

**SAHAVIRIYA STEEL INDUSTRIES PUBLIC COMPANY LIMITED
AND SUBSIDIARIES**

AUDITOR'S REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2018

INDEPENDENT AUDITOR'S REPORT

To The Shareholders of SAHAVIRIYA STEEL INDUSTRIES PUBLIC COMPANY LIMITED

Disclaimer of Audit Opinion

I was engaged to audit the accompanying consolidated and separate financial statements of SAHAVIRIYA STEEL INDUSTRIES PUBLIC COMPANY LIMITED AND SUBSIDIARIES (“the Group”) and of SAHAVIRIYA STEEL INDUSTRIES PUBLIC COMPANY LIMITED (“the Company”) , which comprise the consolidated and separate statements of financial position as at December 31, 2018, the consolidated and separate statements of income, comprehensive income, changes in shareholders’ equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

I do not express an opinion on the accompanying consolidated and separate financial statements of the Group and the Company. Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraph, I am unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated and separate financial statements.

Basis for Disclaimer of Opinion

Limitation of audit scope (by circumstances)

1) As stated in notes 21 to financial statements, with reference to Sahaviriya Steel Industries UK’s (“SSI UK”) intended to discontinue its operation and the liquidator have been appointed and entered into control such subsidiary. As a result, the major lender demanded immediate payment of the outstanding balances of borrowings which was secured by SSI UK’s property, plant and equipment and a guarantee by the Company. The major lenders of subsidiaries also called for the responsibility of the Company in being a guarantor for the outstanding debts. The Company recorded provisions under guarantees agreement for borrowings of SSI UK in full in 2015 for the amount of Baht 29,976 million. At present, such subsidiary is being proceeded the liquidation. Nevertheless, the lenders may be received the partial repayments from the liquidation in the future. Such amounts will be deducted from the previously recorded provisions under guarantees agreement.

As stated in notes 23 to financial statements, there are creditors submitted an application for receiving debt settlement. The Company has disputed with certain creditors since there are incorrectly balances, duplicate of ungrounded debts. As at the date of this report, there are 1 creditor are still pending the trial and there is no final order for the debt claiming by the Official Receiver. Total debt claiming which comprise principal and interest under rehabilitation plan amounted to Baht 1,928.7 million.

Because of the uncertainties and unfinished of liabilities under the rehabilitation plan of the Company due to the abovementioned matter, resulting to the Company is unable to find the debts value to be paid in the future in accordance with the Accounting Standard. Therefore, I was unable to obtain the appropriately auditing evidences as to the valuation of liabilities under business rehabilitation. As at 31 December 2018, I am unable to express that the necessary adjustments of liabilities should be made under business rehabilitation plan and the other related accounts.

2) As stated in notes 4 and 6 to financial statements, the Company has two trade accounts receivable-related parties which had the amount of Baht 3,698.9 million as at 31 December 2018 and had already provided allowance for doubtful accounts in 2016 in the amount of Baht 2,736.7 million. As a result, two trade accounts receivable-related parties had net balance amount of Baht 962.3 million and net overdue debts in full. During the year 2018, the Company made three times a notice for calling for the debt settlement from those two receivables and required the debts and interest settlement. So that, the Company has not considered to provide additionally allowance for doubtful accounts since the Management deems that the Company will able to collect total debts from those two receivables even though the Company will face the delay of debts collection. At presents the Company is negotiating with those two receivables. From such case, I am unable to obtain the appropriated accounting evidences in the adequacy review of allowance for doubtful accounts of trade accounts receivable as at 31 December 2018, and I am unable to conclude about whether the necessary adjustments that should be made on allowance for doubtful accounts and other related accounts

Material uncertainty on going concern

As described in notes 2(e) to the financial statements, the Group and the Company incurred a net profit for the year ended December 31, 2018 in the amount of Baht 227.3 million and Baht 306.0 million respectively and as at the same date, they had an operating deficit of Baht 40,474.7 million and Baht 40,377.2 million respectively.

As stipulated in the Plan, the Company needs to generate sufficient cash flows to meet both its working capital requirement and for settlement the debts from operation by issuing new share capital, conversion of outstanding debt to equity, seeking new financing as well as restructuring its debts owed to creditors. The Company has explained the progress of these activities in notes 21 to financial statements.

However, to consider that the successful of the Plan should have the following events; 1) the Company has made repayments for the outstanding principal to all creditors as stipulated in the Plan in the amount not less than 25% of the outstanding principal and either 2) the Company has obtained new funding from an investor to settle debt which resulting to the shareholders' equity of the Company becomes positive, or 3) conversion debt to equity as stipulated in the Plan resulting to the shareholders' equity of the Company becomes positive.

Since the Plan has commenced at the end of 2016, the Company could comply with the Plan and has early made the partial debts settlement. However, in the Plan had been determined the debt repayments period for 12 years, therefore, the Company is unable to conclude that the compliance with the Plan will be succeeded. From the aforementioned circumstance, that indicated the material uncertainty of the Group and the Company's operations as a going concern. Thus, the realizable value of assets may materially less than carrying value of the Group and the Company be unable to continue the operations as a going concern. These consolidated and separate financial statements do not include the reclassification and any adjustments of asset and liabilities which might be necessary should the Group and the Company be unable to generate sufficiency cash flows and raise the other source of fund.

Emphasis of Matter

Transactions between related parties

I draw your attention to notes 4 to the financial statements, for the year ended December 31, 2018, the Group and the Company had sold goods to related companies and joint venture in the normal course of business totaling Baht 4,818.6 million and Baht 4,818.6 million respectively, which represented 15.6 percent of the Group's and the Company's total sales. As at December 31, 2018, the Group's and the Company's outstanding trade accounts receivable net of allowance for doubtful accounts from those related parties amounted to Baht 1,035.2 million and Baht 1,026.3 million respectively. Moreover, for the year ended December 31, 2017, the Group and the Company has acquired goods and services rendering from related companies in the normal course of business totaling Baht 7 2 5 .3 million and Baht 1,1 1 7 .6 million respectively.

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

Management is responsible for the preparation and fair presentation of the 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 the consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

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

D I A International Audit Company Limited

(Mrs. Suvimol Chrityakierne)

C.P.A. (Thailand)

Registration No. 2982

February 28, 2019

Sahaviriya Steel Industries Public Company Limited and Subsidiaries

Statements of financial position

As at 31 December 2018

Unit: Baht

Assets	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
Current assets					
Cash and cash equivalents	5	755,830,615	1,558,770,463	691,250,798	1,472,841,805
Trade accounts receivable	6	1,153,093,859	1,205,026,297	1,067,078,131	1,169,968,722
Other receivables from related parties	4	307,527,604	270,308,689	350,804,697	305,068,943
Inventories	7	9,672,926,352	7,368,319,367	9,659,959,172	7,357,377,713
Other current assets	8	242,627,788	910,982,488	142,507,191	852,194,922
Assets held for disposal from liquidation of subsidiary	2(f)	-	-	-	-
Total current assets		12,132,006,218	11,313,407,304	11,911,599,989	11,157,452,105
Non-current assets					
Restricted deposit at financial institution	9	98,330,568	56,807,634	92,039,430	35,784,832
Investments in subsidiaries	10	-	-	278,999,930	278,999,930
Investments in joint venture	12	2,598,112,470	2,709,650,450	3,159,668,346	3,159,668,346
Other long-term investment	13	-	-	-	-
Property, plant and equipment	14	11,048,410,953	11,302,042,288	9,740,470,652	9,902,762,583
Other intangible assets	15	13,294,302	128,555,280	7,588,266	122,571,280
Deferred tax assets	16	8,351,425	17,853,344	-	-
Other non-current assets		10,363,823	9,437,209	8,980,464	7,975,849
Total non-current assets		13,776,863,541	14,224,346,205	13,287,747,088	13,507,762,820
Total assets		25,908,869,759	25,537,753,509	25,199,347,077	24,665,214,925

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

Sahaviriya Steel Industries Public Company Limited and Subsidiaries

Statements of financial position

As at 31 December 2018

Unit: Baht

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
Liabilities and shareholders' equity					
Current liabilities					
Short-term borrowings from financial institutions	17	30,000,000	72,110,249	-	-
Trade accounts payable	18	5,795,983,020	3,033,056,160	5,734,700,076	3,002,207,617
Other payables to related parties	4	143,339,764	41,722,401	148,082,141	44,819,133
Current portion of finance lease liabilities	20	17,401,694	15,935,722	624,794	-
Current portion of long-term borrowings from financial institutions	21	1,045,961,718	1,038,619,703	1,045,961,718	1,038,619,703
Current portion of other payables under rehabilitation plan	21	61,278,531	60,632,780	61,278,531	60,632,780
Current portion of provisions under guarantee	21	511,058,890	498,484,800	511,058,890	498,484,800
Short-term borrowings from related parties	4, 21	-	-	7,990,859	7,990,859
Provisions for onerous contracts		1,072,952	691,131	1,072,952	691,131
Current income tax payable		4,306,925	-	-	-
Other current liabilities	19	345,596,519	513,048,746	268,378,665	463,209,163
Total current liabilities		7,956,000,013	5,274,301,692	7,779,148,626	5,116,655,186
Non-current liabilities					
Finance lease liabilities	20	4,130,859	17,739,839	1,324,706	-
Long-term borrowings from financial institutions	21	21,057,748,090	23,319,835,439	21,057,748,090	23,319,835,439
Other payables under rehabilitation plan	21	1,784,075,499	1,853,026,021	1,784,075,499	1,853,026,021
Provisions under guarantees	21	24,087,183,958	25,476,910,040	24,087,183,958	25,476,910,040
Accrued interest under rehabilitation plan	21	9,073,956,636	8,277,827,269	9,073,956,636	8,277,827,269
Non-current provisions for employee benefit	22	200,357,792	192,018,776	165,353,321	159,047,386
Deferred tax liabilities	16	43,349,647	61,403,631	13,896,481	31,280,295
Other non-current liabilities		823,876	823,876	823,876	823,876
Total non-current liabilities		56,251,626,357	59,199,584,891	56,184,362,567	59,118,750,326
Total liabilities		64,207,626,370	64,473,886,583	63,963,511,193	64,235,405,512

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

Sahaviriya Steel Industries Public Company Limited and Subsidiaries

Statements of financial position

As at 31 December 2018

Unit: Baht

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
Liabilities and shareholders' equity					
Shareholders' equity					
Share capital	24				
Authorized share capital		11,113,018,280	11,113,018,280	11,113,018,280	11,113,018,280
Issued and paid-up share capital		11,113,018,280	1,113,018,280	11,113,018,280	1,113,018,280
Share discount on ordinary shares issuance		(9,500,000,000)	-	(9,500,000,000)	-
Deficit		(40,474,693,091)	(40,667,235,140)	(40,377,182,396)	(40,683,208,867)
Equity attributable to owners of the Company		(38,861,674,811)	(39,554,216,860)	(38,764,164,116)	(39,570,190,587)
Non-controlling interests	11	562,918,200	618,083,786	-	-
Capital deficiency/total shareholders' equity		(38,298,756,611)	(38,936,133,074)	(38,764,164,116)	(39,570,190,587)
Total liabilities and shareholders' equity		25,908,869,759	25,537,753,509	25,199,347,077	24,665,214,925

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

Sahaviriya Steel Industries Public Company Limited and Subsidiaries

Statements of comprehensive income

For the year ended 31 December 2018

Unit: Baht

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
Income					
Revenue from sale of goods		30,863,945,082	24,976,384,730	30,864,279,682	24,975,851,521
Revenue from rendering of services		564,207,595	355,188,684	-	-
Net gain on exchange rate		338,162,630	2,952,224,033	337,972,654	2,951,627,200
Dividend income	10,12	-	-	114,400,871	56,100,000
Effects from flooding net	27	-	142,551,415	-	88,093,705
Other income		42,482,140	25,680,537	59,108,127	32,896,926
Total income		31,808,797,447	28,452,029,399	31,375,761,334	28,104,569,352
Expenses					
Cost of sales		28,904,135,265	21,602,249,736	29,007,560,884	21,698,627,852
Cost of rendering of services		385,433,659	238,490,835	-	-
Distribution costs		580,510,211	437,308,141	568,497,227	428,442,617
Administrative expenses		610,458,285	537,471,935	528,911,880	452,773,321
Management benefit expenses	4	94,908,034	87,512,203	81,337,953	73,992,517
Loss on onerous contracts (reversal)		381,821	(18,460,987)	381,821	(18,460,987)
Finance costs		905,136,310	1,034,740,671	900,428,912	1,025,329,020
Total expenses		31,480,963,585	23,919,312,534	31,087,118,677	23,660,704,340
Share of profit (loss) by equity-accounted investees					
Joint venture	12	(87,174,079)	2,987,371	-	-
Profit (loss) before income tax		240,659,783	4,535,704,236	288,642,657	4,443,865,012
Income tax (expense) benefits	28	(13,320,291)	21,212,459	17,383,814	31,858,998
Profit (loss) for the year		227,339,492	4,556,916,695	306,026,471	4,475,724,010
Profit (loss) attributable to:					
Owners of the Company		194,305,078	4,534,664,825	306,026,471	4,475,724,010
Non-controlling interests	11	33,034,414	22,251,870	-	-
Profit (loss) for the year		227,339,492	4,556,916,695	306,026,471	4,475,724,010
Basic earnings(loss) per share (Baht)	29	0.02	4.07	0.04	4.02

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

Sahaviriya Steel Industries Public Company Limited and Subsidiaries

Statements of comprehensive income

For the year ended 31 December 2018

Unit: Baht

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
Profit (loss) for the year		<u>227,339,492</u>	<u>4,556,916,695</u>	<u>306,026,471</u>	<u>4,475,724,010</u>
Other comprehensive income					
<i>Components of comprehensive income that will not be reclassified to profit or loss :</i>					
Gains (losses) on remeasurements of defined benefit plan of joint venture	12	(1,763,029)	330,605	-	-
Other comprehensive income for the year -net of tax		<u>(1,763,029)</u>	<u>330,605</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u>225,576,463</u>	<u>4,557,247,300</u>	<u>306,026,471</u>	<u>4,475,724,010</u>
Total comprehensive income attributable to:					
Owners of the Company		192,542,049	4,534,995,430	306,026,471	4,475,724,010
Non-controlling interests	11	33,034,414	22,251,870	-	-
Total comprehensive income for the year		<u>225,576,463</u>	<u>4,557,247,300</u>	<u>306,026,471</u>	<u>4,475,724,010</u>

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

Sahaviriya Steel Industries Public Company Limited and Subsidiaries

Statements of changes in shareholder's equity

For the year ended 31 December 2018

Unit: Baht

		Consolidated financial statements							
					Retained earnings (deficit)				
		Issued and	Share discount on	Equity distribution			Equity	Non-	Total shareholders'
		paid-up	ordinary shares	from repurchase	Legal	Unappropriated	attributable to	controlling	equity
		share capital	issuance	of subordinated	reserve	(deficit)	owners of	interests	
				convertible debentures			the Company		
Note									
	Balance as at 1 January 2017	32,166,262,124	(5,678,076,131)	366,207,178	530,226,819	(71,473,832,280)	(44,089,212,290)	649,731,916	(43,439,480,374)
	Comprehensive income for the year								
	Profit (loss)	-	-	-	-	4,534,664,825	4,534,664,825	22,251,870	4,556,916,695
	Other comprehensive income	-	-	-	-	330,605	330,605	-	330,605
	Total comprehensive income for the year	-	-	-	-	4,534,995,430	4,534,995,430	22,251,870	4,557,247,300
	Share capital decrease	24	(31,053,243,844)	5,678,076,131	(366,207,178)	(530,226,819)	26,271,601,710	-	-
	Dividends paid to non-controlling interests	-	-	-	-	-	-	(53,900,000)	(53,900,000)
	Balance as at 31 December 2017	1,113,018,280	-	-	-	(40,667,235,140)	(39,554,216,860)	618,083,786	(38,936,133,074)
	Balance as at 1 January 2018	1,113,018,280	-	-	-	(40,667,235,140)	(39,554,216,860)	618,083,786	(38,936,133,074)
	Comprehensive income for the year								
	Profit (loss)	-	-	-	-	194,305,078	194,305,078	33,034,414	227,339,492
	Other comprehensive income	-	-	-	-	(1,763,029)	(1,763,029)	-	(1,763,029)
	Total comprehensive income for the year	-	-	-	-	192,542,049	192,542,049	33,034,414	225,576,463
	Share capital increase	24	10,000,000,000	(9,500,000,000)	-	-	500,000,000	-	500,000,000
	Dividends paid to non-controlling interests	-	-	-	-	-	-	(88,200,000)	(88,200,000)
	Balance as at 31 December 2018	11,113,018,280	(9,500,000,000)	-	-	(40,474,693,091)	(38,861,674,811)	562,918,200	(38,298,756,611)

