

Annual Report 2017
Sahaviriya Steel Industries Public Company Limited



SSI

innovate • strength

Contents

1	2	4	8	10
Vision, Mission and Values	Performance Highlights	Message from the Chairman of the Board of Directors	Business's Strategy and Overview	Significant Changes and Development in 2017
12	14	15	19	20
SSI Group Structure	Relationship with Major Shareholder's Group of Business	Business Description	Revenue Structure	Steel Industry and Market Overview
21	24	25	31	34
Report of the Audit Committee for 2017	Report of the Risk Management Committee for 2017	Risk Factors	General Information and Other Key Information	Major Shareholders
35	36	49	61	62
Dividend Policy	The Board of Directors	The Management	Shareholding of Directors and Management	Report of the Nomination and Remuneration Committee for 2017
66	70	72	74	103
Remuneration of Directors and Management	Organisation Chart	Good Corporate Governance Committee's Report for 2017	Good Corporate Governance	Social and Community Contribution
108	110	113	128	129
Internal Control and Risk Management	Related Party Transactions	Key Financial Information	Report on the Responsibility of the Board of Directors for 2017 Financial Report	Management Discussion and Analysis
142	146	156		
Independent Auditor's Report	Financial Statements	Notes to the Financial Statements		

Vision

Leading Innovative and Reliable Steel Company

Mission

Innovate life through steel and its application, engineering, energy, and marine innovation

Values

- integrity We do what we say
- Fighting spirit Never give up
- aim for excellence Anything is possible
- can change Be the leader of change
- teamwork One for all, all for one
- service-mind Deliver more than expected

iFacts



Performance Highlights

Financial Highlights

		2017	2016	2015 (Restated)
Sales and Service Revenues	Million Baht	25,332	19,824	20,173
Total Revenue	Million Baht	28,452	20,305	20,495
Cost of Sales and Services	Million Baht	21,841	15,195	19,389
Gross Profit (Loss)	Million Baht	3,491	4,629	784
Profit (Loss) Attributable to Owners of the Company	Million Baht	4,535	(2,869)	(40,959)
Total Assets	Million Baht	25,538	24,228	23,351
Total Liabilities	Million Baht	64,474	67,667	63,991
Total Equity	Million Baht	(38,936)	(43,439)	(40,640)
Equity Attributable to Owners of the Company	Million Baht	(39,554)	(44,089)	(41,271)
Net Profit (Loss) Margin	%	17.90	(14.47)	(203.04)
Return on Equity	%	N.A.	N.A.	N.A.
Return on Asset*	%	22.30	(0.99)	(80.94)
Interest Bearing Debt to Equity Ratio	Times	N.A.	N.A.	N.A.
Earning (Loss) per Share**	Baht	4.07	(2.58)	(37)
Book Value per Share	Baht	(35.54)	(1.37)	(1.28)

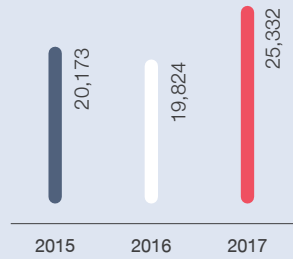
* Editing calculation formula in according to SET Manual Version 2.0, by changing from "Profit (Loss) attribute to the Owners of the Company divided by average Assets of this year and previous year" to "Profit (Loss) attribute to the Owners of the Company before Interest Expenses and Income Tax divided by average Assets of this year and previous year".

** For year 2015 - 2016, Earning (Loss) pers share were recalculated, assumed that the decrease of ordinary shares incurred since the beginning date of the first period of reports.



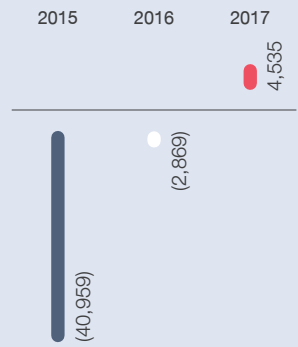
Sales and Service Revenues

Unit: Million Baht



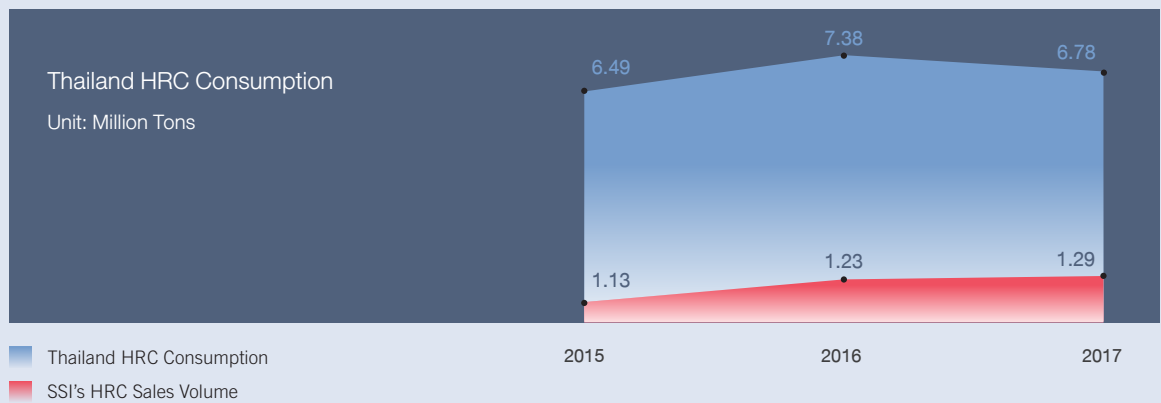
Net Profit (Loss)

Unit: Million Baht



Thailand HRC Consumption

Unit: Million Tons



Message from the Chairman of the Board of Directors



Dear Shareholders

As the Central Bankruptcy Court approved the Company's Business Rehabilitation Plan (the "Plan") on 15 December 2016, and determined Sahaviriya Steel Industries Public Company Limited to be the Plan Administrator, the Board of Directors who serves as the Plan Administrator has intensely overseen the business operation of the Company in order to achieve results set forth in the Plan which shall be reported as following:

Progress of the implementation of the Business Rehabilitation Plan in 2017 is as follows:

1. Business Performance

In 2017, the Company and its subsidiaries recorded sales and service revenues in the amount of Baht 25,332 million, an increase of 28% from the previous year. Hot Rolled Coil ("HRC") sales volume totalled 1,285k tons, improving 4% from the previous year, yet lower than the volume set forth in the Plan at 1,700k tons. The average price of HRC was boosted by 23% from last year to Baht 19,197 per ton or USD 570 per ton following the world market price trend while Premium Value Products (PVPs) accounted for 51% of total HRC sales volume.

The Company and its subsidiaries recorded net profit of Baht 4,535 million, EBITDA Baht 6,115 million (excluding the reversal of provisions for the decline in value of inventories of Baht 74 million; loss under onerous contracts of Baht 18 million; and gains from foreign exchange of Baht 2,952 million, core EBITDA would have been Baht 3,070 million). Operating performance improved from 2016 where net loss was Baht 2,869 million, EBITDA was Baht 2,143 million, and core EBITDA was Baht 1,378 million. Under unconsolidated basis, the Company's net profit and EBITDA were higher than specified in the Plan, mainly resulting from the ability to maintain spread between selling prices and raw material costs at the level above the Plan, and gain from foreign exchange.

2. Debt Repayment in Accordance with the Plan

In 2017, the Company made debt repayments in accordance with the Plan to the creditors totalling Baht 1,643 million, comprising of principal repayment of Baht 1,539 million and interest Baht 95 million. Moreover, the Company made an early debt repayment from Excess Cash of Baht 280 million. Therefore, the total debt repayment made in 2017 was Baht 1,914 million.

3. Implementation of the Capital Restructuring in Accordance with the Plan

1 March 2017

The Company registered the Capital Decrease for the registered but unissued ordinary shares of 18,097,401,000 shares. As a result, the registered and paid-up capital of the Company became Baht 32,166,262,124, divided into 32,166,262,124 ordinary shares with the par value of Baht 1 per share.

14 July 2017

The Company completed the registration of the decrease in its registered capital by Baht 31,053,243,844. As a result, the registered capital of the Company became Baht 1,113,018,280, divided into 1,113,018,280 ordinary shares, at the par value of Baht 1 per share.

28 March 2018

The Company completed the registration for the increase in paid-up capital for the 1st Debt to Equity Conversion pursuant to clause 7.3 (3) of the Plan by 10,000,000,000 shares.

The Company's net profit and EBITDA were higher than specified in the Plan, mainly resulting from the ability to maintain spread between selling prices and raw material costs at the level above the Plan, and gain from foreign exchange.

The dedicated commitment of the Board of Directors delivered the Company several awards including the Honorable National Outstanding Industrial Establishment Award in Labour Welfare/ Relations 2017 Category in 15 consecutive year.

The Board of Directors has committed to operate the business on the principle of good governance and corporate social responsibility for the sustainable development goal. In this regards, the Company has advocated the implementation of the anti-corruption policy and, consequently, was certified by Thailand's Private Sector Collective Action Coalition Against Corruption Project (CAC) and became a member of CAC. In 2017, the Anti-corruption working committee compared the "Guidelines on Appropriate Internal Control Measures for Juristic Persons to Prevent Bribery of State Officials", issued by the Office of the National Anti-Corruption Commission, with the existing internal control measures of the Company in order to prepare an implementation plan as well as assign responsible persons to carry out the improvement in accordance with the guidelines.

The dedicated commitment of the Board of Directors delivered the Company several awards including the Honorable National Outstanding Industrial Establishment Award in Labour Welfare/Relations 2017 Category in 15 consecutive year type (2003 - 2017), Thailand Outstanding Role Model Company Award for Safety, Occupational Health and Working Environment 2017 (the 6th consecutive year), the Third Level Green Industry (three years), a commemorative certificate in a category of Thailand Voluntary Emission Reduction Program (T-VER), and a honorable plaque for "Outstanding Empowerment of Persons with Disabilities Award 2017".

Concerning Sustainable Development to strengthen stakeholders, the Company relies on three basic principles: innovation, stakeholder engagement and operational efficiency. In 2017, besides the CSR activities tied to the business operation, the Company implemented 50 social and community projects with approximately 26,971 stakeholders benefited from the projects through two kinds of development: a social opportunity development which was promoted to strengthen underprivileged people in the society, and a community development comprised of four main dimensions that are education, environment, occupation and income earning, and quality of life. There were also additional supports from the Company for religious and local cultural activities. Those implementations complied with the paradigm development agenda of "Sustainable Development" of the United Nations on the Sustainable Development Goals (SDGs) in many areas such as good health and well-being, climate action, decent work and economic growth, responsible consumption and production, partnerships for the goals, etc.

