquidation of subsidiary	2(e)	38,036,616,825	-	64,328,526,170	-
Reversal of short-term provision		-	(7,790,000)	-	(7,790,000)
Share of profit of Joint venture (net of income tax)		77,495,070	(301,942,389)	-	-
Dividend income		-	-	(30,600,000)	(83,399,990)
Others		-	9,273,933	-	1,001,280
Income tax benefit		(7,855,195)	(25,445,720)	(148,807)	-
		(225,968,176)	953,640,812	(421,776,013)	2,326,393,404

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 Joint Venture
For the year ended 31 December

Unit: Baht

	Note	Consolidated financial statements		Separate financial statements	
		2015	2014	2015	2014
<i>Changes in operating assets and liabilities</i>					
Trade accounts receivable		27,553,133	(565,499,709)	1,678,428	(599,778,505)
Other accounts receivable from related parties		(1,338,310,060)	913,676,880	(1,199,329,383)	(1,165,327,495)
Inventories		6,602,480,927	3,293,578,074	6,547,532,670	2,508,465,207
Other current assets		105,485,400	1,148,068,513	101,253,776	(1,537,424)
Long-term receivable from related party		-	-	36,400,512	(30,294,570)
Other non-current assets		19,741,111	1,441,901	(158,733)	(28,944)
Trade accounts payable		(5,463,541,420)	(913,251,624)	(5,545,838,943)	(700,694,248)
Other accounts payable to related parties		(6,990,886)	(1,294,367,981)	1,783,767	(37,444,668)
Other current liabilities		468,791,698	(931,476,012)	505,122,133	(685,607,676)
Employee benefit obligations paid		(10,163,134)	(4,180,349)	(5,204,034)	(2,576,029)
Other non-current liabilities		(300,215)	(300,215)	-	-
Income tax paid		(39,424,638)	(6,563,899)	(20,187,389)	(7,902,801)
Net cash provided by operating activities		139,353,740	2,594,766,391	1,276,791	1,603,666,251
<i>Cash flows from investing activities</i>					
Deposit at financial institution pledged as collateral		-	(21,288,350)	-	-
Purchases of property, plant and equipment		(44,222,194)	(740,129,104)	(42,957,963)	(103,484,986)
Purchases of intangible assets		(15,995,747)	(22,024,372)	(8,793,567)	(13,886,294)
Sales of property, plant and equipment		640,654	154,679,373	-	46,729
Machines and equipment acquired by means of finance lease		-	38,840,888	-	-
Dividend received		-	723,887,536	30,600,000	83,399,990
Currency translation differences		-	(97,402,121)	-	-
Net cash used in discontinued operation	8	(164,964,557)	-	-	-
Net cash provided by (used in) investing activities		(224,541,844)	36,563,850	(21,151,530)	(33,924,561)

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 Joint Venture

For the year ended 31 December

Unit: Baht

	Note	Consolidated financial statements		Separate financial statements	
		2015	2014	2015	2014
Cash flows from financing activities					
Proceeds from issuance of ordinary shares		-	-	(4,648)	-
Finance cost paid		(556,952,839)	(2,900,139,035)	(525,115,274)	(1,683,088,585)
Increase in short-term loans from financial institutions		(6,556,814)	352,247,343	(18,103,982)	212,961,356
Proceeds from short-term loans from related parties	4	929,000,000	547,367,939	917,000,000	239,460,000
Repayment of short-term loans from related parties	4	(377,792,064)	(123,000,000)	(313,460,000)	(198,000,000)
Repayment of long-term loans	13	(8,870,090)	(235,523,400)	(2,870,090)	(229,523,400)
Hire purchase and finance lease payments		(118,014,755)	(60,008,601)	(3,437,655)	(5,846,484)
Machines and equipment acquired by means of finance lease		59,156,845	-	-	-
Repurchase of subordinated convertible debenture		(274,488)	-	(274,488)	-
Dividends paid		(29,400,000)	(44,100,000)	-	-
Net cash provided by (used in) financing activities		(109,704,205)	(2,463,155,754)	53,733,863	(1,664,037,113)
Net increase (decrease) in cash and cash equivalents		(194,892,309)	168,174,487	33,859,124	(94,295,423)
Effect of exchange rate changes on balance held in foreign currency		-	20,128,142	-	-
Cash and cash equivalents at 1 January		351,400,815	163,098,186	10,677,858	104,973,281
Cash and cash equivalents at 31 December	5	156,508,506	351,400,815	44,536,982	10,677,858
Significant non-cash transactions					
Assets acquired under hire purchase and finance lease agreements		59,156,845	43,501,497	-	3,512,945
Other payable for purchases of property, plant and equipment		2,413,381	1,547,999	62,751	1,426,433

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 Joint Venture

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Notes to the Financial Statements

Sahaviriya Steel Industries Public Company Limited, its Subsidiaries and its Joint Venture

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 15 February 2016.

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 Rumphueng, Amphur Bang Saphan, Prachuabkirkhan, Thailand. The Company, its subsidiaries and its joint venture 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 (14.69% shareholding, incorporated in Thailand), Vanoment Holding AG (19.71% shareholding, incorporated in Switzerland) and Sahaviriya Inter Steel Holdings Co., Ltd. (5.79% 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 joint venture as at 31 December 2015 and 2014 are given in Notes 9 and 11.

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 new and revised TFRS effective for annual accounting periods beginning on or after 1 January 2015. The initial application of these new and revised TFRS has resulted in changes in certain of 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 2016 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 35.

(b) Basic of measurement

The financial statements have been prepared on the historical cost basis except for the following items, which are measured on an alternative basis on each reporting date.

<i>Items</i>	<i>Measurement bases</i>
Property, plant and equipment Net defined benefit liability	Fair value Present value of the defined benefit obligation, limited as explained in Note 3(o)

(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 policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

(i) Assumptions and estimation uncertainties

Information about significant areas of estimation uncertainties that have a significant risk of resulting in a material adjustments to the amounts recognised in the financial statements is included in the following notes:

Note 2(e)	Going concerns
Notes 9, 11, and 13	Calculation of recoverable amount and significant assumption
Note 28	Current and deferred taxation and utilisation of tax losses
Note 18	Measurement of defined benefit obligations
Note 31	Valuation of financial instruments

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the CFO.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of TFRS, including the level in the fair value hierarchy in which such valuations should be classified.

Significant valuation issues are reported to the Group Audit Committee.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 13 – property, plant and equipment.
- Note 31 – financial instruments

(e) *Current operations*

Liquidation and Deconsolidation of SSI UK and Financial statements of SSI UK

Sahaviriya Steel Industries UK Limited (“SSI UK”) is an integrated iron and steel slab producer. As a result of the recent poor operating results and decrease in global steel price, the operating environment of SSI UK has become more difficult. On 18 September 2015 SSI UK suspended production. A petition for winding up SSI UK was lodged and the application was granted on 2 October 2015. A liquidator was appointed and took control of SSI UK. Since the appointment of the liquidator on 2 October 2015, the Company no longer controls the business or operations of SSI UK and, therefore, the assets and liabilities of SSI UK have been derecognized in the consolidated financial statements and replaced with the recognition of the investment in SSI UK, written down to its recoverable amount, which is nil. The results of SSI UK recognised in the consolidated statement of income until the date that the Company lost control of SSI UK, have been reclassified and presented as results from discontinued operation together with the net balance resulting from the derecognition of the assets and liabilities of SSI UK.

The commencement of liquidation of SSI UK has resulted in its assets being frozen; access to its manufacturing facilities, in which most of its accounting records and related supporting documents are located, blocked; and key personnel in financial reporting being dismissed. Consequently, management has prepared the financial statements of SSI UK for the presentation of discontinued operations in the consolidated statement of income of the Group based on SSI UK's management accounts and related reports made up to 31 August 2015 and estimates for the remaining period until 2 October 2015, using all relevant information available to the Group to date. Based on the unaudited management accounts of SSI UK, the results of SSI UK for the period from 1 January 2015 to 2 October 2015, the date when SSI TH ceased to have control, included and presented as discontinued operations are significant to the Group. The operating results of the coke manufacturing and steel making plants for the period from 1 January 2015 to 2 October 2015 are disclosed in note 8 “Discontinued operation” to the financial statements.



Impact on the consolidated financial statements:

At 2 October 2015, assets and liabilities of SSI UK that were derecognised comprised the following:

Unit: Thousand Baht

Note	<u>Carrying value</u>	<u>Adjustment</u>	<u>Translation difference</u>	<u>Total</u>	<u>Net</u>
Current assets (trade receivables, inventories and others)	5,198,931	(4,820,714)	(378,217)	(5,198,931)	-
Investments in joint-venture 11	804,639	(746,102)	(58,537)	(804,639)	-
Property, plant, and equipment 13	35,143,915	(32,587,227)	(2,556,688)	(35,143,915)	-
Intangible assets	79,291	(73,522)	(5,769)	(79,291)	-
Deferred tax assets 14	1,698,610	(1,575,037)	(123,573)	(1,698,610)	-
Assets derecognised	42,925,386	(39,802,602)	(3,122,784)	(42,925,386)	-
Borrowings :					
Bank overdrafts and short-term loans from financial institutions 15	10,865,638	(10,075,173)	(790,465)	(10,865,638)	-
Long-term loans from financial institutions 15	17,714,116	(16,425,430)	(1,288,686)	(17,714,116)	-
	28,579,754	(26,500,603)	(2,079,151)	(28,579,754)	-

Unit: Thousand Baht

Note	<u>Carrying value</u>	<u>Adjustment</u>	<u>Translation difference</u>	<u>Total</u>	<u>Net</u>
Current liabilities (trade payables and others)	12,613,225	(11,252,095)	(1,361,130)	(12,613,225)	
Other liabilities	990,856	(929,048)	(61,808)	(990,856)	-
Deferred tax liabilities	14 1,698,610	(1,575,037)	(123,573)	(1,698,610)	-
Environmental liabilities and others	662,630	(614,424)	(48,206)	(662,630)	-
Liabilities derecognised	44,545,075	(40,871,207)	(3,673,868)	(44,545,075)	-
Net adjustment items before provisions		1,068,605			
<i>Less</i> provision made for loss on guarantees given by the Company in the Company's separate financial statement					
- Loan SSI UK		(29,976,133)			
- Bank guarantee		(57,983)			
Provision for loss on pledged asset to a trade payable of SSI UK		(499,637)			
Others		296,199			
Loss on liquidation of subsidiary -consolidated financial statements included and presented as discontinued operations		(29,168,949)			

Impact on the separate financial statements:

The Company has reviewed the carrying amount of its interests in SSI UK in the context of the liquidation of SSI UK and concluded that it is unlikely that the Company will receive any return upon the completion of the liquidation. Therefore full provision for these interests has been made in the Company's separate financial statements as follows:

Investments in SSI UK	Baht 27,482 million
Amounts due from SSI UK (trade receivable and others)	Baht 2,796 million
Advance payment for goods	Baht 3,162 million
Provision for loss on goods in transit	Baht <u>355 million</u>
Total	Baht <u>33,795 million</u>
Provision for loss on guarantee given by the Company to banks in respect of SSI UK	
Loan	Baht 29,976 million
Bank guarantee	Baht 58 million
Provision for loss on pledge of the company's asset to a trade creditor of SSI UK	Baht <u>500 million</u>
Total	Baht <u>30,534 million</u>
Loss on liquidation of subsidiary-separate financial statements	Baht <u>64,329 million</u>

The Company has presented this as loss on liquidation of subsidiary in the separate statements of income for year ended 31 December 2015. Following the liquidation of SSI UK, net interests and carrying value of investments in SSI UK has been transferred to assets held for disposal in the separate financial statements at 31 December 2015. Details are as follows:

	Ownership interest (%)	Cost method	Impairment (in thousand Baht)	At cost - net
Investments in Sahaviriya Steel Industries UK Limited	100	27,481,792	27,481,792	-

Going concern

During the year ended 31 December 2015, the Group incurred a net loss of Baht 40,897 million (includes losses from the discontinuation of SSI UK's operation of Baht 38,037 million) and as at 31 December 2015 the Group had cumulative deficit of Baht 68,526 million and its current liabilities exceeded its current assets by Baht 54,496 million. As at and for the same period, the Company incurred a net loss of Baht 67,124 million (includes losses from the liquidation of SSI UK of Baht 64,329 million); had cumulative deficit of Baht 68,299 million; and current liabilities exceeded current assets by Baht 54,325 million. Pursuant to the discontinuation of SSI UK's operations the three major lenders demanded immediate payment of the remaining balance of a loan carried at USD 815 million (equivalent to Baht 30,034 million) as at 31 December 2015 which was also primarily secured by SSI UK's property, plant and equipment and guaranteed by the Company. The three major lenders also demanded the Company to be responsible for this obligation as guarantor. In addition, on 1 October 2015 the three major lenders demanded immediate payment of the remaining balance of the Company's loan carried at Baht 9,840 million as at 31 December 2015. In view of this situation, on 1 October 2015 the Board of Directors of the Company approved for the Company to submit an application for Business Rehabilitation to the court. 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 going concerns.