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

Sahaviriya Steel Industries Public Company Limited and Subsidiaries

Statements of changes in shareholder's equity

For the year ended 31 December 2018

Unit: Baht

		Separate financial statements					
		Issued and paid-up share capital	Share discount on ordinary shares issuance	Equity distribution from shareholders from repurchase of subordinated convertible debentures	Retained earnings (deficit)		Total shareholders' equity
					Legal reserve	Unappropriated (deficit)	
Note							
	Balance as at 1 January 2017	32,166,262,124	(5,678,076,131)	366,207,178	530,226,819	(71,430,534,587)	(44,045,914,597)
	Comprehensive income for the year						
	Profit (loss)	-	-	-	-	4,475,724,010	4,475,724,010
	Other comprehensive income	-	-	-	-	-	-
	Total comprehensive income for the year	-	-	-	-	4,475,724,010	4,475,724,010
	Share capital decrease	(31,053,243,844)	5,678,076,131	(366,207,178)	(530,226,819)	26,271,601,710	-
	Balance as at 31 December 2017	1,113,018,280	-	-	-	(40,683,208,867)	(39,570,190,587)
	Balance as at 1 January 2018	1,113,018,280	-	-	-	(40,683,208,867)	(39,570,190,587)
	Comprehensive income for the year						
	Profit (loss)	-	-	-	-	306,026,471	306,026,471
	Other comprehensive income	-	-	-	-	-	-
	Total comprehensive income for the year	-	-	-	-	306,026,471	306,026,471
	Share capital increase	10,000,000,000	(9,500,000,000)	-	-	-	500,000,000.00
	Balance as at 31 December 2018	11,113,018,280	(9,500,000,000)	-	-	(40,377,182,396)	(38,764,164,116)

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

Sahaviriya Steel Industries Public Company Limited and Subsidiaries

Statements of cash flows

For the year ended 31 December 2018

Unit: Baht

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
<i>Cash flows from operating activities</i>				
Profit (loss) for the year	227,339,492	4,556,916,695	306,026,471	4,475,724,010
<i>Adjustments for</i>				
Depreciation and amortization	746,089,755	742,126,121	638,009,157	636,506,294
Bad debts and doubtful accounts	4,546,786	8,032,163	4,546,786	8,032,163
Loss on devaluation of inventories (reversal)	431,970,776	(74,163,700)	431,970,776	(74,067,097)
Unrealized loss (gain) on exchange rate	(239,191,521)	(2,770,243,458)	(239,564,096)	(2,769,857,183)
Amortised income tax deducted at source	973,309	6,929,493	973,309	6,929,493
Write off equipment	9,396,409	45,281,366	9,396,407	16,341,998
Impairment loss on intangible assets	95,474,910	-	95,474,910	-
Employee benefit provisions	19,119,401	20,545,454	16,176,080	16,698,008
Loss on onerous contracts (reversal)	381,821	(18,460,987)	381,821	(18,460,987)
Loss (gain) on disposal of equipment	(205,607)	(172,731)	(205,607)	(149,170)
Share of loss of joint venture (net of tax)	87,174,079	(2,987,371)	-	-
Finance costs	905,136,310	1,034,740,671	900,428,912	1,025,329,020
Dividend income	-	-	(114,400,871)	(56,100,000)
Reversed tax expense (income)	13,320,291	(21,212,459)	(17,383,814)	(31,858,998)
<i>Profit (loss) from operating activities before changes in operating assets and liabilities :</i>	2,301,526,211	3,527,331,257	2,031,830,241	3,235,067,551
<i>Changes in operating assets and liabilities</i>				
Trade accounts receivable	51,675,291	76,297,349	102,890,592	82,311,832
Other receivables from related parties	(41,765,701)	(2,601,482)	(50,282,540)	(23,820,790)
Inventories	(2,736,577,761)	(784,409,073)	(2,734,552,235)	(787,045,999)
Other current assets	674,482,191	(5,179,534)	698,350,720	19,112,283
Other non-current assets	(926,614)	10,298,599	(1,004,615)	9,834,639
Trade accounts payable	2,809,275,341	809,027,343	2,778,956,368	817,320,194
Other payables to related parties	101,617,363	5,553,045	103,263,008	(247,461)
Other current liabilities	(162,798,632)	21,975,896	(190,176,903)	(18,730,931)
<i>Cash provided from operating activities</i>	2,996,507,689	3,658,293,400	2,739,274,636	3,333,801,318
Employee benefit obligations paid	(10,780,385)	(7,098,259)	(9,870,145)	(5,115,250)
Income tax paid	(36,904,802)	(24,957,381)	(1,874,870)	(1,300,303)
Income tax received	12,238,571	-	12,238,571	-
Net cash provided by operating activities	2,961,061,073	3,626,237,760	2,739,768,192	3,327,385,765

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

Sahaviriya Steel Industries Public Company Limited and Subsidiaries

Statements of cash flows (continued)

For the year ended 31 December 2018

Unit: Baht

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
<i>Cash flows from investing activities</i>				
(Increase) Decrease in restricted deposit at financial institution	(41,522,934)	(52,124,300)	(56,254,598)	(35,784,832)
Acquire of property, plant and equipment	(479,226,821)	(367,390,842)	(466,013,729)	(315,893,966)
Sales of property, plant and equipment	205,607	194,006	205,607	168,329
Acquire of intangible assets	(3,673,795)	(2,124,750)	(2,295,895)	(859,860)
Dividend received	22,600,871	-	114,400,871	56,100,000
Net cash used in investing activities	(501,617,072)	(421,445,886)	(409,957,744)	(296,270,329)
<i>Cash flows from financing activities</i>				
Finance cost paid	(88,631,954)	(105,843,889)	(83,924,556)	(96,029,351)
Increase (Decrease) in short-term borrowings				
from financial institutions	(42,110,249)	(40,251,426)	-	-
Repayments for long-term borrowings from financial institutions	(2,246,936,237)	(1,254,591,582)	(2,246,936,237)	(1,254,591,582)
Debt settlement to other creditors under rehabilitation plan	(68,304,771)	(70,645,600)	(68,304,771)	(70,645,600)
Payments for liabilities under guarantees and other agreements	(712,235,891)	(492,703,170)	(712,235,891)	(492,703,170)
Payments for hire purchase and finance lease liabilities	(15,964,747)	(53,141,323)	-	(840,130)
Dividends paid	(88,200,000)	(53,900,000)	-	-
Net cash used in financing activities	(3,262,383,849)	(2,071,076,990)	(3,111,401,455)	(1,914,809,833)
Net increase (decrease) in cash and cash equivalents	(802,939,848)	1,133,714,884	(781,591,007)	1,116,305,603
Cash and cash equivalents at as 1 January	1,558,770,463	425,055,579	1,472,841,805	356,536,202
Cash and cash equivalents at as 31 December	755,830,615	1,558,770,463	691,250,798	1,472,841,805
Significant non-cash transactions				
Assets acquired under hire purchase and financial lease agreements	3,821,740	-	1,949,500	-
Other payables for property, plant and equipment acquisition	4,653,595	17,085,984	4,653,595	17,085,984
Increase share capital by debts conversion	500,000,000	-	500,000,000	-

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

Sahaviriya Steel Industries Public Company Limited and subsidiaries

Notes to the financial statements

For the year ended 31 December 2018

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Sahaviriya Steel Industries Public Company Limited and Subsidiaries

Notes to the financial statements

For the year ended 31 December 2018

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, Prachuabkirikhan, 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 major shareholders comprise Krung Thai Bank Public Company Limited held at 40.49%, Siam Commercial Bank Public Company Limited at 40.22% and Tisco Public Company Limited at 7.87%.

The principal businesses of the Company are manufacturing and distributing of hot rolled coils. Details of the Company’s subsidiaries and joint venture are given in Notes 10 and 12.

2 Basis of preparation of the financial statements

(a) Statement of compliance

The financial statements have been prepared in accordance with Thai Financial Reporting Standards (TFRS); guidelines promulgated by the Federation of Accounting Professional (“FAP”), and the Regulation of The Stock Exchange of Thailand (SET) on January 22, 2001, regarding the preparation and submission of financial statements and reports for the financial position and financial performance of the listed companies B.E. 2544. The format of presentation of the financial statements is not significantly different from the Notification of the Department of Business Development regarding “The Brief Particulars in the Financial Statements (No. 2) B.E. 2559” on October 11, 2016.

(b) Basic of measurement

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

(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 judgments

The preparation of financial statements in conformity with TFRS requires management to make judgments, 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 recognized prospectively.

Assumptions and estimation uncertainties

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

Note 2 (e)	Going concerns;
Note 12	Impairment test: key assumptions underlying recoverable amounts;
Note 16	Recognition of deferred tax assets; availability of future taxable profit against which tax losses carried forward can be used;
Note 22	Measurement of defined benefit obligations: key actuarial assumptions; and
Note 32	Recognition and measurement of provisions and contingencies; key assumptions about the likelihood and magnitude cash flow of resources.

Measurement of fair values

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

The Company/ 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 Chief financial officer.

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 Company Audit Committee.

When measuring the fair value of an asset or a liability, the Company 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 categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized 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 Company/ the Group recognizes 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 31 Financial instruments

(e) Going concern

For the year ended 31 December 2018, the Group has a net profit amount of Baht 227.3 million (2017: net profit amount of Baht 4,556.9 million) and as at the same date, the Group had cumulative deficit of amount of Baht 40,474.7 million (2017: amount of Baht 40,667.2 million), negative shareholders amount of Baht 38,298.7 million (2017 : amount of Baht 38,936.1 million).

For the year ended 31 December 2018, the Company has a net profit amount of Baht 306.0 million (2017: net profit amount of Baht 4,475.7 million) and as at the same date, the Company had cumulative deficit amount of Baht 40,377.2 million (2017: amount of Baht 40,683.2 million) , negative shareholders amount of Baht 38,764.1 million (2017: amount of Baht 39,570.2 million).

In 2015 Board of directors allowed the Company to file the petition for rehabilitation its business to the Central Bankruptcy Court on 1 October 2015. The Central Bankruptcy Court ordered to approve with the rehabilitation plan on 15 December 2016. The Plan is determined the Company to be a planner.

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 achieved 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 dependent on the success of the business rehabilitation plan as well as the measures taken to improve profitability and cash flows, the success of capital restructuring, the ability to repay debts on schedule over the periods and the availability of financing from other sources to meet funding requirements.

The consolidated and separate financial statements a do not include any adjustments to the reclassification or carrying value of assets and liabilities that necessary should if the Group and the Company be unable to continue their operations as going concerns. If the Group and the Company were unable to continue as going concerns, the realizable value of assets may be significantly less than their current carrying value and additional liabilities may be incurred.

(f) 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., from the results of operating loss and continuously reducing of the world steel price, as a result, SSI UK has stopped its steel slab manufacturing and the liquidator was appointed and become control. The Company has no a power to control the business or operation of SSI UK Limited anymore Nevertheless, assets and liabilities of SSI UK were eliminated from the consolidated financial statements and instead of the recognition of investment in SSI UK which were amortized in full by net realizable value during the 2015.

Net interests and carrying value of investments in SSI UK has been transferred to assets held for disposal in the separate financial statements as at 31 December 2018 and 2017. Details are as follows:

Unit : Thousand Baht

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

(g) New Financial Reporting Standards

Financial Reporting Standards that became effective in the current year

During the year, the Group and the Company has adopted a number of revised financial reporting standards and interpretations (revised 2017) which are effective for the financial statements for the period beginning on or after January 1, 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes and clarifications directed towards disclosures in the notes to financial statements. The adoption of these financial reporting standards does not have any significant impact on the Group and the Company’s financial statements.

Financial reporting standards will be effective in the future

During the year, the Federation of Accounting Professions issued the financial reporting standard TFRS 15 Revenue from Contracts with Customers and a set of Financial Instruments which effective for the financial statements for the period beginning on or after January 1, 2019 and January 1, 2020.

The management of the Group and the Company has not adopted that Thai Financial Reporting Standards in the financial statements preparation earlier application permitted.

- 1) Thai Financial Reporting Standards which will become effective for the financial statements for the accounting period beginning on or after January 1, 2019.

TFRS 15 Revenue from Contracts with Customers, establishes the principles that the information about the nature, amount, timing and uncertainty of revenue and cash flows from a contract with a customer, is to be reported to the users of financial statements. The entity recognizes revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The entity applies a five-step model to account for revenue and exercise judgement, taking into consideration when applying each step of the model.

TFRS 15 Revenue from Contracts with Customers supersedes the Thai Accounting Standards, Thai Standing Interpretations Committee and Thai Financial Reporting Interpretations Committee as detailed below:

Thai Accounting Standards

TAS 11 (Revised 2017) Construction contracts

TAS 18 (Revised 2017) Revenue

Thai Financial Reporting Standards Interpretations

TFRIC 13 (Revised 2017) Customer Loyalty Programmes

TFRIC 15 (Revised 2017) Agreements for the Construction of Real Estate

TFRIC 18 (Revised 2017) Transfers of Assets from Customers

Thai Standing Interpretations Committee

TSIC 31 (Revised 2017) Revenue - Barter Transactions Involving Advertising Services

At present, the Management of the Group and the Company has assessed that there is no impact of the above Thai Financial Reporting Standards on the financial statements which will become effective in the future.

- 2) Thai Financial Reporting Standards which will become effective for the financial statements for the accounting period beginning on or after January 1, 2020.

During the year, the Federation of Accounting Professions announced for adoption the set of Thai Financial Reporting Standards relating to Financial Instruments, which comprise five issues of accounting standards and interpretations as below:

Thai Financial Reporting Standards

TFRS 9	Financial Instruments
TFRS 7	Financial Instruments: Disclosures

Thai Accounting Standards

TAS 32	Financial Instruments: Presentation
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Thai Financial Reporting Standards Interpretations

TFRIC 16	Hedges of a Net Investments in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

The above set of Thai Financial Reporting Standards (TFRSs) sets out the requirements for the classification and measurement of financial instrument at the fair value or amortized cost by considering from the type of instruments, contractual cash flow characteristics and the entity's business model, including the impairment methodology by using the expected credit loss, and the general hedge accounting, as well as the presentation and disclosures of financial instrument. When this set of TFRSs are effective, as a result, some currently effective accounting standards, interpretations and guidance will be cancelled.

At present, the Management of the Group and the Company is being assessed the impacts of those financial reporting standards which will be effective in the future on the financial statements.

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.

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 acquisition date is the date on which control is transferred to the acquirer. Judgment 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 recognized amount of any non-controlling interest in the acquiree, less the net recognized 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 recognized 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.