In 2017, the Board of Directors approved the Company's long-term strategy, proposed by the Company's management in response to various internal and external factors that may affect the Group of Companies. The strategy set forth the direction for each business unit in the Group to align with the Group's long-term goals.

Shareholders can follow the Company's operating results, progress of the implementation on Business Rehabilitation Plan, online publication of the Annual Report and CSR Report, as well as updated information of the Company reports publicly announced through SET's channel, or the Company's website at <http://www.ssi-steel.com>. Additionally, shareholders could reach the Company's Investor Relations via phone No. 0-2238-3063-82, or E-mail: ir@ssi-steel.com.

On behalf of the Board of Directors, I would like to thank the shareholders, investors, customers, suppliers, business partners, financial institutions, concerned government agencies, as well as the Company's management and employees for their kind supports on the Company's business throughout the year. The Board of Directors shall dedicate effort in overseeing business operations to ensure the success of the plan.



Mr. Somchai Sakulsurarat

Deputy Chairman of the Board of Directors
Acting Chairman of the Board of Directors

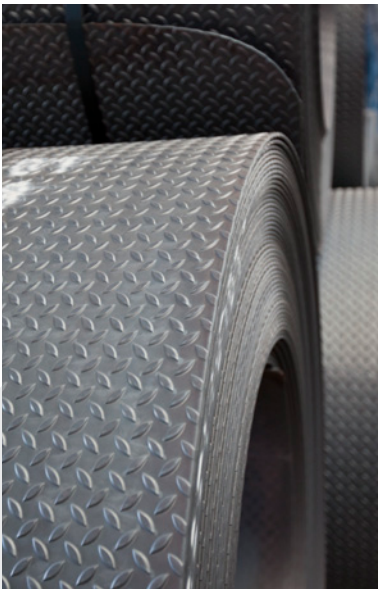
Business's Strategy and Overview

Sahaviriya Steel Industries Public Company Limited (“the Company” or “SSI”) is Thailand’s first manufacturer of hot-rolled steel sheet in coils (“HRC”) and the largest fully-integrated flat steel producer in Southeast Asia. The SSI Bangsaphan Steelworks is a mid-stream steel manufacturer plant, with a capacity of 4 million tons per year for HRC and 1 million tons per year for HRC pickled and oiled. The Company’s main strategy is “the Innovation of Premium Value Product” (Leading Innovative and Reliable Steel Company) to serve the growing demand of the region in various sectors such as automobile, energy, electrical appliances, packaging, transportation, and construction.

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

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

As of 31 December 2017, SSI Group employed 2,449 employees. SSI Group has continued its policy to recruit locally. The ratio of local employee at the end of 2017 was 79.37% of the total 2,113 employees at Bangsaphan Steelworks of SSI Group.



Steel Business

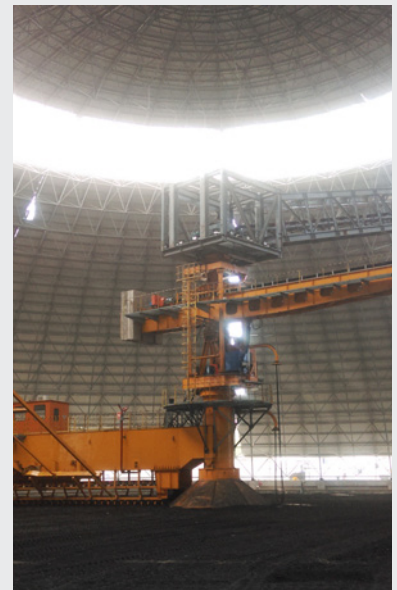
HRC Business operated by SSI, supplying to clients in automobile and automotive parts industries, electrical appliances, gas cylinder, steel pipes, and construction, as well as the raw materials for downstream industries.

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



Port Business

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



Engineering Business

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

Significant Changes and Development in 2017



1 March 2017

The Company registered the Capital Decrease for the registered but unissued ordinary shares of 18,097,401,000 shares with the registrar of Public Limited Company, Department of Business Development, Ministry of Commerce. As a result, the registered and paid-up capital of the Company became Baht 32,166,262,124, divided into 32,166,262,124 ordinary shares with the par value of Baht 1 per share.

15 May 2017

Department of Foreign Trade (DFT) announced the definitive result to impose AD duty on hot-rolled flat steel in coils and not in coils whose origins are from Brazil, Iran, and Turkey for 5 years effective from 16 May 2017 until 15 May 2022 at rate 6.88% - 38.27%.

6 June 2017

Department of Foreign Trade (DFT) announced the extension of Safeguard Measure on hot-rolled flat steel without other elements added in coils and not in coils for another 3 years effective from 7 June 2017 until 6 June 2020.

22 June 2017

Department of Foreign Trade (DFT) announced the definitive result to extend the Anti-dumping Measure on hot-rolled flat steel in coils and not in coils whose origins are from China and Malaysia for another 5 years effective from 23 June 2017 until 22 June 2022.

14 July 2017

The Company had completed the registration of the decrease in its registered capital by Baht 31,053,243,844, with the Registrar of Public Limited Companies, Department of Business Development, Ministry of Commerce. As a result, the registered capital of the Company became Baht 1,113,018,280, divided into 1,113,018,280 ordinary shares, at the par value of Baht 1 per share.

31 July 2017

The Company has been certified in the Third Level Green Industry (three years) by Department of Industrial Works, the Ministry of Industry.

1 August 2017

Department of Foreign Trade (DFT) announced the termination of the Anti-dumping review on hot-rolled flat steel Pickled and Oiled in coils and not

in coils whose origins are from South Korea as no damage found from dumping products in domestic industry.

25 August 2017

The Company received the Honorable National Outstanding Industrial Establishment Award in Labour Welfare/ Relations Category in 15 consecutive year type (2003 - 2017) from the Gen. Sirichai Distakul, Minister of Labor.

29 August 2017

The Central Administrative Court had a judgment to dismiss lawsuits the Company and its subsidiary, as plaintiffs, filed against the Director-General of the Department of Lands, the Deputy Permanent Secretary of Ministry of Interior (Interior Office of the Permanent Secretary), and an officer of Prachuap Khiri Khan Provincial Land Office, Bangsaphan branch on 20 August 2010 and 1 September 2010 to (1) revoke the orders of the Director-General of the Department of Lands, dated 5 January 2010, providing that the Certificate of Utilization (Nor.Sor. 3 Kor.) of the lands located at Mae Ramphueng Sub-District, Bangsaphan District, Prachuap Khiri Khan Province of the Company and its subsidiary would be revoked and amended the details (2) revoke the decision of the Deputy



Permanent Secretary of the Ministry of Interior, dated 6 April 2010, (3) revoke the notification of the Prachuap Khiri Khan Provincial Land Office, Bangsaphan branch, dated 9 July 2010, and (4) disallow the Prachuap Khiri Khan Provincial Land Office, Bangsaphan branch, to issue the substitute documents for the certificates of utilization (Nor.Sor. 3 Kor.) of the Company and its subsidiary.

19 September 2017

The Company received a commemorative certificate in a category of Thailand Voluntary Emission Reduction Program (T-VER) from Mr. Wijarn Simachaya, Permanent Secretary, Ministry of Natural Resources and Environment. The certificate awarding ceremony was lunched by the Greenhouse Gas Management Organization (Public Organization) in order to honor organizations that participate in many projects in energy aspect and reduction of greenhouse gas emissions.

27 September 2017

The Company and its subsidiary filed an appeal with the Supreme Administrative Court against the judgment of the Central Administrative Court, issued on 29 August 2017, on the land lawsuit located at Bangsaphan District, Prachuap Khiri Khan Province.

5 October 2017

The Company received Thailand Outstanding Role Model Company Award for Safety, Occupational Health and Working Environment 2017 (the 6th consecutive year) from Mr. Tossapol Kritwongwiman, Deputy Director-General of the Department of Labor Protection and Welfare Later, Labor Misnistry.

19 October 2017

The Company registered to amend the Memorandum of Association in order to be in line with the Capital Increase by issuing additional 10,000,000,000 newly-issued ordinary shares at the par value of Baht 1 per share, from the existing registered capital of Baht 1,113,018,280 to Baht 11,113,018,280 to accommodate the conversion of debt into equity to the creditors in accordance with the Plan, at the price of the conversion of debt into equity of Baht 0.05 per share.

1 December 2017

Gen. Anantaporn Kanchanarat, Minister of Social Development and Human Security, delivered a honorable plate "Outstanding Empowerment of Persons with Disabilities Award 2017" (two consecutive years) the company. The award was launched to honor the organizations that continuously support

persons with disabilities, as it was the International Day of Persons with Disabilities 2017.














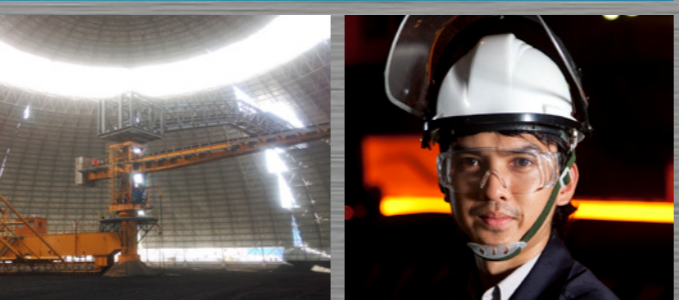
12 December 2017

Department of Foreign Trade (DFT) announced the extension of AD duty on hot-rolled flat steel with Boron added in coils and not in coils whose origins are from China for 1 year from 26 December 2017 onward.

28 March 2018

The Company registered the increase in paid-up capital by Baht 10,000,000,000 with the Registrar of Public Limited Companies, Department of Business Development, Ministry of Commerce. As a result, the registered and paid-up capital of the Company became Baht 11,113,018,280, divided into 11,113,018,280 ordinary shares, at the par value of Baht 1 per share.