Despite the above circumstances, the Group and the Company should be able to generate sufficient cash flows from future operations to cover operating costs and to meet financing commitments. This is based on the discontinuation of SSI UK's operation, which had been incurring losses; the commencement and implementation of the business rehabilitation plan; and the support of the major lenders. The consolidated and separate financial statements have been prepared on the going concern basis on the assumption that the business rehabilitation will be successful and such further capital and credit facilities will be 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 business rehabilitation plan, which had not commenced at the date of the report, including the measures taken to improve profitability and cash flows; the successful outcome of the Group's negotiations with its major lenders in debt restructuring; and the availability of financing from other sources to meet funding requirements. As discussed in Note 15, in July 2015 the Board of Directors of the Company approved to borrow an interest-free short-term loan of Baht 1,700 million from a director to improve the Group's liquidity of which approximately Baht 637 million had been borrowed as at 31 December 2015. As at 31 December 2015, the Group had Baht 35 million of undrawn credit facilities.

No other 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 going concerns, the realisable value of assets may be significantly less than their current carrying value and additional liabilities may be incurred.

Submission of a petition for Business Rehabilitation to the Central Bankruptcy Court

On 1 October 2015, the Board of Directors of the Company approved the Company to submit a petition for Business Rehabilitation to the Central Bankruptcy Court. The Court scheduled the inquiry on the petition on 21 December 2015 and the next inquiry date will be on 17 February 2016. Presently, the Company is waiting for the Court's examination and consideration to order the Company for Business Rehabilitation.

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 joint venture (together referred to as the "Group") and the Group's interests in joint venture.

Business combinations

The Group applies the acquisition method for all business combinations when control is transferred to the Group 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 (NCI) 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. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interest and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Interests in equity-accounted investees

The Group's interests in equity-accounted investees comprise interests in a joint venture.

A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in joint ventures are accounted for using the equity method. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, until the date on which significant influence or joint control ceases.

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 joint venture 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, including goodwill and fair value adjustments arising on acquisition, 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 are recognised in other comprehensive income and accumulated in the translation reserve, except to extent that the translation difference is allocated to non-controlling interest.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

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 joint venture*

Investments in subsidiaries and joint venture in the separate financial statements of the Company are accounted for using the cost method. Investments in joint venture 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 labour, 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

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 carried at amortised cost is calculated as the present value of the estimated future cash flows discounted at the original effective interest rate.

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

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to 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. To calculate the present value of economic benefits, consideration is given to any application minimum funding requirements.

Remeasurements of the net defined benefit liability, actuarial gain or loss are recognised immediately in OCI. The Group determines the interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits 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. Remeasurements are recognised in profit or loss in the period in which they arise.

Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the end of the reporting period, then they are discounted.

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid 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 joint venture 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) *Discontinued operations*

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative statement of comprehensive income is restated as if the operation had been discontinued from the start of the comparative period.

(v) *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.

(w) *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 a joint venture are described in Notes 9 and 11. 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, 14.69% 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, 5.79% 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 Management Co., Ltd. (formerly: 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 Corporation Co., Ltd. (formerly: 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)
Sahaviriya Logistics Co., Ltd. (formerly: 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
Atlantic Steel AG	Switzerland	Common shareholder and common director with a subsidiary
Bangpakong Sharp Steel Co., Ltd. (formerly: Saha Bangpakong Steel Co., Ltd.)	Thailand	Common directors and direct and indirect shareholding by the Company's director(s)
Steel Process Holdings Co., Ltd. (formerly: 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)



Name of entities	Country of incorporation / nationality	Nature of relationships
Bangna 26 Property Co., Ltd.	Thailand	Common directors and direct and indirect shareholding by the Company's director(s)
Praram 3 Thasai Co., Ltd. (formerly: 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)
Long Steel Trading Co., Ltd. (formerly: 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)
Bangpakong Steel Holdings Co., Ltd. (formerly: SST Bangpakong Co., Ltd.)	Thailand	Common directors and direct and indirect shareholding by the Company's director(s)
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)

Name of entities	Country of incorporation / nationality	Nature of relationships
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)
Bangplakod Steel Co., Ltd. (formerly: Saha H-Beem Co., Ltd.)	Thailand	Common directors and indirect shareholding by the Company's director(s)
Panich holdings Co., Ltd. (formerly: Saha Panich holding Co., Ltd.)	Thailand	Common directors and direct and indirect shareholding by the Company's director(s)
SSP Asset 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)
Phrapradaeng Sharp Steel Co., Ltd.	Thailand	Common directors and indirect shareholding by the Company's director(s)
Amarin Steel Co., Ltd.	Thailand	Common directors and direct and indirect shareholding by the Company's director(s)
Phupen Co., Ltd.	Thailand	Common directors and indirect shareholding by the Company's director(s)
Kim Heng Seng Steel Co., Ltd.	Thailand	Common directors and direct and indirect shareholding by the Company's director(s)
Saha Land Property Holding Co., Ltd.	Thailand	Common directors and indirect shareholding by the Company's director(s)



Name of entities	Country of incorporation / nationality	Nature of relationships
SCJ & Associates Co., Ltd.	Thailand	Common directors and direct and indirect shareholding by the Company's director(s)
T C H Asset Co., Ltd.	Thailand	Common directors and direct and indirect shareholding by the Company's director(s)
Thanarom Property Sale Co., Ltd.	Thailand	Common directors and direct and indirect shareholding by the Company's director(s)
Thipayasombat 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 joint venture	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.
	Revenue from providing management staff to subsidiaries and joint venture are based on agreements.	Revenue from providing management staff to related parties are based on agreements.
Purchase of goods	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.	Purchases of raw material for production are based on market price.

	Transactions of the Company with subsidiary companies and joint venture	Transactions with related companies
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.	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.
Receiving of port services	Port services rendered are charged based on Ministry of Transportation-determined rates, dependent on service volume and relevant market considerations.	Rental charges for staff accommodation are fixed on an annual basis and agreed with the lessor.
Selling and administrative expense	Port services rendered are charged based on Ministry of Transportation-determined rates, dependent on service volume and relevant market considerations.	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.
Interest and financial charges		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:

Unit: Thousand Baht

Year ended 31 December	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Subsidiaries				
Purchases of goods and receiving of services	-	-	295,063 (*)	375,315 (*)
Purchases of machinery and equipment	-	-	-	6,549
Dividend income	-	-	30,600	83,400
Other income	-	-	28,822 (*)	26,143 (*)
Finance costs	-	-	974	352
Joint venture				
Sales of goods	70,365 (*)	1,484,952 (*)	70,240	1,484,564
Rendering of services	162,819	151,067	79,935	65,304
Purchases of goods and receiving of services	625 (*)	2,759 (*)	625	2,751
Other income	10,099 (*)	11,017 (*)	10,094	11,015
Selling and administrative expenses	1,523	2,883	1,456	2,841
Other related parties				
Sales of goods	7,828,718 (*)	20,565,115 (*)	7,828,672	20,565,107
Rendering of services	253,586	22,221	234,829	-
Purchases of goods and receiving of services (including other expense related)	1,533,318 (*)	2,342,795 (*)	1,524,859	2,342,720
Other income	6,513 (*)	4,684	3,686	3,170
Selling and administrative expenses	387,019 (*)	279,938	381,832	272,813
Finance costs	27,789 (*)	54,344 (*)	27,736	54,344
Key management personnel				
Key management personnel compensation				
Short-term benefits	72,764 (*)	73,711 (*)	53,181	61,460
Statutory severance pay	1,931	1,814	1,809	1,700
Other long-term benefits	16	15	13	12
Total key management personnel compensation	74,711	75,540	55,003	63,172

(*) Excludes transactions with Sahaviriya Steel Industries UK Limited.

Significant transactions with Sahaviriya Steel Industries UK Limited for the period from 1 January 2015 to 2 October 2015 (date of deconsolidation) with SSI UK were as follows:

Unit: Thousand Baht

	Consolidated financial statements		Separate financial statements	
	For the period from 1 January 2015 to 2 October 2015	For the year ended 31 December 2014	For the period from 1 January 2015 to 2 October 2015	For the year ended 31 December 2014
Subsidiaries				
Purchases of goods and receiving of services	-	-	5,860,374	14,601,944
Other income	-	-	23,433	33,258
Joint venture				
Sales of goods and materials	196,135	403,376	-	-
Purchases of goods and receiving of services	487,409	736,759	-	-
Other income	36,881	53,340	-	-
Other related parties				
Sales of goods and materials	10,469,817	14,902,358	-	-
Purchases of goods and receiving of services (including other expense related)	13,153,350	26,519,306	-	-
Other income	3,419	-	-	-
Selling and administrative expenses	371,230	-	-	-
Finance costs	83,671	132,319	-	-
Key management personnel				
Key management personnel compensation				
Short-term benefits	43,528	69,526	-	-
Total key management personnel Compensation	43,528	69,526	-	-

For the period from 1 January 2015 to 2 October 2015, 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 5,790 million (2014: 8,126 million) which have been eliminated in the consolidation financial statements.

Balances as at 31 December with related parties were as follows:

Unit: Thousand Baht

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
<i>Trade accounts receivable from related parties</i>				
Joint venture				
Thai Cold Rolled Steel Sheet Public Company Limited	14,125	6,117	-	-
Other related parties				
B.S. Metal Co., Ltd.	2,292,481	2,298,199	2,292,360	2,298,131
Sahaviriya Panich Corporation Co., Ltd. (formerly: Sahaviriya Panich International Co., Ltd)	2,147,659	2,230,869	2,147,659	2,230,869
Sahaviriya Plate Mill Public Company Limited	107,726	-	107,726	-
Vanomet AG	-	31,262	-	-
Others	2,437	4,032	-	-
Total	4,564,428	4,570,479	4,547,745	4,529,000
Less allowance for doubtful accounts	(23,848)	-	(23,848)	-
Net	4,540,580	4,570,479	4,523,897	4,529,000

Unit: Thousand Baht

Other receivables from related parties**Subsidiaries**

Sahaviriya Steel Industries UK Limited
(mainly is raw materials
procured for and advance payment
for purchase of goods)
West Coast Engineering Co., Ltd.
Prachuap Port Co., Ltd.

Joint venture

Redcar Bulk Terminal Limited
Thai Cold Rolled Steel Sheet
Public Company Limited

Other related parties

Vanomet AG
(mainly an advance payment for
purchase of goods)
Sahaviriya Plate Mill Public Company
Limited –net of allowance for doubtful
account of Baht 48 million in 2014 and
Baht 37 million in 2015
Sahaviriya Shipping UK
Line Transport Co., Ltd.
Prapawit Building Property
B.S. Metal Co., Ltd.
Others

Total

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
	-	-	-	3,833,974
	-	-	8,778	12,324
	-	-	-	46
	-	93,542	-	-
	-	900	-	900
	267,190	934,440	267,190	245,490
	255,908	274,581	255,908	274,581
	-	1,802	-	-
	101	371	-	25
	136	208	-	-
	8,757	3,680	8,757	3,680
	430	893	174	743
Total	532,522	1,310,417	540,807	4,371,763

Trade and other receivables as of 31 December 2015 included the gross value of a trade-related balance due from a related company, Sahaviriya Plate Mill Public Company Limited, totaling Baht 411.9 million which is repayable in 36 scheduled installments until December 2018. The Company recovered Baht 42.1 million from January 2015 to December 2015. The Company has considered the slowdown in payment made by the related company and assessed the current status of the related company, and has made allowance for doubtful account of Baht 72.1 million as at 31 December 2015.