Non-controlling interests

At the acquisition date, the Group measures any non-controlling interest at its proportionate interest in the identifiable net assets of the acquiree.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Loss of control

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related non-controlling interest and other components of equity. Any resulting gain or loss is recognized 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 recognized 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 unrealized income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealized gains arising from transactions with joint venture are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized 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 are translated to the functional currency at the exchange rate at the reporting date.

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.

(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.

(d) **Hedging**

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 recognized 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 recognized 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 amortized to interest income or expense over the life of the agreements.

(e) **Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank and highly liquid short-term investments with restriction.

(f) **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.

(g) **Inventories**

Inventories are measured at the lower of cost and net realizable 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 realizable value is the estimated selling price in the ordinary course of business less the estimated costs to complete and to make the sale.

(h) *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 recognized in profit or loss. Gains are not recognized in excess of any cumulative impairment loss.

(i) *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 recognized 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.

(j) ***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 recognized as income. Instead it is deferred and amortized over the lease term.

The Group recognized 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.

(k) ***Property, plant and equipment***

Recognition and measurement

Owned assets

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. 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 recognized net within other income in profit or loss.

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.

Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognized 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 derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized 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 charge to profit or loss and is based on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment or the unit of production. The estimated useful lives are as follows:

Land improvements	5	years
Leasehold and leasehold improvements	5 and 10	years
Buildings and building improvements	5 and 20	years
Machinery, tools and equipment		
- in production line	The unit of production	
- 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

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.

(l) **Intangible assets**

Intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization 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 recognized in profit or loss as incurred.

Amortization

Amortization is based on the cost of the asset, or other amount substituted for cost, less its residual value.

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives for the current and comparative periods are as follows:

Software licenses	3 - 10 years
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Amortization methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(m) **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 recognized if the carrying amount of an asset exceeds its recoverable amount. The impairment loss is recognized in profit or loss.

When a decline in the fair value of an available-for-sale financial asset has been recognized directly in equity and there is objective evidence that the value of the asset is impaired, the cumulative loss that had been recognized directly in equity is recognized in profit or loss even though the financial asset has not been derecognized. The amount of the cumulative loss that is recognized in profit or loss is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognized in profit or loss.

Calculation of recoverable amount

The recoverable amount of held-to-maturity securities carried at amortized 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 recognized in profit or loss. For financial assets carried at amortized cost and available-for-sale financial assets that are debt securities, the reversal is recognized in profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognized in other comprehensive income.

Impairment losses recognized 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 amortization, if no impairment loss had been recognized.

(n) *Interest-bearing liabilities*

Interest-bearing liabilities are recognized initially at fair value less attributable transaction charges. Subsequent to initial recognition, interest-bearing liabilities are stated at amortized cost with any difference between cost and redemption value being recognized in profit or loss over the period of the borrowings on an effective interest basis.

(o) *Trade and other accounts payable*

Trade and other accounts payable are stated at cost.

(p) *Employee benefits*

Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

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 recognized 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 recognized 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 recognized 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 recognized immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

On 13 December 2018, the National Legislative Assembly passed the resolution to approve the draft of new Labour Protection Act which determined the additional rate of severance pay in the case of termination of employment for a terminated employee who has worked for 20 consecutive years or more and shall be entitled to receive payment not less than the last rate of wages for 400 days. However, new Labour Protection Act is being announced in the Government Gazette. The Company and subsidiaries, therefore, shall record the effects of new Labour Protection Act when it becomes effective.

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 recognized 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 recognizes 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 recognized 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.

(g) Provisions

A provision is recognized 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 recognized as finance cost.

Onerous contracts

A provision for onerous contracts is recognized 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 recognizes any impairment loss on the assets associated with that contract.

(r) Revenue

Revenue excludes value added taxes and is arrived at after deduction of trade discounts.

Sale of goods and services rendered

Revenue is recognized in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognized 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 recognized as services are provided.

Dividend income

Dividend income is recognized 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 recognized 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 recognized is the net amount of commission earned by the Group.

(s) ***Finance costs***

Finance costs are recognized to profit or loss using the effective interest method and 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 recognized on financial assets (other than trade receivables), and losses on hedging instruments that are recognized in profit or loss.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit or loss using the effective interest method.

(t) ***Lease payments***

Payments made under operating leases are recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognized 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 recognized 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 recognized using the Group's incremental borrowing rate.

(u) *Income tax*

Income tax expense for the year comprises current tax and deferred tax. Current and deferred tax are recognized in profit or loss except to the extent that they relate to a business combination, or items recognized directly in equity or in other comprehensive income.

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 recognized 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 recognized 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 recognized 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.

(v) *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.

(w) *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 year, 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.

(x) *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.

Relationship with related parties or key management personnel are as follows:

Name of entities	Country of incorporation/ nationality	Nature of relationships
Prachuap Port Co., Ltd.	Thailand	Subsidiary, shareholding in the proportion of 51.00% Common director
West Coast Engineering Co., Ltd.	Thailand	Subsidiary, shareholding in the proportion of 99.99% Common director
Thai Cold Rolled Steel Sheet Public Company Limited	Thailand	joint venture, shareholding in the proportion of 35.19% Common director
Sahaviriya Group Corporation Limited	Thailand	Major shareholder, 13.18% shareholding and direct and indirect shareholding by the Company's director(s)
Vanomet Holding AG	Switzerland	Major shareholder, 16.56% shareholding and common director with a subsidiary
Sahaviriya Inter Steel Holdings Co., Ltd.	Thailand	Major shareholder, 4.86% 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)

Name of entities	Country of incorporation/ nationality	Nature of relationships
Western Housing Co., Ltd.	Thailand	Common directors and direct shareholding by the Company's director(s)
Sahaviriya Management 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.	Thailand	Common directors and direct and indirect shareholding by the Company's director(s)
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	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.	Thailand	Indirect shareholding by the Company director(s)
Sahaviriya Steel Corporation Co.,Ltd. (formerly 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)
SVL Corporation Co., Ltd (formerly Sahaviriya Logistics 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)
Vanomet AG	Switzerland	Common shareholder and common director with a subsidiary

Name of entities	Country of incorporation/ nationality	Nature of relationships
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 Shape Steel Co., Ltd.	Thailand	Common directors and direct and indirect shareholding by the Company's director(s)
Steel Process Holdings Co., Ltd.	Thailand	Common directors and direct and indirect shareholding by the Company's director(s)
Sahaviriya Capital Holdings Co., Ltd.	Thailand	Common directors and direct and indirect shareholding by the Company's director(s)
Bangna 26 Property Co., Ltd.	Thailand	Common directors and direct and indirect shareholding by the Company's director(s)
Praram 3 Thasai Co., Ltd.	Thailand	Common directors and direct shareholding by the Company's director(s)
KP Capital 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 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)

Name of entities	Country of incorporation/ nationality	Nature of relationships
Bangpakong Steel Holdings 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)
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)
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.	Thailand	Common directors and indirect shareholding by the Company's director(s)
Panich holdings 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 Shape 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)
Kim Heng Seng Steel 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
Saha Land Property Holding Co., Ltd.	Thailand	Common directors and indirect shareholding by the Company's director(s)
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	Pricing policies with subsidiary companies and joint venture	Pricing policies 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. Revenue from providing management staff to subsidiaries and joint venture are based on agreements.	Sales of scrap material are priced based on scrap weight and the prices set by the Company. 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 charged on agreed prices.	Purchases of raw material for production are based on market price.
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.	
Distribution costs 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. Commission expense is charged based on agreements.

Significant transactions for year ended 31 December 2018 and 2017 with related parties are summarized as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Unit: Thousand Baht				
Subsidiaries				
Purchases of goods and receiving of services	-	-	414,066	430,694
Dividend income	-	-	91,800	56,100
Other income	-	-	17,323	18,901
Distribution costs and administrative expenses	-	-	15	-
Joint venture				
Sales of goods	2,125,998	2,251,010	2,125,998	2,251,010
Rendering of services	-	96,962	-	-
Purchases of goods and receiving of services	-	3,062	-	3,062
Other income	14,847	17,306	14,843	17,306
Dividend income	-	-	22,601	-
Distribution costs and administrative expenses	229	462	226	455
Other related parties				
Sales of goods	2,692,562	3,572,147	2,692,562	3,572,147
Rendering of services	111,869	11,493	-	-
Purchases of goods and receiving of services (including other related expenses)	214,782	128,165	197,990	127,412
Other income	51,263	7,299	49,102	4,998
Distribution costs and administrative expenses	510,260	393,949	505,255	386,576

Unit : Thousand Baht

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Key management personnel remuneration				
Short-term benefits	92,273	85,066	78,703	71,547
Statutory severance pay	2,556	2,430	2,556	2,430
Other long-term benefits	79	16	79	16
Total key management personnel remuneration	94,908	87,512	81,338	73,993

Balances as at 31 December 2018 and 2017 with related parties were as follows:

Unit : Thousand Baht

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Trade accounts receivable from related parties				
Joint venture				
Thai Cold Rolled Steel Sheet Public Company Limited	70,558	41,954	64,036	22,266
Other related parties				
B.S. Metal Co., Ltd.	1,876,515	1,838,312	1,876,500	1,838,312
Sahaviriya Panich Corporation Co., Ltd.	1,822,424	1,837,557	1,822,424	1,837,558
Others	2,356	1,425	-	-
Total	3,771,853	3,719,248	3,762,960	3,698,136
Less Allowance for doubtful accounts	(2,736,667)	(2,736,667)	(2,736,667)	(2,736,667)
Net	1,035,186	982,581	1,026,293	961,469

	Unit : Thousand Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
<i>Other receivables from related parties</i>				
Subsidiaries				
West Coast Engineering Co., Ltd.	-	-	43,404	36,904
Prachuap Port Co., Ltd.	-	-	53	-
Joint venture				
Thai Cold Rolled Steel Sheet Public Company Limited	3	1,731	3	23
Other related parties				
Vanomet AG (as prepaid for goods)	262,512	267,190	262,512	267,190
Vanomet International AG (as prepaid for goods)	43,850	-	43,850	-
Sahaviriya Plate Mill Public Company Limited (net of allowance for doubtful accounts amount of Baht 48 million)	-	-	-	-
Line Transport Co., Ltd.	104	-	-	-
B.S. Metal Co., Ltd (net of allowance for doubtful accounts amount of Baht 17 million)	-	-	-	-
Others	1,059	1,388	983	952
Total	307,528	270,309	350,805	305,069

	Unit : Thousand Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
<i>Accrued income</i>				
Subsidiary				
West Coast Engineering Co., Ltd.	-	-	549	459
Joint venture				
Thai Cold Rolled Steel Sheet Public Company Limited	5,462	290	174	290
Other related parties				
Thai Coated Steel Sheet Co., Ltd.	4,966	4,625	4,966	4,625
Bangsaphan Barmill Public Co., Ltd.	4,652	5,036	4,652	5,036
B.S. Metal Co., Ltd.	139	136	139	136
Total	15,219	10,087	10,480	10,546

	Unit : Thousand Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
<i>Trade accounts payable to related parties</i>				
Subsidiaries				
West Coast Engineering Co., Ltd.	-	-	16,177	9,210
Prachuap Port Co., Ltd.	-	-	3,108	11,849
Other related parties				
B.S. Metal Co., Ltd.	530	37	530	37
Western Security Guard Co., Ltd.	266	217	-	-
SVL Corporation Co., Ltd.	13,293	43,410	13,283	43,392
Others	79	73	41	40
Total	14,168	43,737	33,139	64,528

Unit : Thousand Baht

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
<i>Other payables to related parties</i>				
Subsidiaries				
Prachuap Port Co., Ltd.	-	-	-	2,209
West Coast Engineering Co., Ltd.	-	-	5,299	1,601
Joint venture				
Thai Cold Rolled Steel Sheet Public Company Limited	98,235	-	98,235	-
Other related parties				
Prapawit Building Property Co., Ltd.	219	335	219	335
Thai Steel Sales Co., Ltd.	2,687	-	2,327	-
SVL Corporation Co., Ltd.	22,247	35,289	22,247	35,281
B.S. Metal Co., Ltd.	13,866	-	13,866	-
Others	6,086	6,098	5,889	5,393
Total	143,340	41,722	148,082	44,819

Unit : Thousand Baht

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
<i>Short-term loans - related parties</i>				
Subsidiaries				
Prachuap Port Co., Ltd.	-	-	7,991	7,991
Total	-	-	7,991	7,991

Movements during the year on short-term borrowings from related parties were as follows:

Unit : Thousand Baht

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Subsidiaries				
At 1 January	-	-	7,991	7,991
Unchanged	-	-	-	-
At 31 December	-	-	7,991	7,991
Other related parties				
At 1 January	-	223,274	-	223,274
Increase	-	-	-	-
Decrease	-	(223,274)	-	(223,274)
At 31 December	-	-	-	-

On 1 February 2016, the Company's director, lender under borrowings agreement amount of Baht 637 million, a borrowings creditor entered into sell and buy agreement and transferred the right on claiming to Sahaviriya Plate Mill Public Company Limited in the amount of Baht 413.7 million and B.S. Metal Co., Ltd. in the amount of Baht 223.3 million. In 2015, Sahaviriya Plate Mill Public Company Limited taken the debt amounts from transfer the right on claiming to offset with trade and other receivables with the Company and resulting to the Company has to record payables with the amount to be repaid to Sahaviriya Plate Mill Public Company Limited amount of Baht 4.3 million and in 2017, B.S. Metal Co., Ltd. taken the debt amount from transfer the right on claiming to offset with trade accounts receivable with the Company in the amount of Baht 223.3 million.

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. As at 31 December 2018 the consortium has not operated the commercial operations.

5 Cash and cash equivalents

	Unit : Thousand Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Cash on hand	699	702	600	600
Cash at banks	755,131	1,558,068	690,651	1,472,242
Total	755,830	1,558,770	691,251	1,472,842

6 Trade accounts receivable

	Unit : Thousand Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Related parties (Note 4)	3,771,853	3,719,248	3,762,960	3,698,136
Other parties	402,726	507,323	324,594	492,309
Total	4,174,579	4,226,571	4,087,554	4,190,445
<i>Less</i> Allowance for doubtful accounts	(3,021,485)	(3,021,545)	(3,020,476)	(3,020,476)
Net	1,153,094	1,205,026	1,067,078	1,169,969

Aging analyses for trade accounts receivable were as follows:

	Unit : Thousand Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Related parties				
Within credit terms	71,438	234,491	64,036	216,546
Overdue:				
Less than 3 months	165,981	519,390	164,490	516,233
3-6 months	1,042,429	1,433,105	1,042,429	1,433,095
6-12 months	1,172,003	1,532,262	1,172,003	1,532,262
Over 12 months	1,320,002	-	1,320,002	-
	3,771,853	3,719,248	3,762,960	3,698,136
<i>Less</i> Allowance for doubtful accounts	(2,736,667)	(2,736,667)	(2,736,667)	(2,736,667)
	1,035,186	982,581	1,026,293	961,469

Unit : Thousand Baht

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Other parties				
Within credit terms	82,328	185,166	19,167	176,263
Overdue:				
Less than 3 months	34,242	2,157	21,409	-
3-6 months	209	32,237	209	32,237
6-12 months	761	2,617	-	-
Over 12 months	285,186	285,146	283,809	283,809
	402,726	507,323	324,594	492,309
<i>Less</i> Allowance for doubtful accounts	(284,818)	(284,878)	(283,809)	(283,809)
	117,908	222,445	40,785	208,500
Net	1,153,094	1,205,026	1,067,078	1,169,969

The normal credit terms granted by the Group ranges from 5 to 90 days.

As at 31 December 2018, the Company's management has not considered to provide additional allowance for doubtful accounts since the management expects to receive the settlement of overdue debt from related parties. At present, the Company still sell the goods to related parties under the payment receiving conditions as indicated in the Plan.