SSI Group Structure

 <p>Hot Rolled Coil Business</p>	 <p>Sahaviriya Steel Industries Public Company Limited</p> <ul style="list-style-type: none">• Manufacturer of hot-rolled coil• Manufacturer of hot-rolled coil pickled and oiled		<p>Core business</p>	
 <p>Downstream Business</p>	 <p>Thai Cold Rolled Steel Sheet Public Company Limited</p> <ul style="list-style-type: none">• Manufacturer of cold-rolled steel sheet		<p>Increase revenues and enhance sustainable growth</p>	<p>35.19%</p>
	 <p>Thai Coated Steel Sheet Company Limited</p> <ul style="list-style-type: none">• Manufacturer of electro-galvanised steel sheet		<p>Increase revenues and enhance sustainable growth</p>	<p>3.7%</p>
 <p>Port Business</p>	 <p>Prachuap Port Company Limited</p> <ul style="list-style-type: none">• Provider of the private commercial sea port		<p>Reduce costs and increase revenues</p>	<p>51%</p>
 <p>Engineering Business</p>	 <p>West Coast Engineering Company Limited</p> <ul style="list-style-type: none">• Provider of engineering services		<p>Reduce costs and increase revenues</p>	<p>99.99%</p>

Relationship with Major Shareholder's Group of Business



The Company and its subsidiaries are part of a business group of Sahaviriya Group, a major shareholder of the Company. Sahaviriya Group is engaged in manufacturing and distributing of steel products. The details of related transactions have been disclosed in the Related Party Transactions.

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

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

Business Description



Product Description

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

Hot-rolled steel sheet in coil includes:

- Hot-rolled steel sheet in coil for domestic use according to TIS standard and international standards including Japanese, American, DIN and British with width between 750 and 1,550 mm and thickness between 1.0 and 20.0 mm. The hot-rolled coil capacity expansion project, to expand production capacity to 4 million tons per annum, was completed in February 2005. The production capability has been improved to produce hot-rolled coils with thickness ranging from 0.9 mm to 20.0 mm with continuous improvement and reduced cost. SSI was one of a few mills which could produce commercial hot-rolled steel sheet in coil at 0.9 mm in thickness in 2008 and achieved production at 0.8 mm in thickness presently.

- Hot-rolled pickled and oiled steel or “CleanStrip”, high-grade product, are delivered to the automotive industry or for use in electrical appliances. The width is between 750 and 1,550 mm and thickness between 1.2 and 6.5 mm. This production has been under way since May 2004.

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

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

Marketing and Competition

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

Marketing Strategy

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

Target Customers

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

Types of Customer

SSI clients are divided into 9 groups as follows:

1. Domestic Market Sales group 1 (S1) includes hot-rolled steel sheet pickled and oiled coils and the high grade hot-rolled steel market. End users are automotive and parts maker manufacturers. Sales/purchase agreements are on a quarterly basis in Thai Baht.

2. Domestic Market Sales group 2 (S2) includes gas cylinders manufacturers, Container manufacturers and cold-rolled steel manufacturers. There are 5 cold-rolled steel manufacturers in Thailand whose cold-rolled steels are used as raw materials for the coated steel industry. This customer group requires an emphasis on surface quality, on-time delivery and price stability. Sales/purchase agreements are on a monthly or forward basis in Thai Baht depending on the agreement.

3. Domestic Market Sales group 3 (S3) is Customers who buy through service centers and trading firms. This group includes construction industries, automotive and parts maker manufacturers, cut sheet manufacturers and pipe steel manufacturers. Sales/purchase agreements are on a monthly, quarterly or spot basis in Thai Baht depending on the agreement.

4. Domestic Market Sales group 4 (S4) includes construction industries, cut sheet manufacturers and pipe steel manufacturers. Sales/purchase agreements are on a monthly or spot basis in Thai Baht depending on the agreement.

5. Domestic Market Sales group 5 (S5) includes construction industries, cut sheet manufacturers, pipe steel manufacturers and Checker manufacturers. Sales/purchase agreements are on a monthly basis in Thai Baht.

6. Domestic Market Sales group 6 (S6) includes electric appliance producers and furniture manufacturers. Sales/purchase agreements are on a quarterly basis in Thai Baht.

7. Domestic Market Sales group 7 (S7) includes construction industries, automotive and parts maker manufacturers that require finished goods. Sales/purchase agreements are on a spot basis in Thai Baht.

8. Domestic Market Sales group 8 (S8) includes finished goods of steel for specific projects.

9. Export Market includes External customer in finish steel product. Sales/purchase agreements are on a spot basis in USD.

Sales Policy

1. Sales on Quarterly Basis are the sales which prices depend on seaborne market mechanism for supporting customers who desire to make quarterly agreements such as domestic market sales group 1, domestic market sales group 3 and domestic market group sales 6.

2. Sales on Monthly Basis are the sales which prices depend on domestic market mechanism, quantity, and payment terms. This sales support customers who are able to provide 3-month advance purchase plan such as domestic market sales group 2, domestic market sales group 3, domestic market sales group 4 and domestic market sales group 5.

3. Sales on Spot are the sales which prices depend on domestic market mechanism and urgency of delivery. This sales support the customers who need to purchase without 3-month advance purchase plan such as domestic market sales group 2, domestic market sales group 3, domestic market sales group 4 and export market.

4. Forward Sales are the sales which prices depends on material cost structure for supporting the customers who need to purchase goods for their “import for export” project such as domestic market sales group 2.

Premium Value Products Sales

SSI plans to increase the proportion of premium value products (PVPs) continuously. The PVPs sales volume in 2017 was 660,360 tons, an increase of 18% compared with 2016 resulting from an increase in total HRC Sales Volume due to economic recovery, higher steel demand, as well as the improvement of financial situation and raw material inventory of the Company to support orders which helps better understanding and trust from customers to make an order. Nonetheless, steel imports remain at high level. The proportion of PVPs to total HRC Sales Volume was approximately 59%.

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

Product Type	2014	2015	2016	2017
Premium Value Products	34	38	41	59
Commercial Products	66	62	59	41

Hot-rolled Steel Industry in Thailand

Historically, hot-rolled steel had to be imported from abroad until SSI opened the first hot strip mill in Thailand in 1994. Currently, there are 6 hot-rolled steel manufacturers in Thailand as follows:

Hot-rolled Steel Manufacturers in Thailand

Hot-rolled Steel Manufacturers	Maximum Capacity (Tons/year)	Production Began	Product
1. Sahaviriya Steel Industries Plc.	4,000,000	February 1994	Hot-rolled Steel Coil
2. G Steel Plc.	1,800,000	End of 1999	Hot-rolled Steel Coil
3. G J Steel Plc.	1,500,000	4 th Quarter 1997	Hot-rolled Steel Coil
4. Primes Steel Ltd.	840,000	1996	Hot-rolled Steel Coil
5. Sahaviriya Plate Mill Plc.	1,000,000	1996	Hot-rolled Steel Plate
6. LPN Plate Mill Plc.	500,000	1996	Hot-rolled Steel Plate

According to Thailand Apparent HR Sheet Consumption Statistics provided by the Iron and Steel Institute of Thailand (ISIT), in 2017 SSI had 19% of the approximate hot-rolled steel demand market share, increasing from 15% in 2016. Imports had 57% market share, decreasing from 63% in a year earlier. The other 5 domestic manufacturers had 24% in total. If focusing on the hot-rolled steel coil market, SSI's share was 21%, increase from the previous year. Imports market share was 56%, decreasing from 62% in a year earlier. The other 2 domestic manufacturers had a combined market share of 23%.

Product Procedure

Production

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

Capacity and Production Policy

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

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

Raw Material

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

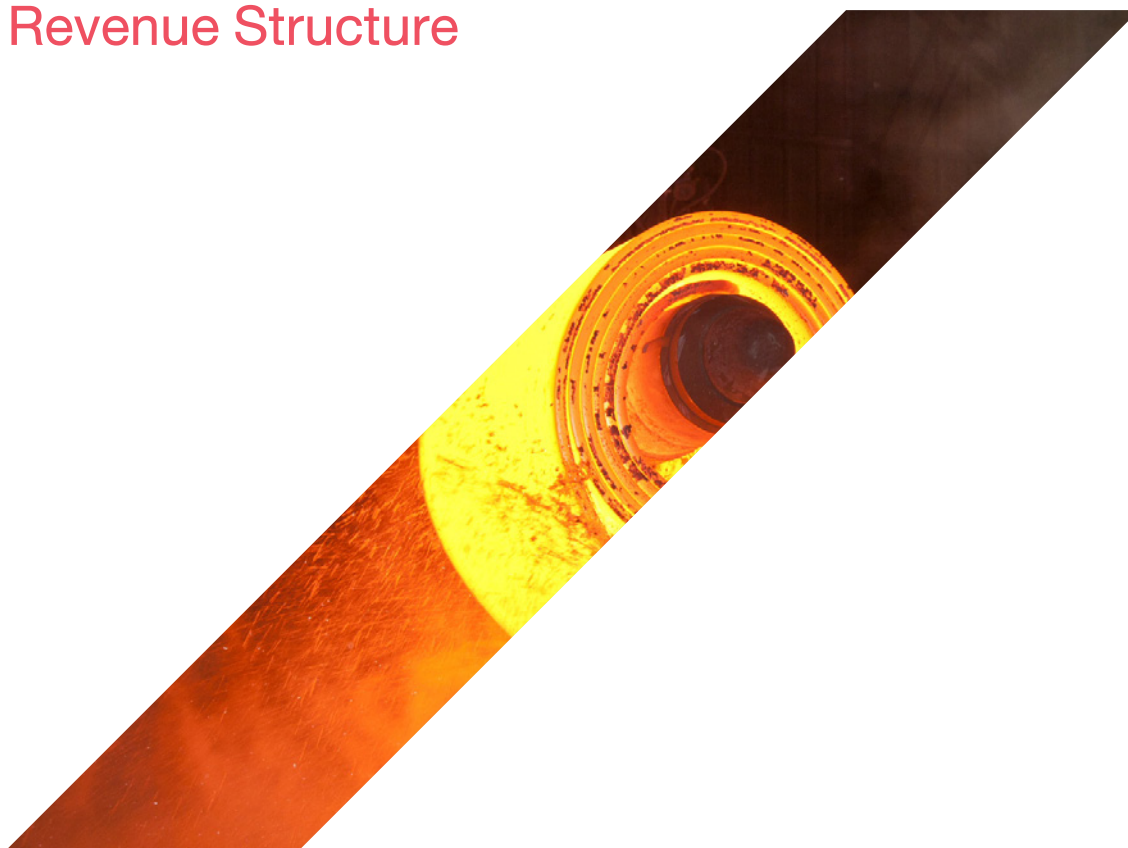
Slab is a flat steel semi-finished product produced from the iron and steel making process. After the casting process, slab will come out with thickness of 160 - 250 mm, width 800 - 1,550 mm, length from 4,300 to 10,800 mm and weight 15.5 to 32.0 tons.