Unit: Thousand Baht

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Accrued income				
Subsidiaries				
West Coast Engineering Co., Ltd.	-	-	415	493
Joint venture				
Thai Cold Rolled Steel Sheet Public Company Limited	2,095	1,759	182	264
Other related parties				
Sahaviriya Plate Mill Public Company Limited	-	130,300	-	130,300
Thai Coated Steel Sheet Co., Ltd.	3,534	5,587	3,534	5,587
Bangsaphan Barmill Public Company Limited	4,992	2,042	4,992	2,042
B.S. Metal Co., Ltd.	607	264	607	264
Vanomet AG	-	63,314	-	-
Others	268	184	-	-
Total	11,496	203,450	9,730	138,950

Unit: Thousand Baht

*Long-term other receivable from related party***Subsidiaries**

Sahaviriya Steel Industries UK Limited

Total*Less* allowance for doubtful accounts**Net**

Consolidated financial statements		Separate financial statements	
2015	2014	2015	2014
-	-	-	630,756
-	-	-	630,756
-	-	-	-
-	-	-	630,756

Unit: Thousand Baht

*Trade accounts payable to related parties***Subsidiaries**

West Coast Engineering Co., Ltd.

Prachuap Port Co., Ltd.

Sahaviriya Steel Industries UK Limited

Other related parties

Vanomet AG

Line Transport Co., Ltd.

B.S. Metal Co., Ltd.

Bangpakong Lighter Co., Ltd.

Others

Total

Consolidated financial statements		Separate financial statements	
2015	2014	2015	2014
-	-	-	13,194
-	-	38,738	83,640
-	-	-	1,184,318
24,436	744,795	24,436	744,795
60,739	48,849	60,739	48,841
264	503	264	503
2,910	11,114	2,910	11,114
92	5,720	40	-
88,441	810,981	127,127	2,086,405

Unit: Thousand Baht

Other payables to related parties**Subsidiaries**

Prachuap Port Co., Ltd.	-	-	14,961	6,160
West Coast Engineering Co., Ltd.	-	-	267	188

Joint venture

Redcar Bulk Terminal Limited	-	198,335	-	-
Thai Cold Rolled Steel Sheet Public Company Limited	72	65	72	65

Other related parties

Vamomet AG	-	34,441	-	1,478
Line Transport Co., Ltd.	11,560	14,980	11,560	14,980
Bangpakong Lighter Co., Ltd.	2,757	8,801	2,757	8,801
Bangpakong Port Co., Ltd.	241	1,315	241	1,315
Prapawit Building Property Co., Ltd.	781	1,508	410	1,244
Sahaviriya Shipping UK	-	613,380	-	-
Thai Steel Sales Co., Ltd.	5,698	-	5,698	-
Others	727	16,757	719	670
Total	21,836	889,582	36,685	34,901

Unit: Thousand Baht

Short-term loans from related parties**Subsidiaries**

Prachuap Port Co., Ltd.	-	-	8,000	28,000
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Other related parties

Vanomet AG	-	382,834	-	-
Bangpakong Lighter Co., Ltd.	-	13,460	-	13,460
The Company's director	637,000	-	637,000	-
Total	637,000	396,294	645,000	41,460



Movements during the period on short-term loans from related parties were as follows:

Unit: Thousand Baht

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Subsidiaries				
At 1 January	-	-	28,000	-
Increase	-	-	-	103,000
Decrease	-	-	(20,000)	(75,000)
At 31 December	-	-	8,000	28,000
Joint venture and other related parties				
At 1 January	396,294	-	13,460	-
Increase	917,000	547,368	917,000	136,460
Decrease	(676,294)	(151,074)	(293,460)	(123,000)
At 31 December	637,000	396,294	637,000	13,460

As at 31 December 2015, interest rate of the Company's short-term loans from related parties are based on agreed rate, which approximates a market rate and unsecured.

In July 2015, the Board of Directors of the Company approved to borrow an interest-free short-term loan of Baht 1,700 million from a director to improve the Group's liquidity of which approximately Baht 637 million has been borrowed as at 31 December 2015.

Significant agreements with related parties

Consortium agreement

On 20 January 2015 a subsidiary has entered into a consortium agreement with a local company in order to jointly-operate for projects from the State Railway of Thailand.

5 Cash and cash equivalents

Unit: Thousand Baht

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Cash on hand	698	2,659	600	600
Cash at banks	155,811	348,742	43,937	10,078
Total	156,509	351,401	44,537	10,678

The currency denomination of cash and cash equivalents as at 31 December was as follows:

Unit: Thousand Baht

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Thai Baht	156,509	186,437	44,537	10,678
United States Dollars	-	161,464	-	-
Pound Sterling	-	3,102	-	-
Euro	-	398	-	-
Total	156,509	351,401	44,537	10,678

6 Trade accounts receivable

Unit: Thousand Baht

	Note	Consolidated financial statements		Separate financial statements	
		2015	2014	2015	2014
Related parties	4	4,564,428	4,570,479	4,547,745	4,529,000
Other parties		335,492	1,025,939	304,946	325,370
Total		4,899,920	5,596,418	4,852,691	4,854,370
Less allowance for doubtful accounts		(309,099)	(284,516)	(307,657)	(283,809)
Net		4,590,821	5,311,902	4,545,034	4,570,561
Bad and doubtful debts expenses for the year		24,583	707	23,848	-



Aging analyses for trade accounts receivable were as follows:

Unit: Thousand Baht

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Related parties				
Within credit terms	885,738	3,192,194	909,035	3,242,711
Overdue:				
Less than 3 months	2,051,620	1,343,645	2,031,843	1,286,289
3-6 months	1,317,029	34,640	1,296,826	-
6-12 months	202,315	-	202,315	-
Over 12 months	107,726	-	107,726	-
	4,564,428	4,570,479	4,547,745	4,529,000
<i>Less</i> allowance for doubtful accounts	(23,848)	-	(23,848)	-
	4,540,580	4,570,479	4,523,897	4,529,000
Other parties				
Within credit terms	42,233	702,802	20,180	39,379
Overdue:				
Less than 3 months	6,468	35,029	957	2,182
3-6 months	-	1,093	-	-
6-12 months	2,087	2,211	-	-
Over 12 months	284,704	284,804	283,809	283,809
	335,492	1,025,939	304,946	325,370
<i>Less</i> allowance for doubtful accounts	(285,251)	(284,516)	(283,809)	(283,809)
	50,241	741,423	21,137	41,561
Net	4,590,821	5,311,902	4,545,034	4,570,561

Subsequently in January 2016, Baht 372 million has been collected from trade debtor of two related companies which had aged over 4 – 12 months.

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:

Unit: Thousand Baht

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Thai Baht	4,896,788	4,887,950	4,852,691	4,825,567
United States Dollars	1,496	439,614	-	28,803
Pound Sterling	547	180,666	-	-
Euro	627	83,857	-	-
Australian Dollars	462	4,331	-	-
Total	4,899,920	5,596,418	4,852,691	4,854,370

7 Inventories

Unit: Thousand Baht

Note	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Finished goods	1,428,948	3,095,912	1,428,948	3,103,128
Work in progress	4,496	65,355	-	-
Raw materials	188,478	4,330,061	189,028	1,764,714
Spare parts and factory supplies	1,318,939	2,446,264	1,313,636	1,351,139
Inventories under collateral management agreement	16 1,014,476	2,053,902	1,014,476	2,053,902
Goods in transit	353,272	2,574,009	353,272	2,574,009
	4,308,609	14,565,503	4,299,360	10,846,892
Less allowance for decline in value	(825,266)	(936,811)	(825,170)	(709,474)
Net	3,483,343	13,628,692	3,474,190	10,137,418
Carrying value of inventories subject to retention of title clauses or otherwise pledged to secure liabilities	1,995,942	8,798,274	1,992,092	6,402,029



Unit: Thousand Baht

Note	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Inventories recognised as an expenses in 'cost of sales of goods':				
- Cost	18,849,957	29,689,800	18,690,958	29,788,871
- Write-down to net realisable value	-	454,151	-	454,151
- Reversal of write-down	(239,139)	-	(239,139)	-
- Loss from discontinued operations	354,835	-	354,835	-
- Derecognition of allowance for decline in value following liquidation of subsidiary	(227,241)	-	-	-
Net	18,738,412	30,143,951	18,806,654	30,243,022

8 Discontinued operation

Unit: Thousand Baht

Note	Consolidated financial statements	
	For the period from 1 January to 2 October 2015	For the year ended 31 December 2014
Results of discontinued operation		
Revenue	17,504,383	46,808,987
Expenses	(26,372,051)	(51,204,826)
Results from operating activities	(8,867,668)	(4,395,839)
Income tax	-	-
Results from operating activities, net of income tax	(8,867,668)	(4,395,839)
Loss on derecognition of SSI UK following liquidation	(29,168,949)	-
Loss for the year	(38,036,617)	(4,395,839)
Loss per share (in Baht)		
Basic loss per share	(1.18)	(0.14)
Diluted loss per share	(1.18)	(0.14)

The loss from discontinued operation of Baht 38,037 million (2014: Baht 4,396 million) is attributable entirely to the owners of the Company. Of the loss from continuing operations of Baht 2,860 million (2014: Baht 471 million), an amount of Baht 40,840 million is attributable to the owners of the Company (2014: Baht 4,903 million).

Unit: Thousand Baht

Cash flows from (used in) discontinued operation

Net cash from operating activities
 Net cash used in investing activities
 Net cash used in financing activities
Net cash used in discontinued operation

Consolidated financial statements	
For the period from 1 January to 2 October 2015	For the year ended 31 December 2014
1,403,263	824,575
(1,311,962)	165,744
(256,266)	(853,182)
(164,965)	(137,137)



Unit: Thousand Baht

Effect of disposal on the financial position of the Group

Consolidated financial statements	
	2015
Trade accounts receivable	227,239
Other accounts receivable from related parties	1,181,187
Inventories	2,090,000
Other current assets	1,699,616
Investments in joint venture	804,639
Property, plant and equipment	35,143,915
Intangible assets	79,291
Bank overdraft and short-term loans from financial institutions and from related parties	(11,042,869)
Trade accounts payables	(4,961,295)
Other accounts payable from related parties	(7,911,009)
Current portion of long-term loans from financial institutions	(17,714,117)
Other current liabilities	(6,662,328)
Environmental liabilities and others	(662,630)
Net assets and liabilities	(7,728,361)
Consideration received, satisfied in cash	-
Cash and cash equivalents disposed of	-
Net cash inflow	-

9 Investments in subsidiaries

Unit: Thousand Baht

		Separate financial statements	
		2015	2014
	At 1 January	27,760,792	27,760,792
	Less Transfers to assets held for disposal following liquidation of subsidiary	(27,481,792)	-
	At 31 December	279,000	27,760,792

Note

2(e)

Investments in subsidiaries as at 31 December 2015 and 2014, and dividend income from those investments for the years then ended were as follows:

		Separate financial statements											
		Ownership interest		Paid-up capital		Cost method		Impairment		At cost - net		Dividend income	
		2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Type of business		(%)						<i>(in thousand Baht)</i>					
Subsidiaries													
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	30,600	45,900
West Coast Engineering Co., Ltd.	Maintenance services	99.99	99.99	75,000	75,000	75,000	75,000	-	-	75,000	75,000	-	37,500
Sahaviriya Steel Industries UK Limited	Integrated iron and production of steel slab	-	100.00	-	557 million	-	27,481,792	-	-	-	27,481,792	-	-
Total						279,000	27,760,792	-	-	279,000	27,760,792	30,600	83,400

All subsidiaries were incorporated in Thailand, except Sahaviriya Steel Industries UK Limited which was incorporated in the United Kingdom.