7 Inventories

	Unit : Thousand Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Finished goods	2,846,780	2,189,583	2,859,875	2,189,583
Work in progress	24,103	6,876	-	-
Raw materials	1,711,265	2,541,168	1,709,306	2,537,102
Spare parts and factory supplies	787,549	752,806	787,549	752,806
Inventories under collateral management agreement <i>(Note 18)</i>	2,556,226	982,316	2,556,226	982,316
Goods in transit	2,593,327	1,309,923	2,593,327	1,309,924
	10,519,250	7,782,672	10,506,283	7,771,731
<i>Less Allowance for decline in value</i>	<i>(846,324)</i>	<i>(414,353)</i>	<i>(846,324)</i>	<i>(414,353)</i>
Total	9,672,926	7,368,319	9,659,959	7,357,378

8 Other current assets

Unit : Thousand Bath

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2018	2017	2018	2017
Prepaid expenses	26,739	22,356	18,353	15,775
Prepaid for goods and supplies	39,397	787,391	39,397	787,391
Accrued income	49,409	27,156	10,480	10,547
Revenue Department receivable	81,091	34,867	73,934	34,867
Income tax deducted at source	43,803	37,344	3,175	6,926
Others	10,221	9,900	5,201	4,721
Total	250,660	919,014	150,540	860,227
Allowance for doubtful accounts	(8,032)	(8,032)	(8,032)	(8,032)
Net	242,628	910,982	142,508	852,195

9 Restricted deposit at financial institution

The Company used deposits with financial institution as guarantee against forward contract. Under the condition of such contract, the Company could not take such deposits for using based on the determined rate of the contract period.

A subsidiary used deposits to guarantee the letter of guarantee issued by bank.

10 Investments in subsidiaries

Investments in subsidiaries as at 31 December 2018 and 2017 were as follows:

Unit : Thousand Baht

Name of entity	Type of business	Separate financial statements										Dividend income	
		Ownership interest		Paid-up capital		Cost method		Impairment		At cost - net		for year periods ended	
		2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
		(%)	(%)										
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	91,800	56,100
West Coast Engineering Co., Ltd.	Maintenance services	99.99	99.99	75,000	75,000	75,000	75,000	-	-	75,000	75,000	-	-
Total						279,000	279,000	-	-	279,000	279,000	91,800	56,100

11 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:

Unit : Thousand Bath

31 December 2018

	Prachuap Port Co., Ltd.	Other		Total
		individually immaterial subsidiaries	Intra-group eliminations	
Non-controlling interest percentage	49			
Current assets	80,402			
Non-current assets	1,205,950			
Current liabilities	(16,201)			
Non-current liabilities	(42,645)			
Net assets	1,227,506			
Carrying amount of non-controlling interest	601,478	-	(38,560)	562,918
Revenue	283,130			
Profit	74,186			
Other comprehensive income	-			
Total comprehensive income	74,186			
Profit allocated to non-controlling interest	36,351	-	(3,317)	33,034
Cash flows from operating activities	170,354			
Cash flows used in investing activities	(6,151)			
Cash flows used in financing activities (dividends to non-controlling interest: 88.2 million)	(180,314)			
Net decrease in cash and cash equivalents	(16,111)			

Unit : Thousand Baht

31 December 2017

	Prachuap Port Co., Ltd.	Other individually immaterial subsidiaries	Intra-group eliminations	Total
Non-controlling interest percentage	49			
Current assets	102,376			
Non-current assets	1,290,265			
Current liabilities	(17,025)			
Non-current liabilities	(42,296)			
Net assets	1,333,320			
Carrying amount of non-controlling interest	653,327	9	(35,252)	618,084
Revenue	238,387			
Profit	52,122			
Other comprehensive income	-			
Total comprehensive income	52,122			
Profit allocated to non-controlling interest	25,540	8	(3,297)	22,251
Cash flows from operating activities	144,200			
Cash flows used in investing activities	(8,839)			
Cash flows used in financing activities (dividends to non-controlling interest: 53.9 million)	(129,005)			
Net decrease in cash and cash equivalents	6,355			

12 Investments in joint venture

Investments in joint venture as 31 December 2018 and 2017 were as follows:

Unit : Thousand Baht

Name of entity	Type of business	Consolidated financial statements											
		Ownership interest		Paid-up capital		Cost method		Equity method		Impairment		At equity - net	
		2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
		(%)	(%)										
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	2,598,112	2,709,650	(88,937)	3,318	22,601	-
Total						3,817,962	3,817,962	2,598,112	2,709,650	(88,937)	3,318	22,601	-

Thai Cold Rolled Steel Sheet Public Company Limited has operated its business.

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. And 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. in the amount of Baht 513 million.

Unit : Thousand Baht

Separate financial statements

Name of entity	Type of business	Ownership interest		Paid-up capital		Cost method		Impairment		At cost - net		Dividend income for year periods ended	
		2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
		(%)	(%)										
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	22,601	-
Total						3,817,962	3,817,962	658,294	658,294	3,159,668	3,159,668	22,601	-

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	
	2018	2017
Revenue	14,779,454	12,773,280
Profit from continuing operations	(199,819)	40,401
Other comprehensive income	(5,010)	939
Total comprehensive income	(204,829)	41,340
Attributable to NCI	(132,750)	26,792
Attributable to investee's shareholders	(72,079)	14,548
Current assets	4,041,665	3,857,403
Non-current assets	3,749,501	3,702,885
Current liabilities	(2,624,069)	(2,218,314)
Non-current liabilities	(147,320)	(53,151)
Net assets	5,019,777	5,288,823
Attributable to NCI	3,253,317	3,427,686
Attributable to investee's shareholders	1,766,460	1,861,137
Group's interest in net assets of investee at 1 January	2,709,650	2,706,332
Total comprehensive income attributable to the Group	(88,937)	3,318
Dividend received	(22,601)	-
Carrying amount of interest in investee at 31 December	2,598,112	2,709,650

Contingent liabilities and commitments relating to the joint venture:

	2018	2017
<i>Contingent liabilities directly incurred by the Group</i>		
Group's share of the joint venture's contingent liabilities	Baht 9 million	Baht 9 million
 <i>Capital commitments in relation to interest in joint venture</i>		
Group's share of the joint venture according to		
- from capital expenditure	Baht 60 million, USD 0.39 million and JPY 179 million,	Baht 87 million, USD 0.18 million, JPY 0.25 million, GBP 0.11 million and Euro 0.11 million
- from non-cancellable operating lease commitments	Baht 7 million	Baht 7 million
- from raw materials and chemical purchases	Baht 6.62 million, and USD 3.59 million	Baht 103 million, and USD 13.51 million
- from other contracts	Baht 13 million and JPY 11 million	Baht 11 million and JPY 11 million

Management performed an impairment test on the investments in joint venture by considering a recoverable amount using value-in-use approach determined by discounting expected future cash flows from the continuing operations of a joint venture. As at 31 December 2018 the recoverable amount exceeds the carrying value of investments.

13 Other long-term investment

Other long-term investment as at 31 December 2018 and 2017 were as follows:

Unit : Thousand Baht

Consolidated and Separate financial statements													
Name of entity	Type of business	Ownership interest		Paid-up capital		Cost method		Impairment		At cost - net		Dividend income for year ended	
		2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
		(%)	(%)										
Thai Coated Steel Sheet Co., Ltd.	Manufacturing and distribution of Electro Galvanized Steel Sheet	3.70	3.70	2,206,990	2,206,990	294,000	294,000	294,000	294,000	-	-	-	-
Total						294,000	294,000	294,000	294,000	-	-	-	-

14 Property, plant and equipment

Unit : Thousand Baht

	Consolidated financial statements						Total
	Land and land improvement	Factory and office buildings	Machinery, tool and factory equipment	Office furniture, fixtures and equipment	Vehicles	Assets under construction and installation	
<i>Cost</i>							
At 31 December 2016	1,627,704	2,058,477	18,930,891	203,154	99,161	500,801	23,420,188
Additions	615	334	76,873	28,194	52	274,535	380,603
Transfers	-	745	105,705	1,143	-	(107,593)	-
Transfers to cost of inventory	-	-	-	-	-	(186,709)	(186,709)
Disposal/write off	-	-	(94,417)	(22,325)	(514)	-	(117,256)
At 31 December 2017	1,628,319	2,059,556	19,019,052	210,166	98,699	481,034	23,496,826
Additions	-	1,190	82,764	17,455	7,531	369,459	478,399
Transfer received from intangible assets	-	-	-	6,192	-	-	6,192
Transfers	1,495	40,417	49,432	8,936	-	(100,280)	-
Transfers to cost of inventory	-	-	-	-	-	(183,000)	(183,000)
Disposal/write off	(460)	-	(23,029)	(11,896)	(2,487)	(3)	(37,875)
At 31 December 2018	1,629,354	2,101,163	19,128,219	230,853	103,743	567,210	23,760,542

Unit : Thousand Baht

Consolidated financial statements

	Land and land improvement	Factory and office buildings	Machinery, tool and factory equipment	Office furniture, fixtures and equipment	Vehicles	Assets under construction and installation	Total
<i>Depreciation and impairment losses</i>							
At 31 December 2016	655,637	1,676,831	9,165,475	181,068	88,090	19,000	11,786,101
Depreciation charge for the year	363	42,783	418,692	12,646	6,152	-	480,636
Disposals	-	-	(49,722)	(21,728)	(503)	-	(71,953)
At 31 December 2017	656,000	1,719,614	9,534,445	171,986	93,739	19,000	12,194,784
Depreciation charge for the year	284	44,966	476,307	20,009	4,257	-	545,823
Disposal/write off	(460)	-	(13,708)	(11,821)	(2,487)	-	(28,476)
At 31 December 2018	655,824	1,764,580	9,997,044	180,174	95,509	19,000	12,712,131
<i>Net book value</i>							
At 31 December 2017							
Owned assets	972,319	339,942	9,475,224	38,180	4,960	462,034	11,292,659
Assets under finance leases and hire-purchases	-	-	9,383	-	-	-	9,383
Total	972,319	339,942	9,484,607	38,180	4,960	462,034	11,302,042
At 31 December 2018							
Owned assets	973,530	336,583	9,126,722	50,679	2,026	548,210	11,037,750
Assets under finance leases and hire-purchases	-	-	4,473	-	6,028	-	10,661
Total	973,530	336,583	9,131,175	50,679	8,234	548,210	11,048,411

Unit : Thousand Baht

Separate financial statements

	Land and land improvement	Factory and office buildings	Machinery, tool and factory equipment	Office furniture, fixtures and equipment	Vehicles	Assets under construction and installation	Total
Cost							
At 31 December 2016	1,004,896	1,897,172	16,462,576	163,176	69,990	480,585	20,078,395
Additions	-	264	34,876	22,178	52	274,253	331,623
Transfer	-	745	96,571	1,143	-	(98,459)	-
Transfers to cost of inventory	-	-	-	-	-	(186,709)	(186,709)
Disposals	-	-	(28,438)	(16,160)	(514)	-	(45,112)
At 31 December 2017	1,004,896	1,898,181	16,565,585	170,337	69,528	469,670	20,178,197
Additions	-	820	75,437	13,904	4,965	368,183	463,309
Transfer received from intangible assets	-	-	-	6,192	-	-	6,192
Transfer	1,495	40,416	48,830	8,936	-	(99,677)	-
Transfer to cost of inventory	-	-	-	-	-	(183,000)	(183,000)
Disposals	-	-	(23,029)	(11,896)	(1,250)	-	(36,175)
At 31 December 2018	1,006,391	1,939,417	16,666,823	187,473	73,243	555,176	20,428,523

Unit : Thousand Baht

Separate financial statements

	Land and land improvement	Factory and office buildings	Machinery, tool and factory equipment	Office furniture, fixtures and equipment	Vehicles	Assets under construction and installation	Total
<i>Depreciation and impairment losses</i>							
At 31 December 2016	340,297	1,580,217	7,794,433	145,906	63,591	-	9,924,444
Depreciation charge for the year	98	39,295	327,341	9,582	3,425	-	379,741
Disposals	-	-	(12,288)	(15,960)	(503)	-	(28,751)
At 31 December 2017	340,395	1,619,512	8,109,486	139,528	66,513	-	10,275,434
Depreciation charge for the year	26	40,972	379,483	16,631	2,286	-	439,398
Disposals	-	-	(13,708)	(11,821)	(1,250)	-	(26,779)
At 31 December 2018	340,421	1,660,484	8,475,261	144,338	67,549	-	10,688,053
<i>Net book value</i>							
At 31 December 2017							
Owned assets	664,501	278,669	8,456,099	30,809	3,015	469,670	9,902,763
Assets under finance leases and hire-purchases	-	-	-	-	-	-	-
Total	664,501	278,669	8,456,099	30,809	3,015	469,670	9,902,763
At 31 December 2018							
Owned assets	665,970	278,933	8,191,562	43,135	1,810	555,176	9,736,586
Assets under finance leases and hire-purchases	-	-	-	-	3,884	-	3,884
Total	665,970	278,933	8,191,562	43,135	5,694	555,176	9,740,470

Assets value of the Group before accumulated depreciation of building and equipment which were fully depreciated but are still in use up to 31 December 2018 amounted to Baht 2,679 million (2017: Baht 2,597.4 million).

Assets value of the Company before accumulated depreciation of building and equipment which were fully depreciated but are still in use up to 31 December 2018 amounted to Baht 2,129 million (*2017: Baht 2,068 million*).

As at 31 December 2016, the Group recorded an impairment loss on asset of Baht 19 million.

As at 31 December 2018, the Group and the Company has mortgaged/ pledged assets amounting to approximately Baht 9,141 million and Baht 8,845 million respectively (*2017: Baht 9,428 million and Baht 9,113 million*), respectively, as collateral against bank overdrafts, short-term borrowings and long-term borrowings from financial institutions, and letter of guarantee for electricity, port and goods warehouse, as described in Note 17, 21 and 32 to financial statements.