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

Sources and Suppliers

The Company imports all of slabs from abroad. Slab manufacturing countries are located in every part of the world such as China, CIS, South Korea, Japan, South America countries, European countries, and Australia. In 2017, the Company purchased Slabs from 7 manufacturers in 7 countries including Japan, Indonesia, Brazil, Taiwan, South Korea, India and Ukraine. SSI purchases quarterly and the spot market through third party distributors without obligation to any specific company. The Company will notify the suppliers in advance of the demand for raw materials annually or quarterly. The agreement is based on the price in each period. The advance notice requirement enables the Company to reduce the risk of raw material shortage.

Revenue Structure



Product/ Business Unit	Operated by	Share- holding by SSI (%)	2017		2016		2015 ²⁾ (Restated)	
			Revenue (Million Baht)	%	Revenue (Million Baht)	%	Revenue (Million Baht)	%
HRC Business	Sahaviriya Steel Industries Plc.	-	24,976 ¹⁾	86.27	19,454 ¹⁾	94.48	19,612 ¹⁾	94.15
Engineering Business	West Coast Engineering Co., Ltd.	99.99	548	1.89	346	1.68	601	2.89
Port Business	Prachuap Port Co., Ltd.	51.00	238	0.82	282	1.37	244	1.17
Other Revenues	Sahaviriya Steel Industries Plc.		3,129	10.81	501	2.43	363	1.74
	Prachaup Port Co., Ltd.		5	0.02	3	0.01	7	0.04
	West Coast Engineering Co., Ltd.		56	0.19	6	0.03	4	0.02
			28,952	100.00	20,592	100.00	20,831	100.00

¹⁾ Including sales to Thai Cold Rolled Steel Sheet Plc. amounting to Baht 2,251 million, Baht 723 million, and Baht 70 million in 2017, 2016, and 2015 respectively.

²⁾ Revenues in 2015 were restated.

Steel Industry and Market Overview



World Steel Industry in 2017

World Steel Association (“WSA”) reported an estimated figure of Crude Steel Production in 2017 at 1,674 million tons, increased 0.55% from 2016. China maintained its position as the production leader, accounting for 50% of total crude steel production with 831 million tons of crude steel, an increase of 5.7% from 2016.

A slightly increase of 1.3% in Global Apparent Steel Use in 2017 was due to the slowdown of the global investment which caused a slightly recovery of steel consumption. However, economic growth in emerging markets and ASEAN countries especially Vietnam was a factor that boosted up steel demand in 2017.

In term of steel prices in 2017, prices of most steel categories had increased and could reach the highest level of the year in Q3/2017. Hot Rolled Coil prices (FOB China) had continuously climbed up from the range of 478 - 564 USD/MT in Q1/2017 to the range of 420 - 522 USD/MT, 523 - 667 USD/MT and 595 - 658.43 USD/MT in Q2/2017, Q3/2017 and Q4/2017 respectively. Likewise, slab prices (CFR East Asia Import) had continuously increased from

440 USD/MT in Q1/2017 to the 419 USD/MT, 447 USD/MT and 493 USD/MT in Q2/2017, Q3/2017 and Q4/2017 respectively. The main factor was an increase in prices of raw material for steel making process including coking coal and iron ore. Iron ore price (CFR China) increased from the range of 76.25 - 94.86 USD/MT in Q1/2017 to the range of 53.36 - 81.54 USD/MT, 62.05 - 79.81 USD/MT and 59.35 - 76.36 USD/MT in Q2/2017, Q3/2017 and Q4/2017 respectively.

Thailand Steel Industry in 2017

Thailand steel industry in 2017 reported Total Apparent Steel Supply of 16.6 million tons, decreased 13.7% from 2016 (Source: Iron and steel Institute of Thailand, ISIT). Considering steel consumption by products, the most risen steel consumption was long steel product, decreased by 32% YoY while flat steel consumption was reported decreased by 9.28% YoY.

In 2017, domestic steel production was approximately 6.9 million tons, decreased by 13.7% YoY.

Report of the Audit Committee for 2017



The Board of Directors' meeting No. 7/2017 held on 15 June 2017 reappointed the Audit Committee whose term expired for another three year term, from 30 June 2017 to 29 June 2020.

In 2017, the Committee held 7 meetings and its members' attendance were as follows:

Audit Committee Members		Number of Meetings Attended/Number of Meetings
1. Mr. Somchai Sakulsurarat	Chairperson of the Audit Committee	7/7
2. Mr. Permpoon Krairiksh	Audit Committee Member	5/7
3. Mr. Yarnsak Manomaiphiboon	Audit Committee Member	7/7

The Committee performed the following duties:

1. Reviewed the Company's 2017 interim financial statement together with its interim consolidated financial statements rendered by the Finance and Accounting Division. Reviewed the annual financial statements as well as its consolidated financial statements with the external auditors and the management, and submitted them to the Board of Directors for approval before disclosure to The Stock Exchange of Thailand (SET) and the Securities and Exchange Commission (SEC). Acknowledged the auditor's report on the Company's financial statement for the year ended 31 December 2017, the auditor did not express an opinion on the financial statements due to the limitation of audit scope (by circumstances) as follows: (1) There is a discrepancy in debt balance which is still pending the trial of the Official Receiver or the appeal; and (2) At present, SSI UK is still in the liquidation process.

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 a result, the Company is unable to find the debts value to be paid in the future in accordance with the Accounting Standard. Therefore, the auditor was unable to obtain the appropriately auditing evidences as to the valuation of liabilities under business rehabilitation as at 31 December 2017.

2. Approved Group Internal Audit's the annual audit plan as well as acknowledged the internal audit reports regarding internal control. Considered Code of Conduct for SSI's Internal Auditor.

3. Reviewed the adequacy of the internal control system of the Company against self-evaluation forms issued by the SEC and by the external auditors. Acknowledged the report of the internal control system of the Company's subsidiaries.

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

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

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

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

8. Considered, selected, and proposed the appointment of Mrs. Suvimol Chrityakierne, License No. 2982 or Miss Somjintana Pholhirunrat, License No. 5599 or Mr. Nopparoek Pissanuwong, License No. 7746 of DIA International Auditing Company Limited as the auditor(s) of the Company for the fiscal year 2018 for another term, with the same audit fee as previous year.

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

10. Acknowledged reports on interest of Directors and Executives from the Company Secretary to ensure compliance with the Company's policies and procedures on conflicts of interests, as requested by the SEC.

11. Considered the draft of an agreement for a waiver of their right of recourse with one another, in respect to the joint guarantee of the Revolving Facility B Loan of Sahaviriya Steel Industries UK Limited (SSI UK). Details of the draft agreement had been considered by Group Legal Office and Weerawong, Chinnavat & Partners Limited, the legal advisor of SSI.

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

13. Reviewed the Company's Audit Committee charter (4th edition).

14. Carried out the Audit Committee's self-assessment for 2017 and submitted it to the Board of Directors.

15. Reviewed the information disclosed to the SET and the SEC in the 2017 Company annual report (Form 56-2) and the annual information disclosure form ended 31 December 2017 (Form 56-1).

16. Considered the qualification of the Company's Chief Financial Officer (CFO) and Head of Accounting Department in accordance with the SET and the SEC's new rules on qualifications requirement for CFO and Chief Accountant.

17. Reported the Audit Committee's activities for the year 2017 to the Board of Directors.

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

1. The annual financial statements of the Company in 2017 are presented fairly, in all material respects, in accordance with generally accepted accounting principles.
2. The Company has suitable and efficient internal control and internal audit systems. The Head of the Internal Audit Office has sufficient knowledge and competence needed to perform her duties.
3. The Company has complied with relevant laws and regulations. The Company has disclosed accurate and complete information in a timely manner to its shareholders and investors via the SET and the SEC.
4. The Audit Committee concurred with reports provided by the Risk Management Committee and made some additional recommendations. The Company has an appropriate Risk Management System in place.



Mr. Somchai Sakulsurarat

Chairperson of the Audit Committee

26 February 2018

Report of the Risk Management Committee for 2017

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

Members of the Committee who have served a term of three years from 4 December 2016 to 3 December 2019 are now listed as follows:

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

2. 2.1 The Committee is in charge of the responsibility of overseeing the Company’s management of key risks. To perform its duties, the Committee regularly reviewed risk management reports in order to monitor the effectiveness of the management of the Company’s key risk exposures. The Committee also advised the Board on risk management policy and strategy as well as expressing its thought on the problems and obstacles encountered in the development of the Company’s risk management system to assist the Board in oversight of the Company’s enterprise risk management. During the year 2017, the Committee reviewed and provided recommendation to management in the quarterly Risk Management Committee meeting and assessed risk factors, risk management plans and the appropriate magnitude of the risk to ensure the systematic implementation of risk management process in order to be prepared for any contingency that might occur and have impacts on the Company. The Risk Management Committee meetings were held, total 4 times, in January, May, July and October 2017.

2.2 In 2017, the Committee oversaw significant risks of the Company’s subsidiaries including West Coast Engineering Company Limited (“WCE”) and Prachuap Port Company Limited (“PPC”) as well as the liquidation process Sahaviriya Steel Industries UK Limited (“SSI UK”), which the impact of those risks might have effect to the Company’s performance.

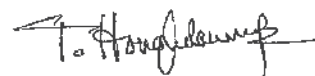
2.3 Besides the risks related to normal business of the Company, in 2017 when the Company has been in Business Rehabilitation process, the Committee also paid attention to the risks related to the rehabilitation by considering the implementation on the Rehabilitation Plan, impact to the SSI stock in The Stock Exchange of Thailand, the limitation of Automatic Stay provision. The Committee considered the Company’s measures as well as provided advice for the Company to implement in order to achieve the success of the rehabilitation set a forth.

2.4 The Committee acknowledged the Budget Plan and Sensibility analysis report for the year 2017 from different factors including exchange rate, Metal Spread, and shipment volume of the Company, to assess impacts to the Company’s profit and overall performance.