See in note 2 “Current operations” to the financial statements for liquidation which is in process of SSI UK.

In 2015, the management performed tests of impairment of certain investments in subsidiary by using value in use approach to determine the recoverable amount of the asset's value.

The key assumptions used to measure the recoverable amounts in 2015 were as follows:

Period	5 years plus terminal value
Discount Rate	9.52% per annum

10 Non-controlling interests

The following table summarises the information relating to each of the Group's subsidiaries that has a material non-controlling interest, before any intra-group eliminations:

	31 December 2015			
	Prachuap Port Co., Ltd.	Other individually immaterial subsidiaries <i>(in thousand Baht)</i>	Intra-group eliminations	Total
Non-controlling interest percentage	49%			
Current assets	156,126			
Non-current assets	1,657,630			
Current liabilities	(215,513)			
Non-current liabilities	(98,441)			
Net assets	1,499,802			
Carrying amount of non-controlling interest	734,903	160	(28,356)	706,707
Revenue	244,011			
Profit	(127,063)			
Other comprehensive income	(13,090)			
Total comprehensive income	(140,153)			
Profit allocated to non-controlling interest	(62,197)	(175)	5,477	(56,895)
Other comprehensive income allocated to non-controlling interest	(6,414)	(17)	(950)	(7,381)



	31 December 2015			
	Prachuap Port Co., Ltd.	Other individually immaterial subsidiaries <i>(in thousand Baht)</i>	Intra-group eliminations	Total
Cash flows from operating activities	197,802			
Cash flows used in investing activities	(139,955)			
Cash flows used in financing activities (dividends to non-controlling interest: 29.4 million)	(124,643)			
Net decrease in cash and cash equivalents	(66,796)			

	31 December 2014			
	Prachuap Port Co., Ltd.	Other individually immaterial subsidiaries <i>(in thousand Baht)</i>	Intra-group eliminations	Total
Non-controlling interest percentage	49%			
Current assets	292,716			
Non-current assets	1,775,422			
Current liabilities	(211,463)			
Non-current liabilities	(155,565)			
Net assets	1,701,110			
Carrying amount of non-controlling interest	833,540	409	(33,967)	799,982
Revenue	286,334			
Profit	68,643			
Other comprehensive income	(17,020)			
Total comprehensive income	51,623			
Profit allocated to non-controlling interest	33,772	(1,199)	3,622	36,195
Other comprehensive income allocated to non-controlling interest	(8,340)	14	(354)	(8,680)

31 December 2014				
	Prachuap Port Co., Ltd.	Other individually immaterial subsidiaries <i>(in thousand Baht)</i>	Intra-group eliminations	Total
Cash flows from operating activities	176,389			
Cash flows used in investing activities	(39,300)			
Cash flows used in financing activities (dividends to non-controlling interest: 44.1 million)	(2,483)			
Net increase in cash and cash equivalents	134,606			

11 Investments in joint venture

Unit: Thousand Baht

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
At 1 January	3,418,594	3,839,291	3,159,668	3,159,668
Actuarial gains	-	1,248	-	-
Share of net profit of equity - accounted joint venture	16,429	301,942	-	-
Dividend income	(169,164)	(723,887)	-	-
Less loss on liquidation of subsidiary	(644,089)	-	-	-
At 31 December	2,621,770	3,418,594	3,159,668	3,159,668

Note

2(e)

Investments in joint venture as 31 December 2015 and 2014, 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	
		2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	For the period from 1 January 2015 to 2 October 2015	2014
		(%)						(in thousand Baht)							
Joint venture															
Direct holding															
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	2,621,770	2,699,265	-	-	2,621,770	2,699,265	-	-
Indirect holding															
Redcar Bulk Terminal Limited	Deep-sea port and marine shipping services	-	50.00	-	GBP 26.5 million	-	767,624	-	719,329	-	-	-	719,329	169,164	624,308
Total						3,817,962	4,585,586	2,621,770	3,418,594	-	-	2,621,770	3,418,594	169,164	624,308

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 2015, the Company has pledged 150,176,007 common shares in a joint-venture, Thai Cold Rolled Steel Sheet Public Company Limited to Marubeni-Itochu Steel Inc. for a trading facility for the latter extended to Sahaviriya Steel Industries UK Limited.

The Company set-up a provision for loss on common shares in a joint-venture, Thai Cold Rolled Steel Sheet Public Company Limited pledged as collateral to Marubeni-Itochu Steel Inc. of Baht 499 million.

Type of business		Separate financial statements											
		Ownership interest		Paid-up capital		Cost method		Impairment		At cost - net		Dividend income	
		2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
		(<i>%</i>)						<i>(in thousand Baht)</i>					
Joint venture entity													
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	-	-



Joint venture

The following table summarises the financial information of the joint venture as included in their own financial statements, adjusted for fair value adjustments at acquisition and differences in accounting policies. The table also reconciles the summarised financial information to the carrying amount of the Group's interest in these companies.

Unit: Thousand Baht

	Joint venture	
	2015	2014
Revenue	10,797,725	12,329,182
Profit from continuing operations	124,344	2,155
Other comprehensive income	-	3,547
Total comprehensive income	124,344	5,702
Attributable to NCI	80,587	3,695
Attributable to investee's shareholders	43,757	2,007
Current assets	2,583,778	3,132,505
Non-current assets	4,152,747	4,431,830
Current liabilities	(1,926,267)	(2,884,640)
Non-current liabilities	(64,659)	(58,440)
Net assets	4,745,599	4,621,255
Attributable to NCI	3,075,623	2,995,035
Attributable to investee's shareholders	1,669,976	1,626,220
Group's interest in net assets of investee at 1 January	2,699,265	2,795,675
Total comprehensive income attributable to the Group	-	1,248
Group's interest in net assets of investee at end of year	2,699,265	2,796,923
Elimination of unrealised profit on downstream sales	(88,264)	(97,658)
Carrying amount of interest in investee at 31 December	2,611,001	2,699,265

Contingent liabilities and commitments relating to the Joint venture:

	2015	2014
<i>Contingent liabilities directly incurred by the Group</i>		
Group's share of the Joint venture's contingent liabilities	Baht 20 million	Baht 37 million and Yen 11 million
<i>Capital commitments in relation to interest in Joint venture</i>		
Group's share of the Joint venture according to		
- in capital expenditure	Baht 40 million, USD 0.18 million, Yen 73 million and GBP 0.18 million	Baht 21 million, USD 0.18 million, Yen 198 million and GBP 0.18 million
- in non-cancellable operating lease commitments	Baht 5 million	Baht 5 million
- in raw materials purchases	Baht 11 million, Yen 0.6 million and USD 2.18 million	Baht 14 million and USD 1 million
- in other contracts	Baht 16 million and YEN 11 million	Baht 16 million and YEN 11 million

In 2015, management performed tests of impairment of the investments in joint venture that had indicators of impairment. The method used to measure recoverable amounts was value in use.

The key assumptions used to measure the recoverable amounts in 2015 were as follow:

Period 5 years plus terminal value
Discount Rate 9.52% per annum
Fair value less cost to sell was used in 2014.

12 Other long-term investment

Other long-term investment as at 31 December 2015 and 2014, 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		At cost - net		Dividend income		
2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	
(%)						<i>(in thousand Baht)</i>						
Thai Coated Steel Sheet Company Limited	3.70	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	-	-	-	-

Separate financial statements												
Ownership interest		Paid-up capital		Cost method		Impairment		At cost - net		Dividend income		
2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	
(%)						<i>(in thousand Baht)</i>						
Thai Coated Steel Sheet Company Limited	3.70	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	-	-	-	-

13 Property, plant and equipment

		Consolidated financial statements					
Note	Land and land improvement	Factory and office buildings	Machinery, tool and factory equipment	Office furniture, fixtures and equipment (in thousand Baht)	Vehicles	Assets under construction and installation	Total
<i>Cost / revaluation</i>							
At 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 and 1 January 2015	2,983,142	3,029,146	65,435,673	206,608	104,792	274,175	72,033,536
Additions	-	687	34,069	2,894	1,250	337,162	376,062
Transfers	-	-	134,317	92	-	(134,409)	-
Disposals	-	-	(103,757)	(8,664)	(1,396)	(2,115)	(115,932)
Impairment loss on property, plant and equipment previously revalued	-	(11,370)	(664,352)	-	-	-	(675,722)
Effect of movements in exchange rates	139,169	57,446	3,736,977	-	-	33,578	3,967,170
Total	3,122,311	3,075,909	68,572,927	200,930	104,646	508,391	75,585,114



Consolidated financial statements							
Note	Land and land improvement	Factory and office buildings	Machinery, tool and factory equipment	Office furniture, fixtures and equipment (in thousand Baht)	Vehicles	Assets under construction and installation	Total
Derecognition of property, plant and equipment following liquidation of subsidiary							
2(e)	(1,485,801)	(613,303)	(39,927,012)	-	-	(405,560)	(42,431,676)
At 31 December 2015	1,636,510	2,462,606	28,645,915	200,930	104,646	102,831	33,153,438

Consolidated financial statements							
Note	Land and land improvement	Factory and office buildings	Machinery, tool and factory equipment	Office furniture, fixtures and equipment (in thousand Baht)	Vehicles	Assets under construction and installation	Total
Depreciation and impairment losses							
At 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 and 1 January 2015	654,116	1,951,090	18,669,397	169,215	76,659	-	21,520,477
Depreciation charge for the year	2,557	66,757	1,805,674	14,842	9,973	-	1,899,803
Depreciation on revaluation	(1,654)	10,640	172,108	-	-	-	181,094
Disposals	-	-	(83,579)	(8,621)	(1,120)	-	(93,320)
Impairment loss on property, plant, and equipment previously revalued	-	(111)	(583,481)	-	-	-	(583,592)
Impairment losses	-	13,422	-	-	-	-	13,422
Effect of movements in exchange rates	-	6,716	643,333	-	-	-	650,049
Total	655,019	2,048,514	20,623,452	175,436	85,512	-	23,587,933

Consolidated financial statements							
Note	Land and land improvement	Factory and office buildings	Machinery, tool and factory equipment	Office furniture, fixtures and equipment <i>(in thousand Baht)</i>	Vehicles	Assets under construction and installation	Total
Derecognition of property, plant and equipment following liquidation of subsidiary At 31 December 2015	2(e)	-	(75,155)	(7,212,653)	-	-	(7,287,808)
		655,019	1,973,359	13,410,799	175,436	85,512	16,300,125

	Consolidated financial statements						
	Land and land improvement	Factory and office buildings	Machinery, tool and factory equipment	Office furniture, fixtures and equipment (in thousand Baht)	Vehicles	Assets under construction and installation	Total
Net book value							
At 1 January 2014							
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 and 1 January 2015							
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
At 31 December 2015							
Owned assets	981,491	489,247	14,976,363	25,494	6,497	102,831	16,581,923
Assets under finance leases and hire-purchases	-	-	258,753	-	12,637	-	271,390
	981,491	489,247	15,235,116	25,494	19,134	102,831	16,853,313

The gross amount of the Group's fully depreciated property, plant and equipment that was still in use as at 31 December 2015 amounted to Baht 2,215 million (2014: Baht 2,103 million).