15 Intangible assets

Unit : Thousand Baht

	Consolidated financial statements			
	Right permission	Software copy right	Assets under installation	Total
<i>Cost</i>				
At 31 December 2016	7,627	241,860	38,231	287,718
Increase	-	973	-	973
Write off	(2,047)	-	-	(2,047)
At 31 December 2017	5,580	242,833	38,231	286,644
Increase	-	3,458	-	3,458
Transfer to property, plan and equipment	-	-	(6,192)	(6,192)
At 31 December 2018	5,580	246,291	32,039	283,910
<i>Amortization and impairment loss</i>				
At 31 December 2016	795	144,955	-	145,750
Amortization for the year	2,624	11,762	-	14,386
Write off	(2,047)	-	-	(2,047)
At 31 December 2017	1,372	156,717	-	158,089
Amortization for the year	1,295	15,757	-	17,052
Loss on impairment	-	63,436	32,039	95,475
At 31 December 2018	2,667	235,910	32,039	270,616
<i>Net book value</i>				
At 31 December 2017	4,208	86,116	38,231	128,555
At 31 December 2018	2,913	10,381	-	13,294

Unit : Thousand Baht

Separate financial statements

	Software copy right	Assets under installation	Total
<i>Cost</i>			
At 31 December 2016	234,444	38,231	272,675
Increase	860	-	860
At 31 December 2017	235,304	38,231	273,535
Increase	2,080	-	2,080
Transfer to property, plan and equipment	-	(6,192)	(6,192)
At 31 December 2018	237,384	32,039	269,423
<i>Amortization</i>			
At 31 December 2016	139,632	-	139,632
Amortization for the year	11,332	-	11,332
At 31 December 2017	150,964	-	150,964
Amortization for the year	15,396	-	15,396
Loss on impairment	63,436	32,039	95,475
At 31 December 2018	229,796	32,039	261,835
<i>Net book value</i>			
At 31 December 2017	84,340	38,231	122,571
At 31 December 2018	7,588	-	7,588

16 Deferred tax

Deferred tax assets and liabilities as at 31 December 2018 and 2017 were as follows:

Unit : Thousand Baht

	Consolidated financial statements			
	Assets		Liabilities	
	2018	2017	2018	2017
Total	19,542	29,405	(54,540)	(72,955)
Tax offsetting	(11,191)	(11,552)	11,191	11,551
Net deferred tax assets (liabilities)	8,351	17,853	(43,349)	(61,404)

Unit : Thousand Baht

	Separate financial statements			
	Assets		Liabilities	
	2018	2017	2018	2017
Deferred tax liabilities	-	-	(13,896)	(31,280)

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

Unit : Thousand Baht

	Consolidated financial statements			
	(Charged) / Credited to:			At 31 December 2018
	At 1 January 2018	Other comprehensive income		
	Profit or loss			
<i>Deferred tax assets</i>				
Trade accounts receivable	214	(12)	-	202
Inventories	-	-	-	-
Other current assets	-	-	-	-
Property, plant and equipment	10,164	(2,766)	-	7,398
Employee benefit obligations	6,595	406	-	7,001
Taxable loss carry forward	12,432	(7,491)	-	4,941
Total	29,405	(9,863)	-	19,542
<i>Deferred tax liabilities</i>				
Other current assets	(257)	28	-	(229)
Property, plant and equipment	(64,637)	17,823	-	(46,814)
Employee benefit obligations	(2,744)	-	-	(2,744)
Finance lease liabilities	(5,317)	564	-	(4,753)
Total	(72,955)	18,415	-	(54,540)

Unit : Thousand Baht

	Separate financial statements			
	(Charged) / Credited to:			At 31 December 2018
	At 1 January 2018	Other comprehensive income		
	Profit or loss			
<i>Deferred tax liabilities</i>				
Property, plant and equipment	(28,536)	17,384	-	(11,152)
Employee benefit obligations	(2,744)	-	-	(2,744)
Total	(31,280)	17,384	-	(13,896)

Unit : Thousand Baht

Consolidated financial statements

	(Charged) / Credited to:			At 31 December 2017
	At 1 January 2017	Profit or loss	Other comprehensive income	
<i>Deferred tax assets</i>				
Trade accounts receivable	210	4	-	214
Inventories	19	(19)	-	-
Other current assets	22	(22)	-	-
Property, plant and equipment	13,600	(3,436)	-	10,164
Employee benefit obligations	9,789	(3,194)	-	6,595
Taxable loss carry forward	14,228	(1,796)	-	12,432
Total	37,868	(8,463)	-	29,405

Deferred tax liabilities

Other current assets	(312)	55	-	(257)
Property, plant and equipment	(93,360)	28,723	-	(64,637)
Employee benefit obligations	(6,342)	3,598	-	(2,744)
Finance lease liabilities	(2,617)	(2,700)	-	(5,317)
Total	(102,631)	29,676	-	(72,955)

Unit : Thousand Baht

Separate financial statements

	(Charged) / Credited to:			At 31 December 2017
	At 1 January 2017	Profit or loss	Other comprehensive income	
<i>Deferred tax liabilities</i>				
Property, plant and equipment	(60,395)	31,859	-	(28,536)
Employee benefit obligations	(2,744)	-	-	(2,744)
Total	(63,139)	31,859	-	(31,280)

Deferred tax assets resulted from temporary differences which had not been recognized in the financial statements as at 31 December 2018 and 2017 are detailed below :

Unit : Thousand Baht

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
<i>Deferred tax assets</i>				
- Deductible temporary differences	7,782,660	7,673,301	7,782,660	7,673,301
- Tax losses	497,730	561,592	497,730	561,592
Net	8,280,390	8,234,893	8,280,390	8,234,893

Tax losses of the companies in Thailand will expire in 2018 - 2023. Temporary differences do not expire under current tax legislation. The Group and the Company has not recognized deferred tax assets in respect of these items because it is not probable that future taxable profit will be available against which the Group and the Company can utilise the benefits therefrom or temporary differences will be reversed in the future.

17 Short term borrowings from financial institution

As at 31 December 2018, the Group had unutilized credit facilities total amount of Baht 122.5 million and the Company had no credit facilities (2017: Baht 102.9 million for the Group only and no credit facilities for the Company).

Short-term borrowings from PPC, a subsidiary are guaranteed by mortgaging land with its construction structured thereon and / in the future of the subsidiary. Bank overdrafts and short-term borrowings of WCE, a subsidiary are guaranteed by mortgaging land with its construction and transferring the privileges derived from assets insurance of such subsidiary, fixed deposit of subsidiary.

18 Trade Accounts Payable

Unit: Thousand Baht

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2018	2017	2018	2017
Related parties (Notes 4)	14,168	43,737	33,139	64,528
Other parties	5,781,815	2,989,319	5,701,561	2,937,680
Total	5,795,983	3,033,056	5,734,700	3,002,208

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.

19 Other Current Liabilities

Unit : Thousand Baht

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2018	2017	2018	2017
Accrued expense	130,178	118,470	121,144	110,809
Other payables	42,465	50,541	36,274	34,855
Amounts received in advance from sales				
of goods	103,437	291,195	68,394	283,929
Others	69,517	52,843	42,567	33,616
Total	345,597	513,049	268,379	463,209

20 Financial Lease Liabilities

The Group has machineries, equipment and vehicles under financial lease and hire-purchase as at 31 December 2018 and 2017 as detailed followings.

Unit : Thousand Baht

	Consolidated financial statements					
	2018			2017		
	Future value of minimum amount to be paid	Interest	Present value of minimum amount to be paid	Future value of minimum amount to be paid	Interest	Present value of minimum amount to be paid
Due within 1 year	18,590	(1,188)	17,402	17,833	(1,897)	15,936
Due after 1 year but less than 5 years	4,438	(307)	4,131	18,793	(1,053)	17,740
Total	23,028	(1,495)	21,533	36,626	(2,950)	33,676

Unit : Thousand Baht

	Separate financial statements					
	2018			2017		
	Future value of minimum amount to be paid	Interest	Present value of minimum amount to be paid	Future value of minimum amount to be paid	Interest	Present value of minimum amount to be paid
Due within 1 year	697	(72)	625	-	-	-
Due after 1 year but less than 5 years	1,393	(68)	1,325	-	-	-
Total	2,090	(140)	1,950	-	-	-

A subsidiary entered into resell and lease agreement for machineries and equipment total amount of Baht 58.9 million with the lease period of 5 years. Total machineries and equipment under resell and lease agreement had carrying value as at 31 December 2018 amount of Baht 18.9 million (2017, Baht 36.7 million).

21 Liabilities under Rehabilitation Plan

	Unit : Thousand Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
<i>Current portion</i>				
Short-term borrowings from related parties	-	-	7,991	7,991
Long-term borrowings from financial institution	1,045,962	1,038,619	1,045,962	1,038,619
Other payables	61,279	60,632	61,279	60,632
Provisions under guarantee contract	511,059	498,485	511,059	498,485
	1,618,300	1,597,736	1,626,291	1,605,727
<i>Non-current portion</i>				
Long-term borrowings from financial institution	21,057,748	23,319,835	21,057,748	23,319,835
Other payables	1,784,075	1,853,026	1,784,075	1,853,026
Provisions under guarantee contract	24,087,184	25,476,910	24,087,184	25,476,910
	46,929,007	50,649,771	46,929,007	50,649,771
Total liabilities under rehabilitation plan	48,547,307	52,247,507	48,555,298	52,255,498
Accrued interest expenses	9,073,957	8,277,827	9,073,957	8,277,827
Total liabilities under business rehabilitation plan	57,621,264	60,525,334	57,629,255	60,533,325

Movement of liabilities under business rehabilitation plan for the year ended December 31, 2018 and 2017 are as follows:

	Unit : Thousand Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
At 1 January	52,247,507	56,542,646	52,255,498	56,550,637
Repayments	(3,027,477)	(1,817,940)	(3,027,477)	(1,817,940)
Convert debt to equity (Note 23 and 24)	(500,000)	-	(500,000)	-
Unrealized gain on exchange rate	(172,723)	(2,477,199)	(172,723)	(2,477,199)
At 31 December	48,547,307	52,247,507	48,555,298	52,255,498

Liabilities under business rehabilitation of secured portion, detailed of security, land building and equipment as stated in notes 14 to financial statements.

In 2015, the major lender called for repayments immediately for the remained borrowings amount of USD 788 million and GBP 1 million respectively (equal to Baht 28,384 million and Baht 46 million respectively) and in Thai Baht 1.6 million with Sahaviriya steel Industry UK and subsequently, the major lender requested for the responsibility of the Company in being a guarantor for the debt amount.

As a result, the Company could not maintained the financial ratio and did not made repayment of the matured principal and interest to the bank. The major lender called for repayment of total amounts immediately, caused to the Board of directors of the Company approved the Company to file the rehabilitation to the Central Bankruptcy Court on 1 October 2015 which resulted from the rehabilitation plan was approved by the Central Bankruptcy Court on 15 December 2016, long-term borrowings form financial institutions, provisions from being guarantor and other payables under rehabilitation plan with obligated interest are part of rehabilitation plan (see note 23). The reclassified of such borrowings, provisions, and other payables under rehabilitation plan with obligated interest are conformed to the debts settlement as stipulated in the Plan.

Accrued interest expenses under the plan are conformed to the debts settlement as stipulated in the Plan.

Liabilities under rehabilitation plan as at 31 December 2018 and 2017 classified by currency as follows:

	Unit : Thousand Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Baht	24,307,213	26,731,983	24,315,204	26,739,974
USD	24,240,094	25,515,524	24,240,094	25,515,524
Total	48,547,307	52,247,507	48,555,298	52,255,498

22 Non-current Provisions for employee benefit

Unit : Thousand Baht

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
<i>Statements of financial position</i>				
<i>as at 31 December</i>				
Obligations in statements of financial position for:				
Statutory severance pay	187,971	179,590	156,658	150,452
Other long-term employee benefits	12,387	12,429	8,695	8,595
Total	200,358	192,019	165,353	159,047
<i>Year ended 31 December</i>				
Statement of comprehensive income				
Recognized in profit or loss:				
Statutory severance pay	13,905	15,371	15,167	11,969
Other long-term employee benefits	5,214	5,174	1,009	4,729
Total	19,119	20,545	16,176	16,698

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.

As stated in notes 3(p) to financial statements, the Group shall record the effects of new Labour Protection Act when it is announced in the Government Gazette which may be effective in 2019. At present, the Group is preparing an estimation from such effects.

The movement in the present value of the defined benefit obligations for the year ended 31 December 2018 and 2017 were shown in the table below:

Unit : Thousand Baht

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Defined benefit obligations at 1 January	192,019	178,572	159,047	147,465
<i>Recognized in profit or loss:</i>				
Current service costs and interest	19,119	20,545	16,176	16,698
<i>Others</i>				
Benefits paid by the plan	(10,780)	(7,098)	(9,870)	(5,116)
Defined benefit obligations at 31 December	200,358	192,019	165,353	159,047

Actuarial assumption

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

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Discount rate	3.03 - 3.20	3.03 - 3.20	3.03	3.03
Future salary growth	5.59 - 6.64	5.59 - 6.64	6.59	6.59

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

	Consolidated		Separate	
	financial statements		financial statements	
	Increase	Decrease	Increase	Decrease
Defined benefit obligation				
31 December 2018				
Discount rate (0.5% movement)	(6,132)	6,504	(5,142)	5,450
Future salary growth (0.5% movement)	6,902	(6,504)	5,785	(5,485)
Employee turnover rate (1% movement)	(16,027)	18,158	(13,353)	15,109

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.

23 Business rehabilitation plan

On 1 October 2015, the Board of the Company approved the Company to file the petition for business rehabilitation to the Central Bankruptcy Court. Subsequent on 10 March 2016, the Central Bankruptcy Court has ordered the Company to rehabilitate the business and appointed the Company to be a planner (“the Planner”) which announced in the Royal Gazette on 26 April 2016.

As at 15 September 2016, the Official Receiver arranged the creditors meeting for considering the plan and the creditors’ meeting passed the special resolution to accept the rehabilitation plan (the Plan) and appointed three creditors to be the Board of creditors, consist of Siam Commercial Bank Public Company Limited, Krung Thai Bank Public Company Limited and Tisco Bank Public Company Limited.

As at 15 December 2016, the Central Bankruptcy Court has ordered to approve with the Plan which determined the Company to be a planner.

On 14 February 2017, a creditor filed to appeal the order to accept the Plan to the Court of Appeal for Specialized Cases in which has ordered to dismiss the motion. Such creditor file the dika petition to the Supreme Court. On 26 February 2019, the Supreme Court ordered not to permit the dika petition of the plaintiff.

The significant of rehabilitation plan which was ordered for approval by the Central Bankruptcy Court is as follows:

1. Classification of the creditor

The Business Rehabilitation Plan (the “Plan”) has classified the creditors who filed applications for repayment of debts into 13 classes. The total debt claim in Baht denominator is Baht 33,849.9 million and in other currencies which include USD denominator of USD 990.9 million, GBP denominator of GBP 4.6 million and EUR denominator of EUR 0.1 million (computed in Baht denominator with the exchange rate as at 10 March 2016, the date that the Court issued Rehabilitation Order in which the exchange rate for USD 1 = Baht 35.4546, GBP 1 = Baht 50.5173 and EUR 1 = Baht 39.0923. Thus, the total debt claim is in Thai Baht equivalent of Baht 69,220.2 million). Detail is as follows:

Class No.	Creditor	Total indebtedness amount equivalent to Thai Baht (in thousand Baht)		
		Principal	Interest	Total
1	Secured creditors	9,780,633	8,764	9,789,397
2	Financial institution creditors for the portions of debt claims that exceed the appraised value of the collateral	12,468,299	2,271,120	14,739,419
3	Financial institution creditors who are the joint creditors under the Debt Restructuring Agreement	3,968,607	526,228	4,494,835
4	Creditor of guarantee obligations for loan repayment	28,006,355	1,865,495	29,871,850
5	Suppliers of key raw materials	1,592,058	172,264	1,764,322
6	Government agencies and authorities	177,397	204,022	381,419
7	Related party creditors	872,574	587	873,161
8	Trade accounts payable	15,110	387	15,497
9	Creditor under the guarantee agreement	3,545,460	224,786	3,770,246
10	Creditor of contingent liabilities relating to guarantees	1,185,026	-	1,185,026
11	Creditor of fines and/or damages incurred in relation to defaults of contract	279,391	-	279,391
12	Creditor of professional fees under consultant agreements	1,927,893	21,251	1,949,144
13	Issuers of bank guarantees	105,562	925	106,487
	Total	63,924,365	5,295,829	69,220,194

Remark: All creditors who filed applications for repayment of debts to the Official Receiver will receive payment under the terms and conditions set forth in the Plan when the Official Receiver, the Bankruptcy Court, or the Supreme Court (as applicable) issues a final order to validate the debt.

2 Capital Restructuring

On the date that the Court issued Rehabilitation Order, the Company had registered capital amount of Baht 50,263.7 million with the registered number of ordinary shares equivalent to 50,263.7 million shares at the par value of Baht 1 per share. The issued and paid up share capital was Baht 32,166.3 million and unissued share capital was Baht 18,097.4 million. The Plan Administrator will restructure the capital as follows:

2.1 Decrease the unissued ordinary shares

Within 90 days after the date the Court issues an order approving the Plan (“Court’s Plan Approval Date”), the Company has to decrease the registered but unissued ordinary shares of 18,097.4 million shares. Such decrease will bring down the total value of the registered shares to be equivalent to the total value of issued and paid up shares at Baht 32,166.3 million comprising of 32,166.3 million ordinary shares at the par value of Baht 1 per share.