2.5 The Committee considered Fraud Risk assessment report 2017 in accordance with the Company’s participation in the Thailand’s Private Sector Collective Action Coalition Against Corruption Project (CAC) to express its intention of Anti-corruption.

2.6 Others

- Reviewed the Company’s Risk Management System and guideline report and submitted to Audit Committee to consider and provide its comment for the adequacy of the Company’s risk management system.
- Reviewed the Company’s Risk Factors report to disclose in the Company’s Annual Report 2017.
- Carried out the Risk Management Committee’s self-assessment for 2017, based on the “Self-Assessment Forms of Sub-Committees” and “Self-Assessment Forms of the Sub-Committees by individual” of The Stock Exchange of Thailand.



Dr. Tongchat Hongladaromp

Chairman of the Risk Management Committee

15 February 2018

Risk Factors



The Company has entered the Business Rehabilitation since the Central Bankruptcy Court (the “Court”) issued an order for the Company’s Business Rehabilitation and appointed the Company as a Plan Preparer (the “Plan Preparer”) on 10 March 2016. After that, the Court approved the Company’s Business Rehabilitation Plan (the “Plan”) which determined Sahaviriya Steel Industries Public Company Limited as the Plan Administrator (the “Plan Administrator”) on 15 December 2016. During year 2017, though the Company as the Plan Administrator can operate its main business as normal under the business Rehabilitation, it’s aware of the risks and risk factors that may affect its business. Regarding this, Risk Management Committee (RMC), established to help the Board of Directors who’s serving as a Plan Administrator, has overseen risk management tasks by monitoring and evaluating key risks while Audit Committee (AC) has reviewed the adequacy of risk management system. Throughout 2017, the Company had reviewed and assessed risk factors as well as setting control measures to mitigate risks on a quarterly basis. The major risks and key risk management measures of the Company in 2017 can be summarized as follows:

1. Market Risk

- **Risk from Fluctuation of Prices, Steel Product Demand, and Metal Spread**

Risk from fluctuation of prices, steel product demand, Metal Spread may have impact the Company’s performance and may cause the Company’s inability to achieve its objectives. The risk is a result of direct and indirect changes in economic, social, and competition factors, as well as other changes occurring domestically and overseas. The Company summarized major risk factors that related to product prices, sales quantity, and metal spread as follows:

1) Demand side: domestic and overseas economic factors, consumer goods market condition, private and public investment policies have significantly impacted to product demand causing the Company's incapability to deliver the shipment volume and prices as planned.

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

3) Other factors which affect price and Metal Spread: volume and price of raw material, foreign exchange rate, interest, transportation cost delivery time, etc.

In response to the fluctuation of prices, steel demand, and Metal Spread of the Company as mentioned above, the Company implemented measures to mitigate the risks as the followings:

1) Carefully manage raw material procurement concerning the raw material price that will make the Company satisfied with the required spread between the selling price and the raw material price given an expected sales volume. In a normal course of business, it is necessary for the Company to maintain inventories of raw materials and finished goods in an appropriate quantity to enhance sales and production to run efficiently as well as reduce price volatility and carrying cost.

2) Emphasize on selling products that satisfy needs of each customer and using flexible sales strategy by determining customer types for maintaining existing customers and acquiring new customers, to serve different needs and to reduce risk in competitiveness in the market volatility.

3) Closely monitor domestic and overseas markets in order to analyze and consider product sales to be in accordance with the order and import of slabs from foreign countries as well as seeking new sources raw material to obtain high quantity, low cost, adequate quantity with short delivery time.

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

5) Closely monitor on dumping situation of imported products in order to take proper and timely actions.

6) Emphasize on the Innovated Premium Value Products for particular applications such as construction, vehicle manufacture, etc.

2. Financial Risk

- **Liquidity Risk**

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

Besides quantity and price volatility and debt default from customers that are risk factors of the liquidity risk, in 2017, the Company has debt liabilities to be paid under the Plan after the Court issued an order approving the Company's Rehabilitation Plan on 15 December 2016. However, the Company has closely monitored its working capital through regular projection on cash inflow and cash outflow in order to be aware of future liquidity requirements and have sufficient preparation time for liquidity solving. The Company continues to manage and prioritize on sales and product innovation for premium value, conducts cost reduction in production and reduces other expenses. Moreover, monthly meetings are held regularly with the creditor committee to monitor the implementation of the Plan and cash monitoring agent monitors the Company cash flow to ensure the Company's proper cash management.

- **Exchange Rate Risk**

As all of the main raw materials for production (Slab), are imported from overseas, therefore the Company has outstanding foreign currency expenses while its revenues are from domestic sales dominated in Thai Baht. The Company, then, exposes to foreign exchange rate risk as a result of fluctuation in foreign currency exchange and may have impact to the Company's performance. To mitigate the risk, management has managed the exchange rate risk under the approved policy by the Board of Directors using matching method. The method has conducted by matching the income received from one trading partner to expenses, with the same currency, owed to another trading partner. The rest of the unmatched expenses are covered by forward contracts without any speculation.

In 2017, as being under the Business Rehabilitation and the limitation of Automatic Stay, the Company was suspended its credit line for forward contract which is a tool used to mitigate the foreign exchange rate risk. As a result, the risk exposure from foreign currency was unable to be eliminated during the period. However, an alter way to mitigate this risk, the Company has opened a Foreign Currency Deposit (FCD) account to help reduce the risk of exchange rate during the suspension of the forward contract. Nonetheless, since second half of year 2017, the credit line for forward contract has been approved for foreign currency used in raw material purchase and the Company is in the process of further approval for additional credit line for forward contract. Therefore, the exchange rate risk is expected to be reduced in the future.

- **Trade Credit Risk**

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

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

3. Production Risk

- **Production Process and Technology Risk**

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

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

improve product quality. The projects are as follows: (1) Zero Scrap Project, (2) Furnace Temperature Reduction Project, (3) Reduction in Work-roll Consumption of Finishing Mill Stands project, (4) In-house maintenance of Edge Induction Heater project, (5) Pinch roll Force & Position Hybrid control project, (6) Self Revamping and Migration Alpha Server to Itanium Server for Process control project, and (7) Increase productivity of pickling and oiling process project (8) Total Productive Maintenance (TPM) project and (9) Zero Accident project (10) Project of safety and environment culture in organization with BBS.

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

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

In early 2017, there was flood situation at Bangsaphan District causing damage in machinery, utilities of the plant area and employee's accommodation. Though the damage was evaluated and compensated from the insurance claim, the Company has improved its measures to the higher level to handle the floods that may occur in the future. For risk from fire, the Company had practiced emergency plan in all area total of 18 times in 2017 to ensure readiness of personnel to control the incident in case of fire.

- **Risk from Impacts of Production on Environment, Society and Community**

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

In order to reduce impacts possibly occurred from the Company's production to the external community, the Company has operated under the Environmental Standard ISO 14001:2015 and continually monitored changes in environmental laws. In addition, the Company has utilized fuel oil with not over 2% sulfur, controlled and inspected the fuel system to ensure the complete combustion, controlled and inspected the water and air treatment equipment to be always ready for use, reused treated water without releasing wastewater to outside area, ensured the result of water and air quality complying with the standard imposed by the government agencies, evaluated the waste management companies and used the service of the waste management companies approved by the Department of Industrial Works, and monitored throughout the waste management process. Moreover, practices of emergency response plan have also been implemented to relieve impacts from possible emergency situations.

In terms of potential impact on communities from transportation of goods, the Company has controlled the transportation vehicles of Sahaviriya Group and monitored via the Community Leadership Council and several activities including Driver training courses, CCTV installation to monitor driving behavior while driving through the community area, set up GPS system to all vehicles with 24-hours controlled, and having checkpoints and rest areas for drivers along the route to Bangkok, etc.

4. Risk from the Unsuccessful Business Rehabilitation or the Delayed Rehabilitation Process Causing Damage to the Business

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

During 2017, the Company has implemented on the Plan as follows:

- Repayment of principal and interest in accordance with the Plan with total amount of Baht 1,634,112,376.90, comprising of principal amount Baht 1,538,882,372.18 and interest amount Baht 95,230,004.72.
- Early debt repayment from excess cash for six-month period ending 30 June 2017 with the total amount of Baht 279,505,000 and excess cash for six-month period ending 31 December 2017 with the total amount of Baht 864,900,000. The total early debt repayment from excess cash throughout year 2017 was Baht 1,144,405,000.
- Capital restructuring by Decrease Capital for the registered but unissued ordinary share of 18,097,401,000 shares, Decrease Capital by means of share reduction by 31,053,243,844 shares and Increase Capital by issuing additional 10,000 million newly-issued ordinary shares for the Debt to Equity Conversion. At the end of 2017, the registered capital of the Company is Baht 11,113,018,280, divided into 11,113,018,280 ordinary shares, at the par value of Baht 1 per share.

The Company has implemented and reported the progress of the implementation on Business Rehabilitation Plan to The Stock Exchange of Thailand (SET) on quarterly basis or when there is significant event. It also works closely with the Company's legal counsel and Cash Monitoring Agent, Stock Monitoring Agent and Security Agent to assist the Company to implement the Plan toward the success as stipulated in the Plan.

5. Risk from Investment in SSI Securities

As the Company had submitted a petition for Business Rehabilitation to the Court on 1 October 2015, and subsequently, on 10 March 2016, the Court issued an order for the Company's Business Rehabilitation, the statutory rights of shareholders are suspended except the right to receive dividends. For SSI securities, The Stock Exchange of Thailand has posted SP, NP, and NC signs on SSI securities to suspend trading of SSI from 27 April 2016 until its financial status and operations are solved in accordance with SET requirements as a result of the Company's financial statements for the year ended 31 December 2015, audited by an independent auditor, showed negative shareholders' equity. The Company is then subject to possible delisting unless the Company is able to solve its financial status and operations within time provided, in compliance with SET regulations. The closing price on 26 April 2016, the last trading date of SSI securities, was Baht 0.05 per share.