	Separate financial statements						Total
	Land and land improvement	Factory and office buildings	Machinery, tool and factory equipment	Office furniture, fixtures and equipment (in thousand Baht)	Vehicles	Assets under construction and installation	
Cost / revaluation							
At 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 and 1 January 2015	1,007,581	2,276,407	26,172,940	165,963	72,935	83,143	29,778,969
Additions	-	687	15,577	2,255	1,250	13,873	33,642
Transfers	-	-	8,758	-	-	(8,758)	-
Disposals	-	-	(3,459)	(7,798)	-	-	(11,257)
Impairment loss on property, plant, and equipment previously revalued	-	(11,370)	(664,352)	-	-	-	(675,722)
At 31 December 2015	1,007,581	2,265,724	25,529,464	160,420	74,185	88,258	29,125,632

	Separate financial statements						Total
	Land and land improvement	Factory and office buildings	Machinery, tool and factory equipment	Office furniture, fixtures and equipment (in thousand Baht)	Vehicles	Assets under construction and installation	
<i>Depreciation and impairment losses</i>							
At 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 and 1 January 2015	339,516	1,791,544	11,802,118	138,451	55,754	-	14,127,383
Depreciation charge for the year	504	44,286	274,356	11,281	6,679	-	337,106
Depreciation on revaluation	46	8,863	153,148	-	-	-	162,057
Disposals	-	-	(1,533)	(7,766)	-	-	(9,299)
Impairment loss on property, plant, and equipment previously revalued	-	(111)	(583,481)	-	-	-	(583,592)
Impairment losses	-	13,422	-	-	-	-	13,422
At 31 December 2015	340,066	1,858,004	11,644,608	141,966	62,433	-	14,047,077



	Separate financial statements						Total
	Land and land improvement	Factory and office buildings	Machinery, tool and factory equipment	Office furniture, fixtures and equipment <i>(in thousand Baht)</i>	Vehicles	Assets under construction and installation	
Net book value							
At 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 and 1 January 2015							
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
At 31 December 2015							
Owned assets	667,515	407,720	13,884,856	18,454	2,435	88,258	15,069,238
Assets under hire-purchase	-	-	-	-	9,317	-	9,317
	667,515	407,720	13,884,856	18,454	11,752	88,258	15,078,555

The gross amount of the Company's fully depreciated property, plant and equipment that was still in use as at 31 December 2015 amounted to Baht 1,893 million (2014: Baht 1,836 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	
	2015	2014	2015	2014
Decrease in profit for the years (in thousand Baht)	179,170	237,112	159,637	214,990
Decrease in basic earnings per share (Baht per share)	0.006	0.007	0.005	0.007
Decrease in diluted earnings per share (Baht per share)	0.006	0.007	0.005	0.007

At the Board of Directors' meeting held on 1 October 2015, the directors approved the Company to change the accounting policy for the valuation of property, plant and equipment from revaluation model at cost modal starting from 1 January 2016. Such changes in accounting policy will be applied retrospectively.

The impact on the financial statement will be as follows:

Unit: Thousand Baht

	Consolidated financial statements	Separate financial statements
	31 December 2015	31 December 2015
Statement of financial position		
Decrease in property, plant and equipment	5,224,319	5,014,290
Decrease in deferred tax liabilities	1,044,864	1,002,858
Decrease in revaluation surplus	4,179,455	4,011,432
Decrease in total equity	4,179,455	4,011,432

As at 31 December 2015, the Group provided allowance for asset revaluation of Baht 92.13 million and allowance for impairment loss of Baht 13.42 million.



As at 31 December 2015, the Group has mortgaged/pledged assets amounting to approximately Baht 14,997 million (2014: Baht 50,532 million) (the Company: Baht 14,659 million (2014: Baht 15,155 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 15.

Measurement of fair value

Fair value hierarchy

The fair value of property, plant and equipments was determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The independent valuers provide the fair value of the Group's and the Company's property, plant and equipments on an annual basis.

The fair value measurement for the Group's and the Company's property, plant and equipments of Baht 16,853 million and Baht 15,079 million, respectively have been categorised as a Level 3 fair value based on the inputs to the valuation technique used.

Valuation technique and significant unobservable inputs

In December 2012, the Group/Company engaged an independent professional valuer to revalue its property, plant and equipments. The company engages external independent and qualified to determine the fair value every five years or when there are significant changes in fair value. There is no gain or losses for the period included in profit or loss that is attributable to these assets held at the end of the reporting period that is included in gain (losses) recognised in other income.

The following table shows the valuation technique used in measuring the fair value of property, plant and equipments, as well as the significant unobservable inputs used.

Valuation technique	Significant unobservable inputs
Land - Sales comparison approach	<ul style="list-style-type: none"> • Recent sales
Land improvement Building and building improvements Machinery and equipment - Depreciated replacement cost approach	<ul style="list-style-type: none"> • Listing of comparable property • Cost of reproducing or replacing the property

In 2015, the management performed tests of impairment of the Company's property, plant and equipments by using fair value less cost to sell to determine the recoverable amount. The company has also engaged an independent professional valuer to determine such fair value less cost to sell. The valuer used the above valuation technique and key assumptions, as stated above, to measure the fair value.

14 Deferred tax

Deferred tax assets and liabilities as at 31 December were as follows:

Unit: Thousand Baht

	Consolidated financial statements			
	Assets		Liabilities	
	2015	2014	2015	2014
Total	51,913	2,045,142	(1,168,229)	(3,229,042)
Set off of tax	(6,791)	(2,012,865)	6,791	2,012,865
Net deferred tax assets (liabilities)	45,122	32,277	(1,161,438)	(1,216,177)

Unit: Thousand Baht

	Separate financial statements			
	Assets		Liabilities	
	2015	2014	2015	2014
Deferred tax liabilities	-	-	(1,091,093)	(1,142,080)



Movements of deferred tax assets and liabilities during the year were as follows:

Consolidated financial statements					
	At 1 January 2015	(Charged) / Credited to:			At 31 December 2015
		Profit or loss	Other comprehensive income <i>(in thousand Baht)</i>	Exchange differences	
<i>Deferred tax assets</i>					
Trade receivable	981	38	-	-	1,019
Inventories	19	-	-	-	19
Property, plant and equipment	7,473	5,509	-	-	12,982
Employee benefit obligations	9,667	468	-	-	10,135
Tax loss carry forward	22,460	5,298	-	-	27,758
Capital allowance under UK law	2,004,542	(475,767)	-	169,835	1,698,610
Total	2,045,142	(464,454)	-	169,835	1,750,523
Derecognition of deferred tax assets following liquidation of subsidiary					(1,698,610)
Net					51,913
<i>Deferred tax liabilities</i>					
Other current assets	(554)	357	-	-	(197)
Property, plant and equipment	(3,210,960)	474,010	54,437	(169,835)	(2,852,348)
Long-term loans from financial institutions	(14,874)	2,548	-	-	(12,326)
Finance lease liabilities	(2,654)	686	-	-	(1,968)
Total	(3,229,042)	477,601	54,437	(169,835)	(2,866,839)
Derecognition of deferred tax liabilities following liquidation of subsidiary					1,698,610
Net					(1,168,229)

Note

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Consolidated financial statements					
	At 1 January 2014	(Charged) / Credited to:			At 31 December 2014
		Profit or loss	Other comprehensive income	Exchange differences	
		<i>(in thousand Baht)</i>			
<i>Deferred tax assets</i>					
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 allowances under UK Act	1,652,493	366,135	-	(14,086)	2,004,542
Total	1,662,963	396,779	(514)	(14,086)	2,045,142
<i>Deferred tax liabilities</i>					
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)

**Deferred tax liabilities**

Property, plant and equipment	(1,127,206)	(2,399)	50,838	(1,078,767)
Long-term loans from financial institutions	(14,874)	2,548	-	(12,326)
Total	(1,142,080)	149	50,838	(1,091,093)

Separate financial statements			
At 1 January 2015	(Charged) / credited to:		At 31 December 2015
	Profit or loss (in thousand Baht)	Other comprehensive income	
(1,127,206)	(2,399)	50,838	(1,078,767)
(14,874)	2,548	-	(12,326)
(1,142,080)	149	50,838	(1,091,093)

Deferred tax liabilities

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 2014	(Charged) / credited to:		At 31 December 2014
	Profit or loss (in thousand Baht)	Other comprehensive income	
(1,170,829)	-	43,623	(1,127,206)
(14,874)	-	-	(14,874)
(1,185,703)	-	43,623	(1,142,080)

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:

Unit: Thousand Baht

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Deferred tax assets				
- Deductible temporary differences	13,211,689	816,306	13,295,413	484,665
- Tax losses	1,648,496	5,615,336	1,648,496	1,080,258
Deferred tax liability				
- Deductible temporary differences	-	(4,544)	-	(4,544)
Net	14,860,185	6,427,098	14,943,909	1,560,379

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.

15 Interest-bearing liabilities

Unit: Thousand Baht

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Current				
Bank overdraft and short term loan from financial institution				
- unsecured	128,562	305,069	-	-
- secured	12,030,538	21,936,988	11,888,671	11,906,775
Total	12,159,100	22,242,057	11,888,671	11,906,775
Short-term loans from related parties - unsecured	637,000	396,294	645,000	41,460
Current portion of long-term loans from financial institutions				
- secured	7,033,461	7,639,329	7,033,461	5,736,332
Long-term borrowings classified as current liabilities - secured	6,629,285	22,034,034	6,629,285	7,916,544
Subordinated convertible debentures	-	236	-	236
Current portion of finance lease liabilities	68,763	54,692	-	-
Current portion of liabilities under hire purchase agreements	3,630	6,602	2,912	4,732
Total interest bearing current liabilities	26,531,239	52,373,244	26,199,329	25,606,079

Note

4



Unit: Thousand Baht

	Note	Consolidated financial statements		Separate financial statements	
		2015	2014	2015	2014
Non-current					
Finance lease liabilities		72,005	98,227	-	-
Liabilities under hire purchase agreements		1,003	3,338	843	2,460
Total interest bearing non-current liabilities		73,008	101,565	843	2,460
Total		26,604,247	52,474,809	26,200,172	25,608,539
Provision made for loss on guarantee given by SSI TH					
- Loan SSI UK	2(e)	29,976,133	-	29,976,133	-
- Bank guarantee	2(e)	57,983	-	57,983	-
Grand total		56,638,363	52,474,809	56,234,288	25,608,539

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:

Unit: Thousand Baht

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Within one year	26,458,846	52,311,950	26,196,417	25,601,347
Total	26,458,846	52,311,950	26,196,417	25,601,347

Secured interest-bearing liabilities as at 31 December were secured on the following assets:

Unit: Thousand Baht

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Property, plant and equipment	14,996,853	50,531,530	14,658,972	15,155,123
Investments in subsidiaries and Joint venture	-	28,201,121	-	27,481,792
Inventories	1,995,942	8,798,274	1,992,092	6,402,029
Total	16,992,795	87,530,925	16,651,064	49,038,944

As at 31 December 2015, the significant long-term loan agreements of the Group are detailed as follows:

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 extended to cover the ultimate balance of sums payable by SSI.

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. The Company does not contain certain covenants as stipulated in the agreement.

As at 31 December 2015, the Group had unutilised credit facilities totalling Baht 35 million and the Company was cancelled all credit facilities (*2014: Baht 813 million for the Group and Baht 8 million for the Company*).

On 21 September 2015, the major lenders demanded immediate payment of the remaining balance of a loan carried at USD 815 million (equivalent to Baht 30,034 million) of SSI UK. Consequently the major lenders also requested the Company to be responsible for this obligation as a guarantor.

During September 2015, the Company was unable to maintain financial covenant ratios. Moreover, the Company was unable to repay principal and interest due in 30 September 2015 totalling Baht 3,068 million and Baht 825 million, respectively. Consequently, the Company's long term debt of Baht 6,629 million has been reclassified as "long-term borrowings classified as current liabilities" in the consolidated financial statements and the separate financial statements, respectively. On 1 October 2015, the major lenders demanded immediate payment of the remaining balance of the Company's loan carried at Baht 9,840 million as of 31 December 2015.

Movement of long-term loans from financial institutions for the year ended 31 December 2015 and 2014 were as follows:

Unit: Thousand Baht

Note	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
At 1 January	29,673,363	29,803,314	13,652,876	13,869,659
Repayment	(8,870)	(235,523)	(2,870)	(229,523)
Amortisation of transaction charges	50,878	32,785	12,740	12,740
Effect of movements in exchange rates	1,661,491	72,787	-	-
Transfer to liabilities held for disposal following liquidation of subsidiary	(17,714,116)	-	-	-
At 31 December	13,662,746	29,673,363	13,662,746	13,652,876

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:

Unit: Thousand Baht

	Consolidated financial statements					
	2015			2014		
	Future minimum lease payments	Interest	Present value of minimum lease payments	Future minimum lease payments	Interest	Present value of minimum lease payments
Within one year	79,508	7,115	72,393	70,905	9,611	61,294
After one year but within five years	79,498	6,490	73,008	108,997	7,432	101,565
Total	159,006	13,605	145,401	179,902	17,043	162,859



Unit: Thousand Baht

	Separate financial statements					
	2015			2014		
	Future minimum lease payments	Interest	Present value of minimum lease payments	Future minimum lease payments	Interest	Present value of minimum lease payments
Within one year	3,168	256	2,912	5,118	386	4,732
After one year but within five years	921	78	843	2,695	235	2,460
Total	4,089	334	3,755	7,813	621	7,192

The Group entered into a sale and lease back agreement for machinery and equipment with a company in 2015. Lease term is for a period of 5 years. The Group has paid the deposit to the lessor in the amount of Baht 11.8 million. The net book value of machinery and equipment as at 31 December 2015 is Baht 18.0 million.