2.2 Decrease the issued and paid up share capital by reducing the number of issued and paid up shares

Within 90 days after the date the Court’s Plan Approval Date, the Company has to decrease the registered share capital from Baht 32,166.3 million to approximately Baht 1,109 million by reducing the number of ordinary shares by applying the ratio of existing shares 29 shares to 1 share. After such reduction, the Company will have the total value of its registered and paid up shares equivalent to approximately Baht 1,109 million comprising of 1,109 million ordinary shares at the par value of Baht 1 per share.

2.3 Increase the share capital by the 1st Debt to Equity Conversion

Within 90 days after the date the Court’s Plan Approval Date, the Company has to increase the total value registered and paid up shares by Baht 10,000 million by issuing ordinary shares at the amount of 10,000 million shares to be the reserve shares for debt to equity conversion for the creditor in class 2 and/or 3 and/or 4 in conformity with the conditions as stipulated in the Plan. The conversion will be Baht 0.05 per 1 share. After such execution, the Company will have the registered and paid up share capital of approximately Baht 11,109 million comprising of 11,109 issued and paid up ordinary shares at the par value of Baht 1 per share. Nonetheless, the timeframe for the decrease of unissued ordinary shares, the decrease of the issued and paid up share capital and the increase of the share capital by the 1st Debt to Equity Conversion may be extended for not more than 90 days.

2.4 Increase of registered share capital for the 2nd Debt to Equity Conversion

After the completion of the 1st Debt to Equity Conversion, in case where the creditor may proceed the 2nd Debt to Equity Conversion, their debt will be repaid by the Company’s ordinary shares to be newly issued in conformity with the conditions as stipulated in the Plan. The Plan Administrator will have to increase the registered share capital and increase the issued and paid up share capital by issuing adequate number of ordinary shares at the par value of Baht 1 per share to be the reserve shares for the 2nd Debt to Equity Conversion of each and every creditor whose debt will be repaid by the 2nd Debt to Equity Conversion in conformity with the conditions as stipulated in the Plan. The conversion price per 1 share will be the market price per share (the market as of the date the creditor indicate their intention for the 2nd Debt to Equity Conversion; if there is not a market price, the conversion price will be Baht 0.05 per share). In the allocation of the increased ordinary shares for debt repayment to the creditor as per the aforementioned, the Company can consider to register the issued and paid up shares one or more times.

2.5 Increase the share capital for debt to equity conversion for the creditor class 7, 9 and 12

Under the principles of the debt repayment of this Plan, the Plan Administrator will have to increase the registered share capital and increase the issued and paid up share capital by issuing adequate number of ordinary shares at the par value of Baht 1 per share to be the reserve shares for the debt to equity conversion of the creditor class 7, 9 and 12 of the Plan. The conversion price will be Baht 0.05 per 1 share as stipulated in the Plan. In the allocation of the increased ordinary shares for debt repayment to the creditor as per the aforementioned, the Company can consider to register the issued and paid up shares one or more times.

3. Debt repayment of each creditor class

3.1 Creditor Class 1 (Secured creditor)

- 3.1.1 The outstanding principal of Baht 9,780.6 million will be repaid from cash flow for debt repayment and/or excess cash. The creditor will be paid for 144 monthly instalment payments (the 1st month commencing from the month after the month that the Court approves the Plan).
- 3.1.2 (a) From the date after the Court ordered the business rehabilitation to the Court's Plan approval date, the Creditor Class 1 will be entitled to receive interim interest on the outstanding principal at the rate of 7.5% per annum. Such interim interest will be accrued and paid in the 144th month.
(b) From the date after the Court's Plan Approval Date until the date the total debt is paid in full, the Creditor Class 1 will be entitled to receive New Interest on the principal at the rate of MLR% per annum; nonetheless, the actual interest payment will be at the rate of 0.5% . The difference between the new interest and the actual interest ("deferred new interest Portion") will be accrued and paid in the 144th month.
- 3.1.3 In case the Company executes the 2nd Debt to Equity Conversion, the Creditor Class 1 will receive interest payment at the rate of MLR% per annum from the date after the 2nd Debt to Equity Conversion date.
- 3.1.4 After the Creditor Class 1 receives the repayment of debt in full as stipulated in the Plan which includes the prepayment of debt in full, or the Company has completed the 2nd Debt to Equity Conversion to the creditor who may convert their debt into shares in the 2nd Debt to Equity Conversion, the Creditor Class 1 agrees to waive the interim interest and the deferred new interest portion by 50% of such interim interest and the deferred new Interest Portion
- 3.1.5 With regards to the outstanding interest of Baht 8.8 million, the remaining interim interest and the remaining deferred new Interest Portion from clause 3.1.4, the Creditor Class 1 will be repaid in the 144th month. However, if the Company repays the principals of the Creditor Class 2, 3, 4 and 5 in full in any year, the Company will pay the outstanding interest, the remaining interim interest and the remaining Deferred New Interest Portion to the Creditor Class 1 in the same year.

3.1.6 Moreover, during the plan administration period, the Creditor Class 1 who has collaterals which are the shares owned by the Company, can opt to receive the repayment of its outstanding principle and interest in full by transferring the share collaterals to offset such amount. In this event, such Creditor agrees to immediately waive the interim interest and the deferred new interest portion in full on the closing date of the transfer of shares.

3.2 *Creditors, Class 2, 3, 4 and 5*

3.2.1 Creditor Class 2 (Financial institution creditors for the portions of debt claims that exceed the appraised value of the collateral). The outstanding principal of Baht 2,319.2 million will be repaid from cash flow for debt repayment and/or excess cash. The creditor will be paid for 144 monthly instalment payments (the 1st month commencing from the month after the month that the Court approves the Plan). The remaining principal of Baht 10,149.1 million will be repaid in the 144th month from the new funding and/or refinancing and/or excess cash.

3.2.2 Creditor Class 3 (Financial institution creditors who are the joint creditors under the Loan Rescheduling Agreement). The outstanding principal of Baht 722.6 million will be repaid from cash flow for debt repayment and/or excess cash. The creditor will be paid for 144 monthly instalment payments (the 1st month commencing from the month after the month that the Court approves the Plan). The remaining principal of Baht 3,246.0 million will be repaid in the 144th month from the new funding and/or refinancing and/or excess cash.

3.2.3 Creditor Class 4 (Creditor of guarantee obligations for loan repayment). The outstanding principal of Baht 5,209.4 million will be repaid from cash flow for debt repayment and/or excess cash. The creditor will be paid for 144 monthly instalment payments (the 1st month commencing from the month after the month that the Court approves the Plan). The remaining principal of Baht 22,796.9 million will be repaid in the 144th month from the new funding and/or refinancing and/or excess cash.

3.2.4 Creditor Class 5 (Suppliers of key raw materials). The outstanding principal of Baht 291.7 million will be repaid from cash flow for debt repayment and/or excess cash. The creditor will be paid for 144 monthly installment payments (the 1st month commencing from the month after the month that the Court approves the Plan). The remaining principal of Baht 1,300.3 million will be repaid in the 144th month from the new funding and/or refinancing and/or excess cash. However, if the creditor in Class 5 have debt payable to the Company, the Plan Administrator must set off the repayment against such debt payable before repaying the installment payment.

3.2.5 From the date after the Court ordered the business rehabilitation to the Court's Plan Approval Date, the Creditor Classes 2, 3, 4 and 5 will be entitled to receive interim interest on the outstanding principal. Such interim interest will be accrued and paid in the 144th month. In addition, from the date after the Court's Plan Approval Date until the date the total debt is paid in full, the Creditor Classes 2, 3, 4 and 5 will be entitled to receive New Interest at the rate on the principals as follow:

1st Month – 60th Month	1.00% per annum
61th Month – 84th Month	1.75% per annum
85th Month – 96th Month	2.00% per annum
97th Month – 108th Month	2.25% per annum
109th Month – 120th Month	2.50% per annum
121th Month – 144th Month	2.75% per annum

In this regards, the creditor will receive actual interest payment at the rate of 0.1% per annum. The deferred new interest portion, which is the difference between the new interest and the actual interest, will be accrued and paid in the 144th month.

3.2.6 The Creditor Classes 2 and 4 will receive partial principal repayment by the Company's ordinary shares. The Creditor Class 3 has the right to receive partial principal repayment by the Company's ordinary shares under the 1st Debt to Equity Conversion as stipulated in the Plan.

3.2.7 The Creditor Classes 2, 3, 4 and 5 have the right to notify the Company of their intention to receive principal repayments by Company's ordinary shares under the 2nd Debt to Equity Conversion as stipulated in the Plan.

3.2.8 In case the Company executes the 2nd Debt to Equity Conversion, if there are remaining outstanding principals, the interest computed and actually paid from the date after the 2nd Debt to Equity Conversion date until the date the creditor' principals are fully paid will be MLR% per annum for Creditor Classes 2, 3 and 5, and LIBOR+4.5% per annum for Creditor Class 4.

3.2.9 The creditor Classes 2, 3, 4 and 5 agree to waive the entire amount of outstanding interests of Baht 2,271.1 million, Baht 526.2 million, Baht 1,865.5 million and 172.3 million accordingly, as well as the entire interim interests and the deferred new interest portions after their principals have been paid in full as stipulated in the Plan which include the prepayment of debt in full, or have been converted to equity in the 2nd Debt to Equity Conversion as stipulated in the Plan.

3.2.10 The debt of the Creditor Class 4 is the right to claim on the Company in the capacity of the guarantors of Sahaviriya Steel Industries UK Limited (“SSI UK”). Therefore, in case the creditor in Class 4 receive debt repayment from the liquidation process of SSI UK at whichever amount, their right to receive repayment from the Company as stipulated in the Plan will be decreased at same amount by reducing the installment repayment of the principals of the Creditor Class 4 in inverse order.

3.3 *Creditor Class 6 (Government agencies and authorities)*

3.3.1 The outstanding principal of Baht 177.4 million will be repaid from cash flow for debt repayment. The creditor will be paid for 60 monthly installment payments (the 1st month commencing from the month after the month that the Court approves the Plan).

3.3.2 Any other debt owed to the Creditor Class 6 including the penalty and surcharge of Baht 204.0 million, outstanding interest, defaulted interest, fines, statutory costs, expenses and others incurred from contracts and/or law whose repayments have not been stipulated in this Plan will be immediately waived for the entire amount after the completion of the debt repayment to such Creditor under the Plan.

3.4 *Creditor Class 7 (Related party creditors)*

3.4.1 The outstanding principal of Baht 872.6 million will be repaid by the increase in the Company’s ordinary shares with the conversion price at Baht 0.05 per share within the last working day of the 84th month (the 1st month commencing from the month after the month that the Court approves the Plan). If, however, within such period of time, any Creditor in Class 7 has yet received the final judgment of its debt claim, the Plan Administrator must increase the Company’s registered ordinary shares in advance to be the reserve shares for the debt to equity conversion of the Creditor Class 7 and increase the number of issued and paid up shares after the final judgment of the debt claim is issued.

3.4.2 Any other debt owed to the Creditor Class 7 including the outstanding interest of Baht 0.6 million defaulted interest, fines, penalty, surcharge, statutory costs, expenses and others incurred from contracts and/or law whose repayments have not been stipulated in this Plan will be immediately waived for the entire amount after the completion of the debt repayment to such creditor under the Plan.

3.5 *Creditor Class 8 (Trade creditor)*

The debt owed to the Creditor Class 8 including the outstanding principal of Baht 15.1 million, each creditor will receive the debt settlement from cash inflow for debt settlement in the normal course of business.

3.6 Creditor Class 9 (Creditor under the guarantee agreement)

- 3.6.1 The debt of the Creditor Class 9 comprises of the outstanding principal of Baht 3,545.5 million and the outstanding interest of Baht 224.8 million. Such debt will be repaid as stipulated in the Plan when the Creditor in Class 9 in the capacity of the joint guarantor pays the principal debt on behalf of SSI UK and the principal debt of such principal creditors as per the Senior Facilities Agreement dated 16 March 2011 (and the subsequent amendments) must be already repaid in full.
- 3.6.2 The right to claim of the Creditor Class 9 will be equal to half of the amount that the Creditor Class 9 in the capacity of the joint guarantor pays to the principal creditors.
- 3.6.3 In case the Creditor Class 9 and the Company in the capacity of the joint guarantors have individually paid the principal debt to the principal creditors in accordance with such joint guarantee agreement, the Plan Administrator must set off the amount before proceeding to the debt to equity conversion for the Creditor Class 9.
- 3.6.4 The remaining outstanding principal after the set-off will be repaid by the Company's ordinary shares to be newly issued with the conversion price at Baht 0.05 per share within 180 days after the date the Creditor in Class 9 submits evidences of the debt repayment to the Plan Administrator.
- 3.6.5 The Plan Administrator will negotiate with the Creditor Class 9 to make an agreement between the Company and the Creditor to reduce the debt and to waive the right of recourse with one another in order to decrease the debt burden or to waive the debt payment to each other.
- 3.6.6 Any other debt owed to the Creditor Class 9 including the outstanding interest, defaulted interest, fines, penalty, surcharge, statutory costs, expenses and others incurred from contracts and/or law whose repayments have not been stipulated in this Plan will be immediately waived for the entire amount after the completion of the debt repayment to such creditor under the Plan.

3.7 Creditor Class 10 (Creditor of contingent liabilities relating to guarantees)

- 3.7.1 The debt of the Creditor Class 10 comprises of the outstanding principal of Baht 1,185.0 million which is contingent liability and has not been crystalized under the guarantee by the Company for SSI UK for the damages that the Creditor Class 10 may obtain or be claimed by the third party for environmental damages in relation to the Sale and Purchase Agreement and the delivery of goods per related contracts. Therefore, the Creditor Class 10 will be repaid as stipulated in the Plan only

after the final judgment of their debt claims are issued and the third party, such as a governmental agency in England or a person entitled to claim, has demanded the Creditor Class 10 to pay for the damages. After the Creditor in Class 10 has already paid for such damages and submitted trustworthy evidences together with other true concerning documents to prove to the Plan Administrator that it verily pays the damages will the Creditor be paid as stipulated in the Plan.

- 3.7.2 The outstanding principal of Baht 220.4 million will be repaid from cash flow for debt repayment and/or excess cash. The creditor will be paid for 144 monthly installment payments (the 1st month commencing from the month after the month that the Court approves the Plan). The remaining principal of Baht 964.6 million will be repaid in the 144th month from the new funding and/or refinancing and/or excess cash.
- 3.7.3 From the date after the final judgment of the debt claim is issued and the Creditor Class 10 has already paid for such damages and submitted trustworthy evidences together with other true concerning documents to prove to the Plan Administrator that it verily pays the damages until the date the total debt is paid in full, the Creditor Class 10 will be entitled to receive new interest at the rate on the principal as specified in point 3.2.5. In this regards, the creditor will receive actual interest payment at the rate of 0.1% per annum. The deferred new interest portion which is the difference between the new interest and the actual interest, will be accrued and paid in the 144th month.
- 3.7.4 The Creditor Class 10 has the right to notify the Company of its intention to receive principal repayment by Company's ordinary shares under the 2nd Debt to Equity Conversion as stipulated in the Plan. However, if the Company has proceeded the 2nd Debt to Equity Conversion to other creditor before the Creditor Class 10 receives the final judgment and pays for any damages in accordance with the Sale and Purchase Agreement and concerning contracts to such third party, the Plan Administrator has the authority to increase the Company's registered ordinary shares in advance to be the reserve shares for the debt to equity conversion of the Creditor Class 10 and will increase the number of issued and paid up shares after the final judgment of the debt claim is issued and the Creditor has submitted trustworthy evidences together with other true concerning documents to prove to the Plan Administrator that the creditor had verily paid such damages.
- 3.7.5 In case the Creditor Class 10 receives the Company's ordinary shares from the 2nd Debt to Equity Conversion, if there are remaining outstanding principals, the interest computed and actually paid from such date until the date the creditor' principals are fully paid will be LIBOR+4.5% per annum.