Time deposit of Baht 12.8 million of a subsidiary has been used as a guarantee for a credit facility extended by a financial institution. (2014: 21.3 million)

The currency denomination of interest-bearing liabilities as at 31 December was as follows:

Unit: Thousand Baht

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
	Thai Baht	26,604,427	26,029,463	26,200,172
United States Dollars	-	26,445,346	-	-
Total	26,604,427	52,474,809	26,200,172	25,608,539

16 Trade accounts payable

Unit: Thousand Baht

	Note	Consolidated financial statements		Separate financial statements	
		2015	2014	2015	2014
Related parties	4	88,441	810,981	127,127	2,086,405
Other parties		2,715,812	9,991,777	2,668,273	6,148,671
Total		2,804,253	10,802,758	2,795,400	8,235,076

The currency denomination of trade accounts payable as at 31 December was as follows:

Unit: Thousand Baht

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Thai Baht	212,088	412,100	213,878	519,054
United States Dollars	2,587,002	7,093,072	2,576,387	7,689,702
Pound Sterling	-	3,197,668	-	-
Euro	4,844	99,627	4,844	26,054
Yen	319	291	291	266
Total	2,804,253	10,802,758	2,795,400	8,235,076

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 a partial deposit and the remainder when withdrawing inventory from the representative company. The Company retains all or a significant portion of the risks and rewards relating to the collateralised 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 which includes interest, management cost and commodity benchmark price movements. As at 31 December 2015, repurchase financing costs Baht 3.8 million (2014: Baht 22.8 million).

17 Other current liabilities

Unit: Thousand Baht

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Accrued expenses	306,456	2,120,770	295,541	65,185
Other accounts payable	935,083	847,283	924,555	837,440
Advances received from sales of goods	166,943	312,623	164,050	86,480
Accrued interest expenses	1,909,301	77,892	1,909,120	77,729
Others	248,267	1,676,424	210,393	26,824
Total	3,566,050	5,034,992	3,503,659	1,093,658

The currency denomination of other current liabilities as at 31 December was as follows:

Unit: Thousand Baht

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Thai Baht	2,665,563	4,236,823	2,603,172	295,489
United States Dollars	889,096	789,348	889,096	789,348
Pound Sterling	3,785	-	3,785	-
Euro	7,606	8,821	7,606	8,821
Total	3,566,050	5,034,992	3,503,659	1,093,658

18 Employee benefit obligations

Unit: Thousand Baht

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Statement of financial position obligations for:				
Statutory severance pay	196,943	177,260	151,800	134,712
Other long-term employee benefits	14,333	18,049	8,595	12,072
Total	211,276	195,309	160,395	146,784

Unit: Thousand Baht

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Year ended 31 December				
Statement of comprehensive income				
Recognised in profit or loss:				
Statutory severance pay	23,460	21,712	17,088	15,904
Other long-term employee benefits	2,671	2,741	1,726	1,771
Total	26,131	24,453	18,814	17,675
Recognised in 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 2015 and 2014 were shown in the table below:

Unit: Thousand Baht

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Defined benefit obligations at 1 January	195,308	161,648	146,784	115,725
Benefits paid by the plan	(10,163)	(4,180)	(5,203)	(2,576)
Current service costs and interest	26,131	24,453	18,814	17,675
Defined benefit plan actuarial losses	-	13,388	-	15,960
Defined benefit obligations at 31 December	211,276	195,309	160,395	146,784

Expense recognised in profit or loss for the year ended 31 December were as follows:

Unit: Thousand Baht

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Current service costs	18,240	17,182	12,918	12,220
Interest on obligation	7,891	7,271	5,896	5,455
Total	26,131	24,453	18,814	17,675

The expense is recognised in the following line items in the statement of comprehensive income for the year ended 31 December as follows:

Unit: Thousand Baht

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Cost of sales	15,187	13,973	9,214	8,426
Selling expenses	805	740	547	504
Administrative expenses	10,139	9,740	9,053	8,745
Total	26,131	24,453	18,814	17,675

Actuarial gains and losses recognised in other comprehensive income arising from:

Unit: Thousand Baht

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Demographic assumptions	-	(8,137)	-	(7,593)
Financial assumptions	-	(13,614)	-	(9,134)
Experience adjustment	-	35,999	-	31,907
Difference	-	(860)	-	780
Total	-	13,388	-	15,960

At 31 December 2015, the weighted-average duration of the defined benefit obligation was 17 years (2014: 17 years).

Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages).

Unit: %

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Discount rate	4.3	4.3	4.3	4.3
Future salary growth	5.5 – 8.0	5.5 – 8.0	5.5 – 8.0	5.5 – 8.0

Assumptions regarding future mortality have been based on published statistics and mortality tables.

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligations by the amounts shown below.

Unit: Thousand Baht

Defined benefit obligation 31 December 2015	Consolidated financial statements		Separate financial statements	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	371,596	(439,072)	278,868	(326,510)
Future salary growth (1% movement)	434,030	(357,772)	323,956	(269,312)
Gold (20% movement)	408,376	(397,772)	304,949	(297,351)
Employee turnover rate (20% movement)	382,626	(425,589)	286,527	(317,201)

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.



19 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 financial statements / Separate financial statements				
	At 1 January 2015	Amortisation charge for the year	Exercise of convertible debentures <i>(in thousand Baht)</i>	Repurchase and cancellation	At 31 December 2015
Subordinated convertible debentures					
- Minority (No. 1/2012)	279	-	(4)	(275)	-
	279	-	(4)	(275)	-
<i>Less</i> Convertible rights of subordinated debentures	(25)	-	-	25	-
<i>Less</i> Deferred expenses for issued of subordinated debentures	(18)	4	-	14	-
Net	236	4	(4)	(236)	-
Convertible rights of subordinated debentures	25	-	-	(25)	-

	Consolidated financial statements / Separate financial statements				
	At 1 January 2014	Amortisation charge for the year	Exercise of convertible debentures <i>(in thousand Baht)</i>	Repurchase and cancellation	At 31 December 2014
Subordinated convertible debentures					
- Minority (No. 1/2012)	279	-	-	-	279
	279	-	-	-	279
<i>Less</i> Convertible rights of subordinated debentures	(25)	-	-	-	(25)
<i>Less</i> Deferred expenses for issued of subordinated debentures	(105)	87	-	-	(18)
Net	149	87	-	-	236
Convertible rights of subordinated debentures	25	-	-	-	25

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 31 May 2015, a holder of Convertible Debentures No. 1/2015 declared their intention to exercise their conversion right to convert the Convertible Debentures in an aggregate principal amount of 4,000 units or Baht 4,000 which was subsequently converted to the Company's ordinary shares in June 2015.

The Company registered the increase of its paid-up capital with the Ministry of Commerce on 19 June 2015.



20 Share capital

Par value per share (in Baht)	2015		2014	
	Number	Baht (thousand shares / thousand Baht)	Number	Baht
Authorised				
At 1 January				
- ordinary shares	1	39,867,779	39,867,779	39,867,779
- Reduction of shares	1	(5,604,116)	-	-
- Increase of new shares	1	16,000,000	-	-
At 31 December				
- ordinary shares	1	50,263,663	39,867,779	39,867,779
Issued and paid-up				
At 1 January				
- ordinary shares	1	32,166,258	32,166,258	32,166,258
Issue of new shares	1	4	-	-
At 31 December				
- ordinary shares	1	32,166,262	32,166,258	32,166,258
Share discount				
At 1 January				
- ordinary shares		32,166,258	32,166,258	5,678,076
Issue of new shares		4	-	-
At 31 December				
- ordinary shares		32,166,262	32,166,258	5,678,076

Increase of new shares

At the Extraordinary General Meeting of Shareholders held on 20 April 2015, the shareholders passed the following resolutions:

In March 2015, the Company registered its decrease in registered share capital with the Ministry of Commerce. The Company's registered share capital decreased by cancelling 5,604,115,435 unissued registered shares with a par value of Baht 1 per share. The capital reduction decreased the Company's registered share capital from Baht 39,867.78 million to Baht 34,263.66 million.

In June 2015, the Company has registered its increase in paid-up share capital with the Ministry of Commerce. The Company's registered share capital increased by Baht 16,000 million from Baht 34,263.66 million to Baht 50,263.66 million by the creation of an additional 16,000,000,000 ordinary shares with a par value of Baht 1 per share to be offered to existing shareholders through private placement.

21 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.



22 Segment reporting

Prior to 2 October 2015, 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

As discussed in Note 2 to the financial statements following the liquidation of SSI UK, coke manufacturing and steel making plants has been discontinued from 2 October 2015. Information about coke manufacturing and steel making plants business segment previously reported but are now presented on discontinued operations are as follows:

Unit: Thousand Baht

	Coke manufacturing and steel making plants	
	For the period from 1 January to 2 October 2015	For the year ended 31 December 2014
External revenue	11,714,193	32,200,494
Inter-segment revenue	5,790,190	14,608,493
Segment profit (loss) before income tax	38,036,617	(4,395,839)
Reportable segment		
Assets as at 31 December 2015	-	42,025,093
Reportable segment		
Liabilities as at 31 December 2015	-	4,486,305

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

Unit: Thousand Baht

	Manufacture of hot rolled coils		Maintenance services		Deep-sea port services		Elimination of inter-segment revenues		Total	
	2015	2014 (Restated)	2015	2014 (Restated)	2015	2014 (Restated)	2015	2014 (Restated)	2015	2014 (Restated)
External revenue	19,611,578	32,381,575	416,453	567,250	144,974	143,572	-	-	20,173,005	33,092,397
Inter-segment revenue	-	-	185,013	235,682	99,037	139,597	(284,050)	(375,279)	-	-
Segment profit (loss) before income tax	(2,872,631)	(443,928)	(34,216)	(143,621)	(123,764)	72,536	162,307	18,574	(2,868,304)	(496,439)
Reportable segment assets as at 31 December	26,880,704	66,304,357	354,778	477,137	1,813,756	2,068,139	(384,471)	8,402,232	28,664,767	77,251,865
Reportable segment liabilities as at 31 December	64,321,980	36,344,910	338,782	436,242	313,954	366,954	(70,946)	34,685,245	64,903,770	71,833,351



Reconciliation of reportable segment profit or loss and assets

Unit: Thousand Baht

For the year ended 31 December

Profit or loss

Total loss for reportable segments
Elimination of inter-segment profits
Elimination of discontinued operations
Consolidated loss before income tax

	2015	2014
	(41,067,228)	(515,013)
	162,307	18,574
	38,036,617	-
	(2,868,304)	(496,439)

Assets

Total assets for reportable segments
Elimination of inter-segment assets
Consolidated total assets

	29,049,238	68,849,633
	(384,471)	8,402,232
	28,664,767	77,251,865

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.

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

Unit: Thousand Baht

	Revenues	
	2015	2014 (Restated)
Thailand	20,100,903	32,835,336
Japan	31,854	71,420
United Kingdom	20,500	147,726
Europe	3,097	26,547
Other	16,651	11,368
Total	20,173,005	33,092,397

Major customer

Revenues from 2 customers of the Group's segment 1 represent approximately Baht 7,623 million (2014: Baht 20,299 million).