3.7.6 The Creditor Class 10 agrees to waive the entire amount of outstanding interest after their principals have been paid in full as stipulated in the Plan which includes the prepayment of debt in full, or have been converted to equity in the 2nd Debt to Equity Conversion as stipulated in the Plan.

3.8 *Creditor Class 11 (Creditor of fines and/or damages incurred in relation to defaults of contract)*

3.8.1 The outstanding principal of Baht 52.0 million will be repaid from cash flow for debt repayment and/or excess cash. The creditor will be paid for 144 monthly instalment payments (the 1st month commencing from the month after the month that the Court approves the Plan). The remaining principal of Baht 227.4 million will be repaid in the 144th month from the new funding and/or refinancing and/or excess cash.

3.8.2 From the date after the final judgment of the debt claim is issued until the date the total debt is paid in full, the Creditor Class 11 will be entitled to receive new interest at the rate on the principal as specified in clause 3.2.5. In this regards, the creditor will receive actual interest payment at the rate of 0.1% per annum. The deferred new interest portion which is the difference between the new interest and the Actual Interest, will be accrued and paid in the 144th month.

3.8.3 The Creditor Class 11 has the right to notify the Company of its intention to receive principal repayment by Company's ordinary shares under the 2nd Debt to Equity Conversion as stipulated in the Plan. However, if the Company has proceeded the 2nd Debt to Equity Conversion to other creditor before the Creditor Class 11 receives the final judgment of its claim, the Plan Administrator has the authority to increase the Company's registered ordinary shares in advance to be the reserve shares for the debt to equity conversion of the Creditor Class 11 and will increase the number of issued and paid up shares after the final judgment of the debt claim.

3.8.4 In case the Creditor Class 11 receives the Company's ordinary shares from the 2nd Debt to Equity Conversion, if there are remaining outstanding principals, the interest computed and actually paid from such date until the date the creditor's principals are fully paid will be MLR% per annum.

3.8.5 The Creditor Class 11 agrees to waive the entire amount of outstanding interest after their principals have been paid in full as stipulated in the Plan which includes the prepayment of debt in full, or have been converted to equity in the 2nd Debt to Equity Conversion as stipulated in the Plan.

3.9 Creditor Class 12 (creditor of professional fees under consultant agreements)

- 3.9.1 The outstanding principal of Baht 188.0 million will be repaid from cash flow for debt repayment and/or excess cash. The creditor will be paid for 144 monthly installment payments (the 1st month commencing from the month after the month that the Court approves the Plan). However, the Company will repay the debt to any Creditor in Class 12 only after the Creditor has already obtained the final judgment of its debt claim.
- 3.9.2 The outstanding principal of Baht 776.0 million will be repaid by the increase in the Company's ordinary shares with the conversion price at Baht 0.05 per share within the last working day of the 84th month (the 1st month commencing from the month after the month that the Court approves the Plan). If, however, within such period of time, any Creditor in Class 12 has yet received the final judgment of its debt claim, the Plan Administrator must increase the Company's registered ordinary shares in advance to be the reserve shares for the debt to equity conversion of the Creditor Class 12 and increase the number of issued and paid up shares after the final judgment of the debt claim is issued.
- 3.9.3 The remaining outstanding principal of Baht 963.9 million including the outstanding interest of Baht 21.3 million, defaulted interest, fines, penalty, surcharge, statutory costs, expenses and others incurred from contracts and/or law whose repayments have not been stipulated in this Plan will be immediately waived for the entire amount after the completion of the debt repayment to such creditor under the Plan.

3.10 Creditor Class 13 (Issuers of bank guarantees)

The Creditor in this Class is the Creditor who issued letter of guarantees to the Company to guarantee for the Company's debt. This Creditor will not be affected by the debt restructuring under this Plan because the obligation as per the letter of guarantees has yet been due. Nonetheless, the Creditor will receive the payments for fees and other expenses in relation to the original contracts and agreements

4. Collection from related companies receivable

B.S. Metal Co., Ltd. and Sahaviriya Panich Corporation Co., Ltd. have the outstanding debt with the Company and the collection from both receivables is the part of cash flows to be taken to settle to creditors under rehabilitation plan. Therefore, During the performance in accordance with the rehabilitation plan, the Company dealt with B.S Metal Co., Ltd., Sahaviriya Panich Corporation Co., Ltd. and related companies on the basis and methodology as follow:

- 4.1 If both receivables still deal with the Company that the Company will gradually reduce the outstanding current trade accounts to both receivable. In the goods purchasing order from the Company that new goods will be delivered not exceed 95per cent of the amount payment in that period and the Company has to take total receipt of the goods payment to settle the existing debt.
- 4.2 As per No.4.1, both receivable have to settle the existing debts or goods ordered in each time by cash payment before the date of goods delivery.
- 4.3 The Company has to follow up the debt settlement from both receivables by computing the amounts between new goods valuation and goods price to be settled for the existing debt or the amounts which the receivable gradually settled debt (if there is no trading).
- 4.4 Amounts of debt settlement which both receivable computed as per No.4.3 not less than the amount of Baht 300 million per annum and both receivables have to make total outstanding debt settlement (the existing and new debt) to the Company within 7 years from 2017 onwards. In 2019, all outstanding debt is not exceeding than Baht 2,640.0 million and at the end of 2021 the outstanding debt balance (the existing and new debt) will not exceed than Baht 1,760.0 million.
- 4.5 If the receivables do not make payment as time determined in No.4.2, the goods delivery to received is suspended.
- 4.6 If the Company is unable to collect the outstanding debt from B.S. Metal Co., Ltd. and Sahaviriya Panich Corporation Co., Ltd. as determined in No. 4.4 above and the Board of creditor informed the Company by notice for such defaulting and caused to be the default as determined in the rehabilitation plan.

5. The success of the Plan

When the events as stipulated in paragraph 5.1 and 5.2 or the events as stipulated in paragraph 5.1 and 5.3 have occurred, and the consent from the Committee of the creditor has been sought, it is deemed that the business rehabilitation is successful

- 5.1 The Company has repaid the outstanding principal to every Creditor as stipulated in the Plan in the amount not less than 25% of the outstanding principal that the Company has to pay under the Plan; and
- 5.2 The Company has secured new funding from an investor(s) to repay debt such that the shareholders' equity of the Company becomes positive; or
- 5.3 Debt to equity conversion as stipulated in the Plan has been executed such that the shareholders' equity of the Company becomes positive.

Progress of implementation of the Plan

Capital restructuring

On 23 December 2016, the Company filed a petition for an amendment of the Memorandum of Association to decrease the unissued ordinary shares. The Court granted permission, on 22 February 2017, to amend the Memorandum of Association to cancel the unissued 18,097,401,000 ordinary shares at par value of Baht 1 each. The decrease of share registered capital resulted to the decreasing from Baht 50,263.7 million to Baht 32,166.3 million. The Company has registered the decrease share capital with the Ministry of Commerce on 1 March 2017.

On 19 April 2017, the Company filed the petition to the Central Bankruptcy Court for amendment the Memorandum of Association of the Company for decreasing share capital and on 26 April 2017, the Court ordered the Company to amend the Memorandum of Association to be 31,053,243,844 common shares by decreasing share capital from Baht 32,166.3 to Baht 1,113.0 million. The Company has registered the decrease share capital with the Ministry of Commerce on 13 July 2017.

On 24 July 2017, the Company filed the petition to the Central Bankruptcy Court for amendment the Memorandum of Association of the Company for increasing share capital for conversion debt to equity No. 1. On 21 September 2017, the Court has ordered to approve the amendment of memorandum of association for increasing share capital 10,000,000,000 shares at par value of Baht 1 each. As a result, the Company has the increase share capital from 1,113.0 million to Baht 11,113.0 million. The Company has registered the decrease share capital with the Ministry of Commerce on 19 October 2017.

The Company converted debt to equity No.1 to the creditors as determined in the Plan by issuing new 10,000,000,000 ordinary shares at par value of Baht 1 each to 4 creditors who expressed their wishes at the price of Baht 0.05 per share, amounting to Baht 500 million. The Company has filed the amendment of the Memorandum of Association on 28 March 2018.

Application of debt repayment of creditors

As at 28 February 2018, there is 1 creditor applied for receipt of the debt settlement which is awaiting for the order of the Official Receiver.

A creditor in the Creditor Class 12 is awaiting for order of the Official Receiver for the principal and interest in Thai Baht 1,907.7 million and Baht 21 million respectively which the Company did not record as liabilities since the management considers that there is uncertainty and not probability that the Company will lose the economic benefits to settle such debt.

In 2018, the Company has settled debt to the creditors under the Plan for the principal amount of Baht 1,625.9 million and from cash inflows surplus amount of Baht 1,401.6 million and from conversion of debt to equity amount of Baht 500 million, total principal under the plan amount of Baht 3,527.5 million and interest amount of Baht 80.3 million, totaling Baht 3,607.8 million.

In 2017, the Company has settled debt to the creditors under the Plan for the principal amount of Baht 1,538.4 million and from cash inflows surplus amount of Baht 279.5 million, total principal under the plan amount of Baht 1,817.9 million and interest amount of Baht 94.3 million, totaling Baht 1,912.2 million.

24 Share capital

Movement of share capital for the year ended 31 December 2018 and 2017 as follows:

	Par value per share (in Baht)	2018		2017	
		Number	Amount	Number	Amount
		<i>Thousand shares</i>	<i>Thousand Baht</i>	<i>Thousand shares</i>	<i>Thousand shares</i>
<i>Authorized</i>					
ordinary shares					
As at 1 January	1	11,113,018	11,113,018	50,263,663	50,263,663
- Share decrease No.1	1	-	-	(18,097,401)	(18,097,401)
- Share decrease No.2	1	-	-	(31,053,244)	(31,053,244)
- Share increase	1	-	-	10,000,000	10,000,000
As at 31 December	1	11,113,018	11,113,018	11,113,018	11,113,018
<i>Issued and paid-up</i>					
ordinary shares					
As at 1 January		1,113,018	1,113,018	32,166,262	32,166,262
- Share decrease No.2	1	-	-	(31,053,244)	(31,053,244)
- Share increase No.2		10,000,000	10,000,000	-	-
As at 31 December	1	11,113,018	11,113,018	1,113,018	1,113,018

Decrease shares capital

On 23 December 2016, the Company filed a petition for an amendment of the Memorandum of Association to decrease the unissued ordinary shares. The Court granted permission, on 22 February 2017, to amend the Memorandum of Association to decrease the unissued 18,097,401,000 ordinary shares at par value of Baht 1 each. The decrease of share registered capital resulted to the decreasing from Baht 50,263.7 million to Baht 32,166.3 million. The Company has registered the decrease share capital with the Ministry of Commerce on 1 March 2017

On 19 April 2017, the Company filed a petition for an amendment of the Memorandum of Association to decrease share capital by reducing the number of shares. The Court granted permission, on 26 April 2017 to amend the Memorandum of Association to decrease 31,053,243,844 ordinary shares at par value of Baht 1 each. The decrease of registered share capital resulted to the decreasing from Baht 32,166.3 million to Baht 1,113.0 million. The Company has registered the decrease share capital with the Ministry of Commerce on 13 July 2017.

Increase in ordinary shares

On 24 July 2017, the Company filed a petition for an amendment of the Memorandum of Association to increase share capital by converting debts to equity No. 1. The Court granted permission, on 21 September 2017 to amend the Memorandum of Association to increase 10,000,000,000 ordinary shares at par value of Baht 1 each. The increase of registered share capital resulted to the increasing from Baht 1,113.0 million to Baht 11,113.0 million. The Company has registered the decrease share capital with the Ministry of Commerce on 19 October 2017.

On 28 March 2018, the Company has converted debt to equity No.1 to the creditors as determined in the Plan by issuing new 10,000,000,000 ordinary shares at the par value of Baht 1 each to 4 creditors who expressed their wishes at the price of Baht 0.05 per shares, amounting to Baht 500 million and the Company has filed the amendment of Memorandum of Association with the Ministry of Commerce.

Thus the abovementioned decrease and increase share capital must be complied with the stipulation in the Plan.

Transactions effected from decrease share capital

Moments of capital and reserves are presented in statements of changes in shareholders' equity.

Share discount on ordinary shares

	Unit : Thousand Baht
As at 1 January 2018	-
Increase	(9,500,000)
As at 31 December 2018	(9,500,000)

25 Segment information

The Group has three 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

Segment 1	Manufacture of hot rolled coils
Segment 2	Maintenance services
Segment 3	Deep-sea port services

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

Information about segment income and profit for the year ended 31 December 2018 and 2017 are as follows:

Unit: Thousand Baht

	Manufacture		Maintenance services		Deep-sea port services		Elimination		Total segment	
	of hot rolled coils		2018	2017	2018	2017	2018	2017	2018	2017
	2018	2017								
External revenue	30,864,280	24,975,852	355,403	177,338	208,470	178,383	-	-	31,428,153	25,331,573
Inter-segment revenue	-	-	343,771	370,679	71,587	60,003	(415,358)	(430,682)	-	-
Segment profit (loss) before income tax	288,643	4,443,865	49,654	87,044	95,388	54,955	(193,025)	(50,160)	240,660	4,535,704
Reportable segment assets as at 31 December	25,199,347	24,665,215	390,932	335,255	1,286,352	1,392,641	(967,761)	(855,357)	25,908,870	25,537,754
Reportable segment liabilities as at 31 December	63,963,511	64,235,405	262,572	247,047	58,846	59,321	(77,303)	(67,886)	64,207,626	64,473,887

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	
	2018	2017
Income		
Domestic	31,268,714	25,286,629
Overseas	159,439	44,945
Total	31,428,153	25,331,574

Major customer

Revenues from 3 customers of the Group's segment 1 represent approximately Baht 12,036 million (2017: 3 customers Baht 10,319 million).

26 Expenses by nature

Unit : Thousand Baht

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Changes in inventories of finished goods and work in progress	(92,349)	(515,461)	(96,997)	(523,091)
Raw materials and consumables used	27,539,690	20,421,843	27,253,521	20,645,898
Employee benefit expenses	933,999	835,814	672,400	625,754
Fuel oil and electrical expenses	694,714	597,271	688,167	592,614
Depreciation and Amortization expenses	746,090	742,126	638,009	636,506
Maintenance expenses	311,320	240,036	306,795	240,506
Transportation expenses	505,199	380,449	505,199	380,449
Professional fee	142,008	150,787	122,605	127,671
Minimum lease payments recognized as an operating lease expenses	35,143	28,034	29,651	25,486
Bad debt and doubtful expenses	4,547	8,032	4,547	8,032
Advertising and public relation expenses	16,003	6,400	16,003	6,400
Penalties	8,125	12,414	8,125	12,414
Loss on devaluation of inventories (reversal)	431,971	(74,163)	431,971	(74,067)
Loss on onerous contracts (reversal)	382	(18,461)	382	(18,461)
Loss on impairment of intangible assets	95,475	-	95,475	-

27 Effects from flood

The Group and the Company's operations at Amphur Bangsapan, Prachuapkhirikhan Province encountered the effects of severe flooding in the Southern of Thailand. The water flooded into the plants during 9-13 January 2017, as a result, the manufacturing of such plant has to temporarily stop. The Company restarted the normal manufacturing on 23 January 2017. The Company and the Company recognized expenses and indemnity from insurance in respect of the damages from flooding for the year ended 31 December 2017 as follows:

	Unit : Thousand Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Indemnity from insurance company	-	364,888	-	246,362
Sales of scrap income	-	102	-	-
Realized revenues	-	364,990	-	246,362
Impairment loss of inventories	-	25,914	-	20,902
Impairment loss of machinery and equipment	-	67,089	-	38,150
Other expenses resulted from flooding	-	129,435	-	99,216
Total expenses related flooding	-	222,438	-	158,268
Realized net profit from flooding	-	142,551	-	88,094
Indemnity from insurance company	-	364,888	-	246,362
Claims received during the year	-	(364,888)	-	(246,362)
Accrued indemnity	-	-	-	-

28 Income tax

Income tax recognized in profit or loss

Unit : Thousand Baht

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Current income tax				
Current year	(21,872)	-	-	-
Deferred tax expense				
Movements in temporary differences	8,552	21,212	17,384	31,859
Total tax (expense) income	(13,320)	21,212	17,384	31,859

Reconciliation of effective tax rate

Unit : Thousand Baht

	Consolidated financial statements			
	2018		2017	
	Tax Rate	Amount	Tax Rate	Amount
	(%)		(%)	
Gain (loss) before income tax		240,660		4,535,704
Income tax using the Thai corporation tax rate	20	48,132	20	907,141
Income not subject to tax		(39,716)		(74,268)
Expenses not deductible for tax purposes		179,612		8,082
Double taxable expenses		(287)		-
Unrecognise deferred tax assets and deferred tax liabilities during the year		2,023		28,487
Under tax provided in prior year		(164)		-
Tax loss		(202,920)		(848,230)
Total	5.5	(13,320)	-	21,212

Unit : Thousand Baht

Separate financial statements

	2018		2017	
	Tax Rate	Tax Rate	Tax Rate	Tax Rate
	(%)		(%)	
Gain (loss) before income tax expense		288,643		4,443,865
Income tax using the Thai corporation tax rate	20	57,729	20	888,773
Income not subject to tax		(27,211)		(61,813)
Expenses not deductible for tax purposes		164,960		3,403
Unrecognized deferred tax assets and deferred tax liabilities during the year		17,384		31,859
Tax loss		(195,478)		(830,363)
Total	-	17,384	-	31,859

Income tax recognition depends on the best estimates of the management in respect of the weighted average of tax rate for the year which expected for the period, using revenues before interim income tax, effective rate of the Group. The Company has the effects from these factors as following:

- Taxable losses and temporary different incurred during the period which deferred tax assets were not recorded since the management deems that there is no direction to utilize the future taxable profit.
- Certain net profit of the Group incurred from the promoted business activities that net profit of such activities were exempted from income tax.
- Losses of some subsidiaries of the Group cannot be netted with profit of other subsidiaries in income tax calculation.

29 Earnings (loss) per share

Basic earnings (loss) per share

The calculations of basic earnings per share for the period were based on the profit for the period attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding during the period

For the year ended 31 December 2018 and 2017 as follows:

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2018	2017	2018	2017
Profit (Loss) for the year attributable to ordinary shareholders of the Company (Thousand Baht)	194,305	4,534,665	306,026	4,475,724
Number of ordinary shares issued as at 1 January	1,113,018	32,166,262	1,113,018	32,166,262
Effects of shares issued during the year	7,616,438	(31,053,244)	7,616,438	(31,053,244)
Weighted average number of ordinary shares outstanding (basic) (Thousand shares)	8,729,456	1,113,018	8,729,456	1,113,018
Basic earnings (loss) per share(Baht)	0.02	4.07	0.04	4.02

30 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:

- exemption from payment of import duty on machinery approved by the Board;
- exemption from payment of import duty on essential raw materials and supplies imported;
- 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 for the year ended 31 December 2018

Unit : Thousand Baht

	Consolidated financial statements					
	2018			2017		
	Promoted Businesses	Non-promoted Businesses	Total	Promoted Businesses	Non-promoted Businesses	Total
Export sales and services	-	125,628	125,628	-	44,945	44,945
Local sales and services	2,548	31,715,335	31,717,883	2,084	25,715,239	25,717,323
Eliminations	-	(415,358)	(415,358)	-	(430,694)	(430,694)
Total Revenue	2,548	31,425,605	31,428,153	2,084	25,329,490	25,331,574

Unit : Thousand Baht

	Separate financial statements					
	2018			2017		
	Promoted Businesses	Non-promoted Businesses	Total	Promoted Businesses	Non-promoted Businesses	Total
Export sales and services	-	33,811	33,811	-	30,837	30,837
Local sales and services	-	30,830,469	30,830,469	-	24,945,015	24,945,015
Total Revenue	-	30,864,280	30,864,280	-	24,975,852	24,975,852

31 Financial instrument

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 17 and 21). 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:

		Unit : Thousand Baht				
		Consolidated financial statements				
		Effective interest rate	Within 1 year	Over 1 year to 5 years	Over 5 years	Total
2018	(% per annum)					
Current						
Other payables under the Plan						
	- Unsecured	1.00	25,517	-	-	25,517
Short-term borrowings from financial institution						
	- Secured	MLR-0.75	30,000	-	-	30,000
Long-term borrowings from financial institution						
	-Secured	MLR	771,677	-	-	771,677
	-Unsecured	1.00	274,285	-	-	274,285
	Finance lease liabilities	4.44-6.50	17,402	-	-	17,402
	Provision made for loss on guarantee	1.00, MLR	511,059	-	-	511,059
Non-current						
Other payables under the Plan						
	- Unsecured	1.00	-	120,794	1,375,198	1,495,992
Long-term borrowings from financial institution						
	- Secured	MLR	-	3,086,709	2,504,551	5,591,260
	-Unsecured	1.00	-	1,249,469	14,217,018	15,466,487
	Finance lease liabilities	4.44-6.50	-	4,131	-	4,131
	Provision made for loss on guarantee	1.00, MLR	-	2,305,121	21,782,063	24,087,184
Total			1,629,940	6,766,224	39,878,830	48,274,994

Unit : Thousand Baht

	Effective interest rate <i>(% per annum)</i>	Consolidated financial statements			
		<u>Within 1 year</u>	<u>Over 1 year to 5 years</u>	<u>Over 5 years</u>	<u>Total</u>
2017					
Current					
Other payables under the Plan					
- Unsecured	1.00	25,807	-	-	25,807
Short-term borrowings from financial institution					
- Secured	MOR, MLR	72,000	-	-	72,000
Long-term borrowings from financial institution					
-Secured	MLR	771,677	-	-	771,677
-Unsecured	1.00	266,942	-	-	266,942
Finance lease liabilities	6.50-7.56	15,936	-	-	15,936
Provision made for loss on guarantee	1.00, MLR	498,485	-	-	498,485
Non-current					
Other payables under the Plan					
- Unsecured	1.00	-	118,635	1,411,610	1,530,245
Long-term borrowings from financial institution					
-Secured	MLR	-	3,086,709	4,404,557	7,491,266
-Unsecured	1.00	-	1,227,135	14,601,434	15,828,569
Finance lease liabilities	6.50-7.56	-	17,740	-	17,740
Provision made for loss on guarantee	1.00, MLR	-	2,266,871	23,210,039	25,476,910
Total		1,650,847	6,717,090	43,627,640	51,995,577

Unit : Thousand Baht

	Effective interest rate (% per annum)	Separate financial statements			
		Within 1 year	Over 1 year		Total
			to 5 years	Over 5 years	
2018					
Current					
Other payables under the Plan					
- Unsecured	1.00	25,517	-	-	25,517
Long-term borrowings from financial institution					
-Secured	MLR	771,677	-	-	771,677
-Unsecured	1.00	274,285	-	-	274,285
Provision made for loss on guarantee	1.00, MLR	511,059	-	-	511,059
Finance lease liabilities	4.52	625	-	-	625
Non-current					
Other payables under the Plan					
- Unsecured	1.00	-	120,794	1,375,198	1,495,992
Long-term borrowings from financial institution					
-Secured	MLR	-	3,086,709	2,504,551	5,591,260
-Unsecured	1.00	-	1,249,469	14,217,018	15,466,487
Provision made for loss on guarantee	1.00, MLR	-	2,305,121	21,782,063	24,087,184
Finance lease liabilities	4.52	-	1,325	-	1,325
Total		1,583,163	6,763,418	39,878,830	48,225,411

Unit : Thousand Baht

	Effective interest rate	Separate financial statements			
		Within 1 year	Over 1 year		Total
			to 5 years	Over 5 years	
2017					
	<i>(% per annum)</i>				
Current					
Other payables under the Plan					
– Unsecured	1.00	25,807	-	-	25,807
Long-term borrowings from financial institution					
-Secured	MLR	771,677	-	-	771,677
-Unsecured	1.00	266,942	-	-	266,942
Provision made for loss on guarantee	1.00, MLR	498,485	-	-	498,485
Non-current					
Other payables under the Plan					
– Unsecured	1.00	-	118,635	1,411,610	1,530,245
Long-term borrowings from financial institution					
-Secured	MLR	-	3,086,709	4,404,557	7,491,266
-Unsecured	1.00	-	1,227,135	14,601,434	15,828,569
Provision made for loss on guarantee	1.00, MLR	-	2,266,871	23,210,039	25,476,910
Total		1,562,911	6,699,350	43,627,640	51,889,901

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		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
<i>United States Dollars</i>				
Cash and cash equivalents	306	120,446	306	120,446
Trade accounts receivable	-	186	-	-
Trade accounts payable	(5,319,611)	(2,928,296)	(5,310,608)	(2,918,545)
Provisions under guarantee agreement and others	(24,240,094)	(25,515,525)	(24,240,094)	(25,515,525)
Other payables	(50)	(1,386)	(50)	(1,386)
Gross balance sheet exposure	(29,559,449)	(28,324,575)	(29,550,446)	(28,315,010)
Forward contracts	(1,304,592)	(508,108)	(1,304,592)	(508,108)
Net exposure	(30,864,041)	(28,832,683)	(30,855,038)	(28,823,118)
<i>(GBP) Great Britain Pound Sterling</i>				
Trade accounts receivable	419	449	-	449
Trade accounts payable	(47)	-	(47)	-
Interest-bearing liabilities	-	-	-	-
Other payables	(5,918)	(7,312)	(5,918)	(7,312)
Gross balance sheet exposure	(5,546)	(6,863)	(5,965)	(6,863)
Forward contracts	-	-	-	-
Net exposure	(5,546)	(6,863)	(5,965)	(6,863)

Unit : Thousand Baht

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
<i>Euro</i>				
Cash and cash equivalents	235	280,949	235	280,949
Trade accounts receivable	590	1,433	-	-
Trade accounts payable	(22,751)	(7,081)	(22,663)	(7,081)
Other payables	(4,898)	(4,727)	(4,898)	(4,727)
Gross balance sheet exposure	(26,824)	(270,574)	(27,326)	(269,141)
Forward contracts	-	-	-	-
Net exposure	(26,824)	(270,574)	(27,326)	(269,141)
<i>YEN</i>				
Trade accounts payable	(313)	(310)	(285)	(282)
Other payables	-	-	(1,128)	-
Gross balance sheet exposure	(313)	(310)	(1,413)	(282)
Forward contracts	-	-	-	-
Net exposure	(313)	(310)	(1,413)	(282)

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.

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		Separate	
	financial statements		financial statements	
	Fair	Carrying	Fair	Carrying
	value	value	value	value
	level 2		level 2	
2018				
Current				
Forward exchange contracts - liabilities	1,296,475	1,304,592	1,296,475	1,304,592
Total	1,296,475	1,304,592	1,296,475	1,304,592
2017				
Current				
Forward exchange contracts - liabilities	503,966	508,108	503,966	508,108
Total	503,966	508,108	503,966	508,108

32 Commitments and contingent liabilities

Unit: Million Baht

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Capital commitments				
<i>Contracted but not provided for</i>				
Machinery and equipment	57	76	109	76
Total	57	76	109	76

As at 31 December 2018, the Group had capital expenditures amount of Baht 40.1 million, USD 0.4 million and EUR 0.3 million (2017: Baht 28.8 million, USD 0.1 million, EUR 1.1 million) in relation to the acquisition and installation of machinery and equipment.

As at 31 December 2018, the Company had capital expenditures amount of Baht 93 million, USD 0.1 million and EUR 0.4 million (2017: Baht 27.6 million, USD 0.1 million, EUR 1.1 million) in relation to the acquisition and installation of machinery and equipment

Unit: Million Baht

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Non-cancellable operating lease commitments				
Within one year	13	9	9	8
After one year but within five years	5	9	1	8
Total	18	18	10	16
Other commitments				
Raw materials purchases	2,722	3,247	2,722	3,247
letter of credit	10	10	-	-
Other agreements	720	481	689	453
Total	3,452	3,738	3,411	3,700

As at 31 December 2018, the Group had other commitments in relation to purchase spare parts and equipment supplies, and to obtain maintenance services amounting to Baht 347 million, USD 3.11 million, EUR 4.79 million, JPY 5.82 million and GBP 0.31 million (2017: Baht 170 million, USD 4.8 million, EUR 3.7 million and JPY 11.3 million).

As at 31 December 2018, the Company had other commitments in relation to purchase spare parts and equipment supplies, and to obtain maintenance services amounting to Baht 145 million, USD 3.1 million, EUR 4.8 million and JPY 5.8 million (2017: Baht 142 million, USD 4.8 million, EUR 3.7 million and JPY 11.3 million).

Contingent liabilities

a) As at 31 December 2018 and 2017, the Group was liable to banks in respect to the following guarantees:

	Unit: Million Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Electricity supply	107	107	104	104
Performance guarantees	79	44	-	-
Others	16	16	5	5
Total	202	165	109	109

As at 31 December 2018 and 2017, the Group had outstanding bank guarantees issued by banks on behalf of the Company and its subsidiaries in respect of certain performance bonds as required in the normal course of the business. These included letters of guarantee for:

- To the Customs Department in respect of the establishment of a wharf and go-downs amounting to Baht 11 million (2017: amount of Baht 11 million);
- The contractual performance amounting to Baht 79 million (2017: amount Baht 44 million)
- Electricity usage amount of Baht 107 million (2017: amount of Baht 107 million).

b) As at 31 December 2018, the Company has contingent liabilities from guarantee under agreement and damages under agreement amount of USD 31 million with the condition that the Company will mark payment whenever the environment damages incurred and in conformity with environment responsibility conditions in accordance with purchase and sales of still mill and integrated steel agreement dated 24 February 2011.

Dispute

Land in Prachuapkhirikhan

- a) 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

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. On 6 August 2013, the Central Administrative Court ordered to stay the execution ordering the Company and its subsidiary to vacate from the National Forest and to undertake no activities on that land. Subsequent on 23 December 2014, the CAC reversed the ordering to relieve the execution which ordered the Company and its subsidiary to vacate from the National Forest.

In addition, the Court ordered to try this case together with the case in which the Company and subsidiary filed a lawsuit against the abovementioned officer of Land Department. Prachuap Kiri Khan Province, Bang Saphan Branch.

On 29 August 2017, the Central Administrative Court has dismissed the case, subsequent on 27 September 2017, the Company and subsidiary filed the appeal to protest the judgment to the Administrative Supreme Court.

- b) 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.

On 20 February 2018, CAC has dismissed the case abovementioned. Subsequent on 19 March 2018, the Company and subsidiary filed an appeal against the judgment of Supreme Administrative Court.

However, the management of the Company and subsidiaries believe that the trial result will not affect the future operations of the Company and subsidiaries which is still pending the Court's trial. However, in the preparation of financial statements, the Company and subsidiaries recorded provision for impairment of land and assets located on such land in full in 2007 and 2008 respectively.

33 Financial Statements Approval

These financial statements were approved and authorized for issue by the Company's Board of directors on 28 February 2019.