23 Selling expenses

Unit: Thousand Baht

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Distribution expenses	308,046	269,652	308,046	269,652
Employee benefit expenses	30,351	32,030	22,817	23,740
Others	6,417	9,146	4,934	5,117
Total	344,814	310,828	335,797	298,509



24 Administrative expenses

Unit: Thousand Baht

	Consolidated financial statements		Separate financial statements	
	2015	2014 (Restated)	2015	2014
Employee benefit expenses	278,565	280,805	242,530	260,564
Travelling expenses	24,925	71,278	22,891	67,563
Bad debt and doubtful expenses	35,960	42,110	34,938	37,203
Depreciation and amortisation expenses	72,485	37,760	33,599	33,472
Rental and utility expenses	34,586	32,736	27,141	25,681
Loss on written-off assets	1,958	155	1,958	155
Professional fee	38,474	14,630	34,901	12,247
Taxes and other fees	16,070	11,647	11,391	9,335
Advertisement and public relation expenses	6,095	8,524	5,402	8,524
Insurance premium expenses	12,307	7,812	11,409	7,474
Wages and salaries	5,470	6,357	-	-
Training expenses	1,270	2,119	787	1,740
Supplies	4,332	1,299	3,904	1,299
Loss from sale raw materials	59,238	41,973	59,740	-
Penalty	457,912	-	457,912	-
Idle cost	108,952	-	65,616	-
Others	10,388	166,867	47,067	103,446
Total	1,168,987	726,072	1,061,186	568,703

25 Employee benefit expenses

Unit: Thousand Baht

	Consolidated financial statements		Separate financial statements	
	2015	2014 (Restated)	2015	2014
Management				
Wages and salaries	68,832	70,142	50,357	58,610
Defined benefit plans	3,932	3,569	2,824	2,850
Post employment benefit plan	1,931	1,814	1,809	1,700
Long-term employee benefits	16	15	13	12
	74,711	75,540	55,003	63,172
Other employees				
Wages and salaries	662,824	752,547	474,646	538,368
Defined benefit plans	35,952	35,852	25,945	25,847
Post employment benefit plan	21,529	19,898	15,279	14,204
Long-term employee benefits	2,655	2,726	1,713	1,759
	722,960	811,023	517,583	580,178
Total	797,671	886,563	572,586	643,350

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.

26 Expenses by nature

Unit: Thousand Baht

	Consolidated financial statements		Separate financial statements	
	2015	2014 (Restated)	2015	2014
Changes in inventories of finished goods and work in progress	1,639,638	610,038	1,689,494	755,387
Raw materials and consumables used	15,141,971	27,455,264	15,077,614	27,081,389
Employee benefit expenses	722,960	811,023	517,583	580,178
Sub-contractor and wage	235,566	199,717	-	-
Fuel oil and electrical expenses	395,289	508,409	575,638	736,870
Depreciation and amortisation expenses	467,735	597,867	348,103	466,395
Maintenance expenses	159,790	256,167	153,244	246,887
Transportation expenses	311,323	271,475	308,046	269,652
Loss on decline in value of inventories (reversal)	(239,139)	454,151	(239,139)	454,151
Professional fee	38,474	14,630	34,901	12,247
Minimum lease payments recognised as an operating lease expenses	34,535	33,190	34,535	33,190
Bad debt and doubtful expenses	43,960	42,110	34,938	37,203
Advertising and public relation expenses	8,709	16,304	8,017	16,264
Loss recognised on the liquidation of subsidiary	-	-	64,328,526	-
Loss from sale raw materials	59,970	41,973	59,740	-
Penalty	431,031	-	431,031	-
Others	1,454,445	560,490	1,406,756	469,965
Total cost of sales of goods and cost of rendering of services, selling expenses and administrative expenses	20,906,257	31,872,808	84,769,027	31,159,778

27 Finance costs

Unit: Thousand Baht

	Consolidated financial statements		Separate financial statements	
	2015	2014 (Restated)	2015	2014
Interest expenses	2,376,516	1,691,175	2,345,440	1,669,894
Bank charges	9,234	7,555	8,909	7,203
Loss on interest rate swap agreements	2,599	12,587	2,599	12,587
Total	2,388,349	1,711,317	2,356,948	1,689,684

28 Income tax expense

Income tax recognised in profit or loss

Unit: Thousand Baht

	Note	Consolidated financial statements		Separate financial statements	
		2015	2014	2015	2014
Current tax expense					
Current year		5,854	4,452	-	-
Deferred tax expense					
Movements in temporary differences	14	(13,709)	(29,898)	(149)	-
Total		(7,855)	(25,446)	(149)	-



Income tax recognised in other comprehensive income

Unit: Thousand Baht

	Consolidated financial statements					
	2015			2014		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
Foreign currency translation differences for foreign operations	(555,555)	-	(555,555)	(37,582)	-	(37,582)
Impairment loss on property, plant and equipment previously revalued	(92,130)	18,426	(73,704)	-	-	-
Depreciation on revaluation surplus	(179,170)	36,011	(143,159)	(237,112)	48,402	(188,710)
Defined benefit plan actuarial losses	-	-	-	(13,388)	(514)	(13,902)
Total	(826,855)	54,437	(772,418)	(288,082)	47,888	(240,194)

Unit: Thousand Baht

	Separate financial statements					
	2015			2014		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
Impairment loss on property, plant and equipment previously revalued	(92,130)	18,426	(73,704)	-	-	-
Depreciation on revaluation surplus	(159,637)	32,412	(127,225)	(214,990)	43,623	(171,367)
Defined benefit plan actuarial losses	-	-	-	(15,960)	-	(15,960)
Total	(251,767)	50,838	(200,929)	(230,950)	43,623	(187,327)

Reconciliation of effective tax rate

Consolidated financial statements			
2015		2014	
Rate (%)	(in thousand Baht)	Rate (%)	(in thousand Baht)
	(2,868,304)		(4,892,278)
	<u>(573,661)</u>		<u>(978,456)</u>
Income tax using the Thai corporation tax rate	20	20	(978,456)
Effect of different tax rates in foreign jurisdictions	-	1	(29,558)
Income not subject to tax	1	3	(169,738)
Expenses not deductible for tax purposes	(3)	(1)	40,942
Recognition of previously unrecognised tax losses	-	2	(79,014)
Current year losses for which no deferred tax asset was recognised	(21)	(21)	1,046,720
Unrecognise deferred tax assets and deferred tax liabilities during the year	3	(3)	160,724
Others	-	-	(17,066)
Total	(7,855)	1	(25,446)



Separate financial statements				
2015		2014		
Rate (%)	(in thousand Baht)	Rate (%)	(in thousand Baht)	
	(67,123,662)		(346,270)	
Loss before income tax expense				
Income tax using the Thai corporation tax rate	20 (13,424,732)	20 (69,254)		
Income not subject to tax	- (6,173)	5 (16,900)		
Expenses not deductible for tax purposes	- 47,226	(12) 40,009		
Recognition of previously unrecognised tax losses	(1) 568,238	23 (79,014)		
Unrecognised deferred tax assets and deferred tax liabilities during the year	(19) 12,815,292	(36) 125,159		
Total	- (149)	- -		

Income tax reduction

Royal Decree No. 577 B.E. 2557 dated 10 November 2014 grants the reduction to 20% of net taxable profit for the accounting period 2015 which begins on or after 1 January 2015.

On 22 January 2016, The National Legislative Assembly has approved a reduction of the corporate income tax rate from 30% to 20% of net taxable profit for the accounting period which begins on or after 1 January 2016.

The Group has applied the reduced tax rate of 20% in measuring deferred tax assets and liabilities as at 31 December 2015 and 2014 in accordance with the clarification issued by the FAP in 2012.

29 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 percent of the total investment made, excluding the price of land and working capital. The amount of income tax exempted thus must not exceed Bath 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 percent of the total investment made, excluding the price of land and working capital. The amount of income tax exempted thus must not exceed Bath 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 percent 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:

Unit: Thousand Baht

	Consolidated financial statements					
	2015			2014		
	Promoted businesses	Non-promoted businesses	Total	Promoted businesses	Non-promoted businesses	Total
Export sales and services	-	72,102	72,102	-	256,624	256,624
Local sales and services	18,432	20,366,520	20,384,952	169,517	33,041,535	33,211,052
Eliminations	(18,237)	(265,812)	(284,049)	(107,692)	(267,587)	(375,279)
Total Revenue	195	20,172,810	20,173,005	61,825	33,030,572	33,092,397

Unit: Thousand Baht

	Separate financial statements					
	2015			2014		
	Promoted businesses	Non-promoted businesses	Total	Promoted businesses	Non-promoted businesses	Total
Export sales	-	31,854	31,854	-	217,374	217,374
Local sales and services	-	19,579,724	19,579,724	-	32,164,201	32,164,201
Total Revenue	-	19,611,578	19,611,578	-	32,381,575	32,381,575

30 Basic/diluted earnings (loss) per share

The calculations of basic/diluted loss per share for the years ended 31 December 2015 and 2014 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	
	2015			2014			2015	2014
	Continuing operation	Discontinued operation	Total	Continuing operations	Discontinued operation	Total		
	<i>(in thousand Baht / thousand shares)</i>							
Loss for the year attributable to ordinary shareholders of the Company (statement of comprehensive income)	(2,860,449)	(38,036,617)	(40,897,066)	(470,993)	(4,395,839)	(4,866,832)	(67,123,513)	(346,270)
Number of ordinary shares outstanding at 1 January	32,166,258	32,166,258	32,166,258	32,166,258	32,166,258	32,166,258	32,166,258	32,166,258
Effect of conversion of convertible debentures on 31 May 2015	4	4	4	-	-	-	4	-
Weighted average number of ordinary shares outstanding (basic)	32,166,262	32,166,262	32,166,262	32,166,258	32,166,258	32,166,258	32,166,262	32,166,258
Loss per share (basic) (in Baht)	(0.09)	(1.18)	(1.27)	(0.01)	(0.14)	(0.15)	(2.09)	(0.01)

Diluted earnings per share

The incremental shares from assumed conversions are not included in calculating the diluted per-share amounts for the consolidated and separate financial statement for 2015 and 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).

31 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 15). 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:

	Consolidated financial statements				Total
	Effective interest rate (% per annum)	Within 1 year	After 1 year but within 5 years (in thousand Baht)	After 5 years	
2015					
Current					
Short-term loans from financial institutions					
- Secured	3.35 - 18.00	12,030,538	-	-	12,030,538
- Unsecured		128,562	-	-	128,562
Short-term loans from related parties - unsecured	8.50	637,000	-	-	637,000
Long-term loans from financial institutions-current portion	6.75 - 23.00	7,033,461	-	-	7,033,461
Long-term borrowings classified as current liabilities - secured	6.75 - 23.00	6,629,285	-	-	6,629,285
Finance lease liabilities -current portion	6.50 - 7.56	68,763	-	-	68,763
Hire purchase liabilities -current portion	0.39 - 6.69	3,630	-	-	3,630
Non-current					
Finance lease liabilities	6.50 - 7.56	-	72,005	-	72,005
Hire purchase liabilities	0.39 - 6.69	-	1,003	-	1,003
Total		26,531,239	73,008	-	26,604,247



Consolidated financial statements					
	Effective interest rate (% per annum)	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

	Separate financial statements				Total
	Effective interest rate (% per annum)	Within 1 year	After 1 year but within 5 years (in thousand Baht)	After 5 years	
2015					
Current					
Short-term loans from financial institutions	3.35 - 18.00	11,888,671	-	-	11,888,671
Short-term loans from related parties - unsecured	8.50	645,000	-	-	645,000
Long-term loans from financial institutions-current portion	6.75 - 23.00	7,033,461	-	-	7,033,461
Long-term borrowings classified as current liabilities-secured	6.75 - 23.00	6,629,285	-	-	6,629,285
Hire purchase liabilities -current portion	4.76 - 6.69	2,912	-	-	2,912
Non-current					
Hire purchase liabilities	4.76 - 6.69	-	843	-	843
Total		26,199,329	843	-	26,200,172



	Separate financial statements				Total
	Effective interest rate (% per annum)	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

Foreign currency risk

The Group is exposed to foreign currency risk relating to purchases which are denominated in foreign currencies. The Group primarily utilised 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:

Unit: Thousand Baht

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
United States Dollars				
Cash and cash equivalents	-	161,464	-	-
Trade accounts receivable	1,496	439,614	-	28,803
Interest-bearing liabilities	-	(26,445,346)	-	-
Trade accounts payable	(2,587,002)	(7,093,072)	(2,576,387)	(7,689,702)
Provision made for loss on guarantee given and others	(30,534,752)	-	(30,534,752)	-
Other current liabilities	(889,096)	(789,348)	(889,096)	(789,348)
Gross balance sheet exposure	(34,009,354)	(33,726,688)	(34,000,235)	(8,450,247)
Forward purchase contracts	(1,506)	6,559,896	-	6,559,896
Net exposure	(34,007,848)	(27,166,792)	(34,000,235)	(1,890,351)
Pound Sterling				
Cash and cash equivalents	-	3,102	-	-
Trade accounts receivable	547	180,666	-	-
Trade accounts payable	-	(3,197,668)	-	-
Other current liabilities	(3,785)	-	(3,785)	-
Gross balance sheet exposure	(3,238)	(3,013,900)	(3,785)	-
Forward purchase contracts	-	3,197,668	-	-
Net exposure	(3,238)	183,768	(3,785)	-



Unit: Thousand Baht

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Euro				
Cash and cash equivalents	-	398	-	-
Trade accounts receivable	627	83,857	-	-
Trade accounts payable	(4,844)	(99,627)	(4,844)	(26,054)
Other current liabilities	(7,606)	(8,821)	(7,606)	(8,821)
Gross balance sheet exposure	(11,823)	(24,193)	(12,450)	(34,875)
Forward purchase contracts	-	73,573	-	-
Net exposure	(11,823)	49,380	(12,450)	(34,875)
YEN				
Trade accounts payable	(319)	(291)	(291)	(266)
Gross balance sheet exposure	(319)	(291)	(291)	(266)
Net exposure	(319)	(291)	(291)	(266)
Australian Dollars				
Trade accounts receivable	462	4,331	-	-
Gross balance sheet exposure	462	4,331	-	-
Forward purchase contracts	(468)	-	-	-
Net exposure	(6)	4,331	-	-

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:

Unit: Thousand Baht

	Consolidated financial statements		Separate financial statements	
	Fair value	Carrying value	Fair value	Carrying value
2015				
Current				
Forward exchange contracts - liabilities	1,952	1,974	-	-
Total	1,952	1,974	-	-
2014				
Current				
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

32 Commitments with non-related parties

Unit: Million Baht

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Capital commitments				
<i>Contracted but not provided for</i>				
Machinery and equipment	47	132	44	16
Total	47	132	44	16

As at 31 December 2015, the Group had capital commitment of Baht 42.7 million, EUR 0.06 million and GBP 0.03 million in relation to the acquisition and installation of machinery and equipment.

As at 31 December 2015, the Company had capital commitment of Baht 39.9 million, GBP 0.03 million, and EUR 0.06 million in relation to the acquisition and installation of machinery and equipment.

Unit: Million Baht

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Non-cancellable operating lease commitments				
Within one year	16	23	14	4
After one year but within five years	5	4	3	-
Total	21	27	17	4
Other commitments				
Raw materials purchases	560	4,212	559	2,184
Letters of credit	-	67	-	3
Bank guarantees	176	151	106	106
Other agreements	645	1,336	635	1,253
Total	1,381	5,766	1,300	3,546

As at 31 December 2015, 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 (2014: Baht 11 million);
- contractual performance amounting to Baht 54.8 million, GBP 0.03 million and AUD 0.03 million (2014: Baht 29.9 million, GBP 0.03 million and AUD 0.03 million); and
- Electricity usage Baht 106.7 million (2014: Baht 106.7 million).

As at 31 December 2015, the Group had other commitments in relation to purchase spare parts and equipment supplies, and to obtain maintenance services amounting to Baht 122.7 million, USD 2.8 million, EUR 1.8 million, GBP 6.5 million and JPY 3.4 million (2014: Baht 1,027 million, USD 2.9 million, EUR 2.8 million, GBP 0.2 million and JPY 3.3 million).

As at 31 December 2015, the Company had other commitments in relation to purchase spare parts and equipment supplies, and to obtain maintenance services amounting to Baht 112.9 million, USD 2.8 million (2014: Baht 112.9 million, USD 2.8 million, EUR 1.8 million, GBP 6.5 million and JPY 3.3 million).

33 Contingent liabilities and contingent assets

Contingent liabilities

As at 31 December, the Group was liable to banks in respect to the following guarantees:

Unit: Thousand Baht

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Electricity supply	106,652	106,652	104,452	104,452
Performance guarantees	56,494	26,945	-	-
Others	13,160	17,497	1,110	1,110
Total	176,306	151,094	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, Klong Mae-Rumphueng forest, Prachuabkirikhan 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.

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.

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 2016, are set out below. The Group does not plan to adopt these TFRS early.

TFRS	Topic
TAS 1 (revised 2015)	Presentation of Financial Statements
TAS 2 (revised 2015)	Inventories
TAS 7 (revised 2015)	Statement of Cash Flows
TAS 8 (revised 2015)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2015)	Events After the Reporting Period
TAS 12 (revised 2015)	Income Taxes
TAS 16 (revised 2015)	Property, Plant and Equipment
TAS 17 (revised 2015)	Leases
TAS 18 (revised 2015)	Revenue
TAS 19 (revised 2015)	Employee Benefits
TAS 21 (revised 2015)	The Effects of Changes in Foreign Exchange Rates
TAS 23 (revised 2015)	Borrowing Costs
TAS 24 (revised 2015)	Related Party Disclosures
TAS 26 (revised 2015)	Accounting and Reporting by Retirement Benefit Plans

TFRS	Topic
TAS 27 (revised 2015)	Separate Financial Statements
TAS 28 (revised 2015)	Investments in Associates and Joint Ventures
TAS 33 (revised 2015)	Earnings Per Share
TAS 34 (revised 2015)	Interim Financial Reporting
TAS 36 (revised 2015)	Impairment of Assets
TAS 37 (revised 2015)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2015)	Intangible Assets
TFRS 2 (revised 2015)	Share-based Payment
TFRS 3 (revised 2015)	Business Combinations
TFRS 5 (revised 2015)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 8 (revised 2015)	Operating Segments
TFRS 10 (revised 2015)	Consolidated Financial Statements
TFRS 11 (revised 2015)	Joint Arrangements
TFRS 12 (revised 2015)	Disclosure of Interests in Other Entities
TFRS 13 (revised 2015)	Fair Value Measurement
TSIC 15 (revised 2015)	Operating Leases – Incentives
TSIC 27 (revised 2015)	Evaluating the Substance of Transactions in the Legal Form of a Lease
TSIC 29 (revised 2015)	Disclosure – Service Concession Arrangements
TSIC 32 (revised 2015)	Intangible Assets – Web Site Costs

TFRS	Topic
TFRIC 1 (revised 2015)	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4 (revised 2015)	Determining Whether an Arrangement Contains a Lease
TFRIC 5 (revised 2015)	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 10 (revised 2015)	Interim Financial Reporting and Impairment
TFRIC 14 (revised 2015)	TAS 19 (revised 2015) Employee Benefits – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
TFRIC 17 (revised 2015)	Distributions of Non-cash Assets to Owners
TFRIC 18 (revised 2015)	Transfers of Assets from Customers

Management expects to adopt and apply these new and revised TFRS in accordance with the FAP's announcement and has made a preliminary assessment of the potential initial impact on the Group's and Company's 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.

35 Reclassification of accounts

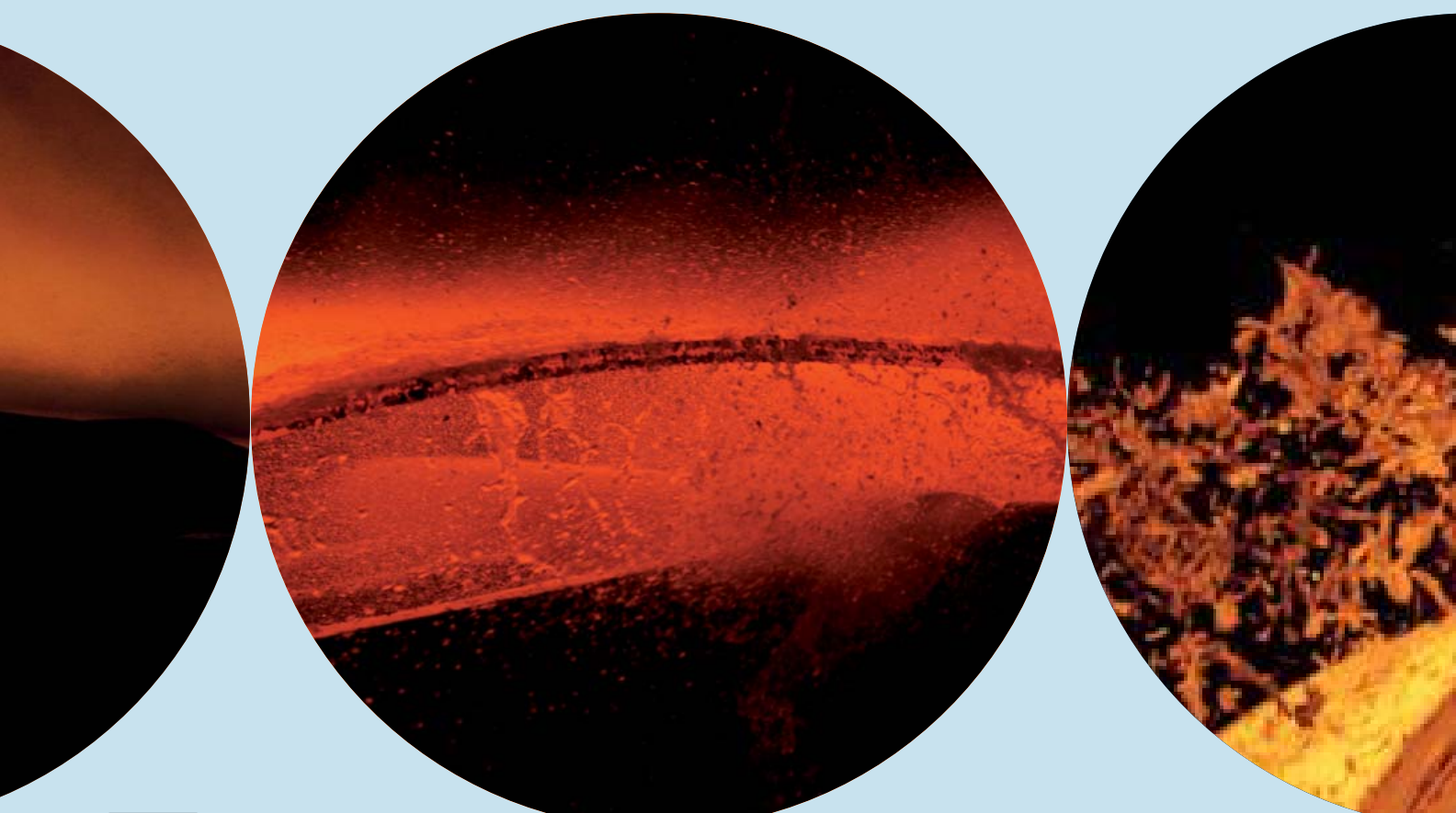
Certain accounts in 2014 financial statement, have been reclassified to conform to the presentation in the 2015 financial statements as follow:

Unit: Thousand Baht

	Consolidated financial statements		
	2014		
	Before reclass	Reclass	After reclass
<i>Statement of financial position as at 31 December 2014</i>			
Other non-current assets	53,815	(41,400)	12,415
Finance lease liabilities	(139,627)	41,400	(98,227)
Trade accounts payable	(10,851,790)	49,032	(10,802,758)
Other accounts payable to related parties	(840,550)	(49,032)	(889,582)
Current portion of long-term loans from financial institutions	(6,100,661)	(1,538,668)	(7,639,329)
Long-term borrowings classified as current liabilities	(23,572,702)	1,538,668	(22,034,034)
Total		<u>-</u>	

The reclassifications have been made because, in the opinion of management, the new classification is more appropriate to the Group's business.





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