The Company had prepared and submitted the Plan to the Court and the Court issued an order to approve the Plan on 15 December 2016 and appointed the Company as the Plan Administrator. As the Plan Administrator, during 2017, the Company has changed its registered capital in accordance with the Plan as follows:

- On 1 March 2017, registered the Capital Decrease for the registered but unissued ordinary shares of 18,097,401,000 shares. As a result, the registered and paid-up capital of the Company was Baht 32,166,262,124, divided into 32,166,262,124 ordinary shares with the par value of Baht 1 per share.
- On 14 July 2017, registered the Capital Increase by means of share reduction by Baht 31,053,243,844. As a result, the registered and paid-up capital of the Company was Baht 1,113,018,280, divided into 1,113,018,280 ordinary shares, at the par value of Baht 1 per share.
- 19 October 2017, registered to amend the Memorandum of Association in order to be in line with the Capital Increase by issuing additional 10,000,000,000 newly-issued ordinary shares at the par value of Baht 1 per share, from the existing registered capital of Baht 1,113,018,280 to Baht 11,113,018,280 to accommodate the conversion of debt into equity to the creditors in accordance with the Plan, at the price of the conversion of debt into equity of Baht 0.05 per share.
- On 28 March 2018, registered the increase in paid-up capital by Baht 10,000,000,000 with the Registrar of Public Limited Companies, Department of Business Development, Ministry of Commerce. As a result, the registered and paid-up capital of the Company became Baht 11,113,018,280, divided into 11,113,018,280 ordinary shares, at the par value of Baht 1 per share.

General Information and Other Key Information

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

Location

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

Type and Number of Shares (As of 31 December 2017)

Registered Capital	11,113,018,280	Baht
Ordinary Shares	11,113,018,280	Shares
Par Value	1	Baht per share
Paid-up Capital	1,113,018,280	Baht
Ordinary Shares	1,113,018,280	Shares
Par Value	1	Baht per share

**Name, Head Office Location, Type of Business, and Number of Paid-up Shares of Companies
in which Shareholding by the Company is More Than 10% of Paid-up Shares as at 31 December 2017**

Name and Head Office Location	Type of Business	Registered Capital (Baht)	Par Value (Baht)	Number of Paid-up Ordinary Shares (Shares)	Shareholding (%)
West Coast Engineering Company Limited 5 th Floor, K & Y Building, 16 Surasak Road, Silom, Bangrak, Bangkok 10500 Tel. 0-2234-9889 Fax 0-2233-6669	Engineering Business	75,000,000	10	7,500,000	99.99
Prachuap Port Company Limited 6 th Floor, Prapawit Building, 28/1 Surasak Road, Silom, Bangrak, Bangkok 10500 Tel. 0-2630-0323-32 Fax 0-2236-7057	Port Business	400,000,000	10	40,000,000	51
Thai Cold Rolled Steel Sheet Public Company Limited 5 th Floor, Prapawit Building, 28/1 Surasak Road, Silom, Bangrak, Bangkok 10500 Tel. 0-2630-0300 Fax 0-2630-0320-2	CRC Business	4,816,350,000	4.50	1,070,300,000	35.19

Name and Location of Other References

Share Registrar

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

Auditors : Mrs. Suvimol Chrityakierne C.P.A. Registration No. 2982
Miss Somjintana Pholhirunrat C.P.A. Registration No. 5599
Mr. Nopparoeck Pissanuwong C.P.A. Registration No. 7764
D I A International Audit Company Limited
316/32 Soi Sukhumvit 22, Sukhumvit Road, Klongtoey, Bangkok 10110
Tel. 0-2259-5300
Fax 0-2260-1553

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

Major Shareholders

List of Major Shareholders

Listed are the names and shareholdings of the largest shareholders as of 26 March 2018. The Company used the document for the registration of increase in paid-up capital with the registrar of Public Limited Company, Ministry of Commerce, and the registration was completed on 28 March 2018.

Names	As of 26 March 2018	
	Number of Shares	Percentage of Shareholding
1. Krung Thai Bank Public Company Limited	4,499,394,589	40.488
2. The Siam Commercial Bank Public Company Limited	4,469,534,816	40.219
3. TISCO Bank Public Company Limited	874,888,641	7.873
4. Thailand Securities Depository Company Limited for Depositors	590,833,147	5.317
5. Thailand Securities Depository Company Limited for Depositors (foreign)	264,164,474	2.377
6. CIMB Thai Bank Public Company Limited	156,181,954	1.405
7. Sahaviriya Group Corporation Limited	146,739,141	1.320
THAI SHAREHOLDERS	10,809,597,679 shares	
FOREIGN SHAREHOLDERS	303,420,601 shares	

Investors can view updated information on the Company's website. (<http://www.ssi-steel.com>)

Foreign Limit

The Company's foreign shareholding was limited at 49% of the paid-up capital. As of 26 March 2018, the Company's foreign shareholding was 2.73% of the paid-up capital.

Dividend Policy



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

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

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

On 18 April 2017, the Board of Directors' meeting No. 5/2017 of Sahaviriya Steel Industries Public Company Limited as the Plan Administration by the Central Bankruptcy Court's order on 15 December 2016, as the red case No. For.8/2016, had resolution that no dividend payment shall be made for the operating results of the year 2016, as the Company had retained deficit as at 31 December 2016. Therefore, the Company was unable to allocate dividend payment to shareholders.

The Board of Directors



1. Mr. Wit Viriyaprapaikit Chairman of the Board of Directors Age 82 years

Appointment Date:

- 21 January 1994

Family Relationship with Other Directors and Management:

- Father of Mr. Win Viriyaprapaikit

% of Shareholding:

- 0.000000269% (3 shares)

Education and Training:

- Honorary B.A., Rajamangala Institute of Technology

Work Experience in the Last 5 Years

(as of 31 December 2017):

- 2008 - 2012 • Chairman of the Board of Directors,
Thai Cold Rolled Steel Sheet
Public Company Limited

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

Current Position in Other Organization:

In listed companies:

- -None-

In non-listed companies:

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

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

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

Meeting Attendance in Year 2017:

1. The Board of Directors Meeting
as the Plan Administrator 12/13 times

Criminal Record During the Past 10 Years:

1. Being sentenced in Criminal Offence
 - -None-
2. Being sentenced for an Absolute Receivership
 - -Yes-
3. Being sentenced to be Bankrupt
 - -Yes-

(On 20 October 2017, the Central Bankruptcy Court issued a judgment to Mr. Wit Viriyaprapaikit being a bankrupt, resulting in termination of his director position. (The Government Gazette Vol. 135 / Part 4 d / Page 165 / 16 January 2018))

Punishment Record During the Past 5 Years Related to the Commission of Offences under the Provisions of the Securities and Exchange Act B.E. 2535 or Derivatives Act B.E. 2546 in the Following Cases:

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

2. Mr. Somchai Sakulsurarat
Deputy Chairman of the Board
of Directors, Independent Director
and Chairman of the Audit Committee
Age 69 years

Appointment Date:

- 26 February 2010

Family Relationship with Other Directors and Management:

- -None-

% of Shareholding:

- -None-

Education and Training:

- Master of Management, Sasin Graduate Institute of Business Administration, Chulalongkorn University
- Bachelor of Economics (English program), Thammasat University
- The Joint State-Private Sectors Regular Course, National Defense College
- Certificate of Financial and Banking, Associateship Diploma of the Institute of Bankers, London
- Advance Certificate Course in Public Administration and Law for Executives, King Prajadhipok's Institute
- Director Certification Program (DCP 80/2006), Thai Institute of Directors Association

Work Experience in the Last 5 Years

(as of 31 December 2017):

- Director, Lenso Corporation Public Company Limited
- Director and Chairman of Audit Committee, Globlex Holding Management Public Company Limited
- Chairman of the Board of Directors, Thai Agro Exchange Company Limited
- Advisor of Deputy Minister of Finance (Mr. Pradit Phattharaprasit)
- Member of the National Legislative Assembly of Thailand
- President, Thai Military Bank Public Company Limited
- President, Bangkok Metropolitan Bank Public Company Limited
- President, Bank of Ayudhya Public Company Limited

Current Position in Other Organization:

In listed companies:

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

In non-listed companies:

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

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

- -None-

Meeting Attendance in Year 2017:

- | | |
|---|-------------|
| 1. The Board of Directors Meeting as the Plan Administrator | 13/13 times |
| 2. The Independent Directors Meeting | 2/2 times |
| 3. The Audit Committee Meeting | 7/7 times |

Criminal Record During the Past 10 Years:

1. Being sentenced in Criminal Offence
 - -None-
2. Being sentenced for an Absolute Receivership
 - -None-
3. Being sentenced to be Bankrupt
 - -None-

Punishment Record During the Past 5 Years Related to the Commission of Offences under the Provisions of the Securities and Exchange Act B.E. 2535 or Derivatives Act B.E. 2546 in the Following Cases:

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

Additional Information on Holding Independent Directors Status:

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

3. Mr. Tongchat Hongladaromp Director, Independent Director and Chairman of the Risk Management Committee Age 79 years

Appointment Date:

- 1 March 1994

Family Relationship with Other Directors and Management:

- -None-

% of Shareholding:

- -None-

Education and Training:

- Ph.D.Eng. (Civil), Northwestern University, U.S.A.
- M.Eng. (Civil), Asian Institute of Technology
- B.Eng. (Civil), Chulalongkorn University
- The National Defense Regular Course (Class 32), National Defense College
- Director Accreditation Program (DAP 36/2005), Thai Institute of Directors Association
- Finance for Non-Finance Director 24/2005 (FND 24/2005), Thai Institute of Directors Association

Work Experience in the Last 5 Years

(as of 31 December 2017):

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

Current Position in Other Organization:

In listed companies:

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

In non-listed companies:

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

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

- -None-

Meeting Attendance in Year 2017:

1. The Board of Directors Meeting
as the Plan Administrator 11/13 times
2. The Independent Directors Meeting 2/2 times
3. The Risk Management Committee Meeting 4/4 times

Criminal Record During the Past 10 Years:

1. Being sentenced in Criminal Offence
 - -None-
2. Being sentenced for an Absolute Receivership
 - -None-
3. Being sentenced to be Bankrupt
 - -None-

Punishment Record During the Past 5 Years Related to the Commission of Offences under the Provisions of the Securities and Exchange Act B.E. 2535 or Derivatives Act B.E. 2546 in the Following Cases:

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

Additional Information on Holding Independent Directors Status:

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

4. Mr. Siripol Yodmuangcharoen Director, Independent Director, and Chairman of the Nomination and Remuneration Committee Age 69 years

Appointment Date:

- 30 April 2010

Family Relationship with Other Directors and Management:

- -None-

% of Shareholding:

- -None-

Education and Training:

- D.B.A., University of South Australia, Australia
- M.B.A., Thammasat University
- B.A. Economics, Thammasat University
- The National Defense Regular Course, National Defense College
- Top Executive Program in Commerce and Trade (TEPCoT 1)
- Certificate, The Civil Service Commission (CSC 17)
- Director Certification Program (DCP 131/2010), Thai Institute of Directors Association
- Capital Market Academy Leadership Program (CMA 7), Capital Market Academy

Work Experience in the Last 5 Years

(as of 31 December 2017):

- | | |
|-------------|---|
| 2008 - 2017 | • Chairman of the Board of Executive Directors, The Gem and Jewelry Institute of Thailand (Public Organization) |
| 2011 - 2016 | • Public Sector Development Commission OPDC, Office of the Public Sector Development Commission |
| 2010 - 2016 | • Independent Director, Thai President Foods Public Company Limited |
| 2012 - 2013 | • Director, CAT Telecom Public Company Limited |
| | • Director, Thailand Institute of Scientific and Technological Research |
| 2011 - 2013 | • Director and Chairman of the Board of Executive Directors/
Chairman of the Audit Committee
and Chairman of the Board of Directors,
Thai Credit Guarantee Corporation (TCG) |

- | | |
|-------------|--|
| 2010 - 2011 | • Director and Chairman of the Risk Management Committee, Government Housing Bank |
| 2009 - 2010 | • Director, Siam City Bank Public Company Limited |
| 2007- 2009 | • Permanent Secretary, Ministry of Commerce |
| | • Commission Member, Securities and Exchange Commission |
| | • Director, Office of Insurance Commission |
| | • Commission Members, The Office of the Agricultural Futures Trading Commission |
| 2003 - 2009 | • Chairman of the Executive Board, The Office of the Agricultural Futures Trading Commission |
| 2005 - 2008 | • Director, Government Savings Bank |
| 2001 - 2007 | • Director General Department of Internal Trade, Ministry of Commerce |

Current Position in Other Organization:

In listed companies:

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

In non-listed companies:

- Vice Chairman of the Board of Directors, TCC Intertrade Company Limited

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

- -None-

Meeting Attendance in Year 2017:

- | | |
|---|------------|
| 1. The Board of Directors Meeting as the Plan Administrator | 2/13 times |
| 2. The Independent Directors Meeting | 2/2 times |
| 3. The Nomination and Remuneration Committee Meeting | 4/4 times |

Criminal Record During the Past 10 Years:

1. Being sentenced in Criminal Offence
 - -None-
2. Being sentenced for an Absolute Receivership
 - -None-
3. Being sentenced to be Bankrupt
 - -None-

Punishment Record During the Past 5 Years Related to the Commission of Offences under the Provisions of the Securities and Exchange Act B.E. 2535 or Derivatives Act B.E. 2546 in the Following Cases:

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

Additional Information on Holding Independent Directors Status:

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

5. Mr. Permpoon Krairiksh
Director, Independent Director,
Audit Committee Member and
Risk Management Committee Member
Age 66 years

Appointment Date:

- 8 December 1999

Family Relationship with Other Directors and Management:

- -None-

% of Shareholding:

- -None-

Education and Training:

- B.A., Boston University, U.S.A.
- The Joint State-Private Sectors Regular Course, National Defense College
- Director Accreditation Program (DAP 3/2003), Thai Institute of Directors Association
- Understanding the Fundamental of Financial Statements (UFS 12/2007), Thai Institute of Directors Association
- The Role of The Chairman Program (RCP 37/2015), Thai Institute of Directors Association

Work Experience in the Last 5 Years

(as of 31 December 2017):

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

Current Position in Other Organization:

In listed companies:

- -None-

In non-listed companies:

- Chairman of the Board of Directors, Boutique Corporation Public Company Limited
- Director, Boon Rawd Brewery Company Limited
- Independent Director and Audit Committee Member, Chubb Samaggi Insurance Public Company Limited
- Independent Director and Chairman of the Risk Management Committee, The Cambodian Commercial Bank

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

- -None-

Meeting Attendance in Year 2017:

- | | |
|---|-------------|
| 1. The Board of Directors Meeting as the Plan Administrator | 11/13 times |
| 2. The Independent Directors Meeting | 1/2 times |
| 3. The Audit Committee Meeting | 5/7 times |
| 4. The Risk Management Committee Meeting | 4/4 times |

Criminal Record During the Past 10 Years:

1. Being sentenced in Criminal Offence
 - -None-
2. Being sentenced for an Absolute Receivership
 - -None-
3. Being sentenced to be Bankrupt
 - -None-

Punishment Record During the Past 5 Years Related to the Commission of Offences under the Provisions of the Securities and Exchange Act B.E. 2535 or Derivatives Act B.E. 2546 in the Following Cases:

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

Additional Information on Holding Independent Directors Status:

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

6. Mr. Pichai Eursirisub

Director, Independent Director
and Good Corporate Governance
Committee Member
Age 59 years

Appointment Date:

- 1 March 2013

Family Relationship with Other Directors and Management:

- -None-

% of Shareholding:

- 0.197% (2,202,097 Shares)

Education and Training:

- Commerce, Bangkok Business College

Work Experience in the Last 5 Years (as of 31 December 2017):

- -None-

Current Position in Other Organization:

In listed companies:

- -None-

In non-listed companies:

- Business Owner and President, Kim Heng Seng Steel Company Limited
- Director, SV Nittan Company Limited
- Director, Amarin Steel Company Limited

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

- -None-

Meeting Attendance in Year 2017:

- | | |
|---|-------------|
| 1. The Board of Directors Meeting as the Plan Administrator | 13/13 times |
| 2. The Independent Directors Meeting | 2/2 times |
| 3. The Good Corporate Governance Committee Meeting | 3/3 times |

Criminal Record During the Past 10 Years:

1. Being sentenced in Criminal Offence
 - -None-
2. Being sentenced for an Absolute Receivership
 - -None-
3. Being sentenced to be Bankrupt
 - -None-

Punishment Record During the Past 5 Years Related to the Commission of Offences under the Provisions of the Securities and Exchange Act B.E. 2535 or Derivatives Act B.E. 2546 in the Following Cases:

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

Additional Information on Holding Independent Directors Status:

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

7. Mr. Yarnsak Manomaiphiboon **Director, Independent Director,** **Audit Committee Member** **and Good Corporate Governance** **Committee Member** **Age 54 years**

Appointment Date:

- 27 February 2012

Family Relationship with Other Directors and Management:

- -None-

% of Shareholding:

- -None-

Education and Training:

- M.B.A., Indiana University, Bloomington, U.S.A.
- Bachelor Degree in Engineering (2nd Class Hons.), Chulalongkorn University
- Director Certification Program (DCP 60/2005), Thai Institute of Directors Association
- Director Accreditation Program (DAP 23/2004), Thai Institute of Directors Association
- Capital Market Academy Leadership Program (CMA 5), Capital Market Academy
- Public Director Certification Program (PDI 3), Public Director Institute

Work Experience in the Last 5 Years

(as of 31 December 2017):

- | | |
|-------------|---|
| 2014 - 2016 | <ul style="list-style-type: none">• Chairman of the Board of Directors, Thai Credit Guarantee Corporation (TCG)• Director, The Krungthep Thanakom Company Limited |
| 2011 | <ul style="list-style-type: none">• Independent Director, Audit Committee Member and Risk Management Committee Member, Krung Thai Bank Public Company Limited• Chairman of the Board of Directors, KTB Leasing Company Limited |
| 2010 - 2011 | <ul style="list-style-type: none">• Director, Federation of Thai Capital Market Organizations |

- 2009 - 2011
- Director and Chairman of the Audit Committee, MCOT Public Company Limited
 - Chairman of the Risk Management Committee and Executive Director, Bualuang Securities Public Company Limited
 - Director, The Thai Bond Market Association
- 2008
- Director, Settrade Dot Com Company Limited
- 2007 - 2011
- Executive Director, Association of Thai Securities Companies
- 2007 - 2008
- IT Steering Committee, The Stock Exchange of Thailand
- 2005 - 2009
- President and Executive Director, Bualuang Securities Public Company Limited

Current Position in Other Organization:

In listed companies:

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

In non-listed companies:

- President, Association of Thai Securities Companies
- Advisor, Federation of Thai Capital Market Organizations

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

- -None-

Meeting Attendance in Year 2017:

- | | |
|---|------------|
| 1. The Board of Directors Meeting as the Plan Administrator | 9/13 times |
| 2. The Independent Directors Meeting | 2/2 times |
| 3. The Audit Committee Meeting | 7/7 times |
| 4. The Good Corporate Governance Committee Meeting | 3/3 times |

Criminal Record During the Past 10 Years:

1. Being sentenced in Criminal Offence
 - -None-
2. Being sentenced for an Absolute Receivership
 - -None-
3. Being sentenced to be Bankrupt
 - -None-

Punishment Record During the Past 5 Years Related to the Commission of Offences under the Provisions of the Securities and Exchange Act B.E. 2535 or Derivatives Act B.E. 2546 in the Following Cases:

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

Additional Information on Holding Independent Directors Status:

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

8. Mr. Somchai Pipitvijitkorn

Director,
Risk Management Committee Member
and Nomination and Remuneration
Committee Member
Age 78 years

Appointment Date:

- 29 April 2003

Family Relationship with Other Directors and Management:

- -None-

% of Shareholding:

- -None-

Education and Training:

- M.B.A., Michigan State University, U.S.A.
- Bachelor's Degree (Second-Class Honors), Faculty of Accounting, Chulalongkorn University
- Seminar on Directors' Compensation of Thai Companies 2004, held on 22 February 2005

Work Experience in the Last 5 Years

(as of 31 December 2017):

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

Current Position in Other Organization:

In listed companies:

- Director, MK Restaurant Group Public Company Limited

In non-listed companies:

- -None-

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

- Director, Sahaviriya Plate Mill Public Company Limited

Meeting Attendance in Year 2017:

- | | |
|---|------------|
| 1. The Board of Directors Meeting as the Plan Administrator | 9/13 times |
| 2. The Nomination and Remuneration Committee Meeting | 4/4 times |
| 3. The Risk Management Committee Meeting | 4/4 times |

Criminal Record During the Past 10 Years:

1. Being sentenced in Criminal Offence
 - -None-
2. Being sentenced for an Absolute Receivership
 - -None-
3. Being sentenced to be Bankrupt
 - -None-

Punishment Record During the Past 5 Years Related to the Commission of Offences under the Provisions of the Securities and Exchange Act B.E. 2535 or Derivatives Act B.E. 2546 in the Following Cases:

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

9. Mr. Kamol Juntima Director and Chairman of the Good Corporate Governance Committee Member Age 79 years

Appointment Date:

- 8 April 1998

Family Relationship with Other Directors and Management:

- -None-

% of Shareholding:

- 0.00399% (44,429 shares)

Education and Training:

- M.P.A., National Institute of Development Administration (NIDA)
- Bachelor of Commerce, Thammasat University
- Bachelor of Accountancy, Thammasat University
- The National Defense Regular Course (Class 33), National Defense College
- Director Certification Program (DCP 3/2000), Thai Institute of Directors Association
- The Role of The Chairman Program (RCP 4/2001), Thai Institute of Directors Association
- Board & CEO 1/2003, Thai Institute of Directors Association
- DCP Refresher Course 4/2007, Thai Institute of Directors Association

Work Experience in the Last 5 Years

(as of 31 December 2017):

- | | |
|-------------|---|
| 2008 - 2013 | • Chairman of Ethics Committee, Federation of Accounting Professions |
| 2003 - 2013 | • Directors and Chairman of the Audit Committee, Electronic Industry Public Company Limited |
| 2007 - 2012 | • Chairman of Audit and Evaluation Committee, Ministry of Education |
| 2000 - 2002 | • Chairman of the Board, Financial Sector Restructuring Authority (FRA) |
| 1998 - 2000 | • Audit Committee Chairman, Provincial Electricity Authority |
| 1998 | • Comptroller General, Ministry of Finance |
| 1996 - 1998 | • Chairman of the Board, Government Lottery Office |
| 1995 - 1999 | • Director and Chairman of Executive Board, Government Housing Bank |
| 1993 - 1998 | • Deputy Permanent Secretary for Finance, Ministry of Finance |

Current Position in Other Organization:

In listed companies:

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

In non-listed companies:

- Chairman of The Audit Quality Oversight Subcommittee, Federation of Accounting Professions
- Chairman of the Board of Directors, West Coast Engineering Company Limited
- Director, Prachuap Port Company Limited
- Chairman of the Board of Directors, TRIS Corporation Limited

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

- -None-

Meeting Attendance in Year 2017:

- | | |
|---|-------------|
| 1. The Board of Directors Meeting as the Plan Administrator | 13/13 times |
| 2. The Good Corporate Governance Committee Meeting | 3/3 times |

Criminal Record During the Past 10 Years:

1. Being sentenced in Criminal Offence
 - -None-
2. Being sentenced for an Absolute Receivership
 - -None-
3. Being sentenced to be Bankrupt
 - -None-

Punishment Record During the Past 5 Years Related to the Commission of Offences under the Provisions of the Securities and Exchange Act B.E. 2535 or Derivatives Act B.E. 2546 in the Following Cases:

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

10. Mr. Win Viriyaprapaikit

Director, Group Chief Executive Officer,
Group Executive Officer and President
Age 47 years

Appointment Date:

- 30 June 1999

Family Relationship with Other Directors and Management:

- Son of Mr. Wit Viriyaprapaikit

% of Shareholding:

- -None-

Education and Training:

- M.B.A., Sasin Graduate Institute of Business Administration, Chulalongkorn University
- Bachelor's Degree in Industrial Engineering, Keio University, Tokyo, Japan
- Director Certification Program (DCP 100/2008), Thai Institute of Directors Association
- The Role of The Chairman Program (RCP 20/2008), Thai Institute of Directors Association
- Capital Market Academy Leadership Program (CMA 5), Capital Market Academy

Work Experience in the Last 5 Years

(as of 31 December 2017):

- | | |
|-------------|--|
| 2010 - 2015 | • Director and President, Sahaviriya Steel Industries UK Limited |
| 2008 - 2014 | • Director and Management Committee Member, Thai Cold Rolled Steel Sheet Public Company Limited |
| 2012 - 2013 | • Chairman of the Board of Directors and Chairman of the Management Committee, Thai Cold Rolled Steel Sheet Public Company Limited |
| 1996 - 2012 | • Director, Thai Coated Steel Sheet Company Limited |
| 1999 - 2003 | • Director, Thai Cold Rolled Steel Sheet Public Company Limited |

Current Position in Other Organization:

In listed companies:

- Director, Bangsaphan Barmill Public Company Limited

In non-listed companies:

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

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

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

Meeting Attendance in Year 2017:

- | | |
|---|-------------|
| 1. The Board of Directors Meeting as the Plan Administrator | 13/13 times |
|---|-------------|

Criminal Record During the Past 10 Years:

1. Being sentenced in Criminal Offence
 - -None-
2. Being sentenced for an Absolute Receivership
 - -None-
3. Being sentenced to be Bankrupt
 - -None-

Punishment Record During the Past 5 Years Related to the Commission of Offences under the Provisions of the Securities and Exchange Act B.E. 2535 or Derivatives Act B.E. 2546 in the Following Cases:

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

11. Mr. Nava Chantanasurakon

Director, the Nomination
and Remuneration Committee Member,
Group Executive Officer and
Vice President, Commercial Division
Age 52 years

Appointment Date:

- 18 June 2015

Family Relationship with Other Directors and Management:

- -None-

% of Shareholding:

- -None-

Education and Training:

- Master of Public Administration
(Public Policy & Project Management),
National Institute of Development Administration (NIDA)
- Bachelor of Arts (Politics and Government) 1st Class Honor,
Thammasat University
- Director Certification Program (DCP 104/2008),
Thai Institute of Directors Association
- Capital Market Academy Leadership Program (CMA 19),
Capital Market Academy
- National Defense Program (NDC 57),
National Defense College

Work Experience in the Last 5 Years

(as of 31 December 2017):

- | | |
|-------------|---|
| 2014 - 2015 | • Chairman of the Board of Directors,
Thai Cold Rolled Steel Sheet
Public Company Limited |
| 2012 - 2015 | • Chairman of the Management Committee,
Thai Cold Rolled Steel Sheet
Public Company Limited |
| 2012 - 2014 | • President,
Thai Cold Rolled Steel Sheet
Public Company Limited |
| 2003 - 2007 | • Director, Corporate Affairs Division,
Pikul-thong Lum-sum Group of Companies |
| 1991 - 2003 | • Deputy General Manager,
Human Resources Department,
Toyota Motor Thailand Company Limited |

Current Position in Other Organization:

In listed companies:

- -None-

In non-listed companies:

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

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

- Director, Thai Steel Sales Company Limited

Meeting Attendance in Year 2017:

- | | |
|--|------------|
| 1. The Board of Directors Meeting
as the Plan Administrator | 8/13 times |
| 2. The Nomination and Remuneration
Committee Meeting | 3/4 times |

Criminal Record During the Past 10 Years:

1. Being sentenced in Criminal Offence
 - -None-
2. Being sentenced for an Absolute Receivership
 - -None-
3. Being sentenced to be Bankrupt
 - -None-

Punishment Record During the Past 5 Years Related to the Commission of Offences under the Provisions of the Securities and Exchange Act B.E. 2535 or Derivatives Act B.E. 2546 in the Following Cases:

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

The Management



1. Mr. Win Viriyaprapaikit Group Chief Executive Officer

Appointment Date: 1 September 2011

Group Executive Officer

Appointment Date: 17 November 2015

and President

Appointment Date: 1 January 2004

Age 47 years

Family Relationship with Other Directors and Management:

- Son of Mr. Wit Viriyaprapaikit

% of Shareholding:

- -None-

Education and Training:

- M.B.A., Sasin Graduate Institute of Business Administration, Chulalongkorn University
- Bachelor's degree in Industrial Engineering, Keio University, Tokyo, Japan
- Director Certification Program (DCP 100/2008), Thai Institute of Directors Association

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

Work Experience in the Last 5 Years

(as of 31 December 2017):

- 2010 - 2015 • Director and President, Sahaviriya Steel Industries UK Limited
- 2008 - 2014 • Director and Management Committee Member, Thai Cold Rolled Steel Sheet Public Company Limited
- 2012 - 2013 • Chairman of the Board of Directors and Chairman of the Management Committee, Thai Cold Rolled Steel Sheet Public Company Limited
- 1996 - 2012 • Director, Thai Coated Steel Sheet Company Limited
- 1999 - 2003 • Director, Thai Cold Rolled Steel Sheet Public Company Limited

Current Position in Other Organization:

In listed companies:

- Director, Bangsaphan Barmill Public Company Limited

In non-listed companies:

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

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

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

Criminal Record During the Past 10 Years:

1. Being sentenced in Criminal Offence
 - -None-
2. Being sentenced for an Absolute Receivership
 - -None-
3. Being sentenced to be Bankrupt
 - -None-

Punishment Record During the Past 5 Years Related to the Commission of Offences under the Provisions of the Securities and Exchange Act B.E. 2535 or Derivatives Act B.E. 2546 in the Following Cases:

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

2. Mr. Nava Chantanasurakon Group Executive Officer

Appointment Date: 17 November 2015

Vice President, Commercial Division

Appointment Date: 17 April 2015

Age 52 years

Family Relationship with Other Directors and Management:

- -None-

% of Shareholding:

- -None-

Education and Training:

- Master of Public Administration (Public Policy & Project Management), National Institute of Development Administration (NIDA)
- Bachelor of Arts (Politics and Government) 1st Class Honor, Thammasat University
- Director Certification Program (DCP 104/2008), Thai Institute of Directors Association
- Capital Market Academy Leadership Program (CMA 19), Capital Market Academy
- National Defense Program (NDC 57), National Defense College

Work Experience in the Last 5 Years

(as of 31 December 2017):

- 2014 - 2015 • Chairman of the Board of Directors, Thai Cold Rolled Steel Sheet Public Company Limited
- 2012 - 2015 • Chairman of the Management Committee, Thai Cold Rolled Steel Sheet Public Company Limited
- 2012 - 2014 • President, Thai Cold Rolled Steel Sheet Public Company Limited
- 2003 - 2007 • Director, Corporate Affairs Division, Pikul-thong Lum-sum Group of Companies
- 1991 - 2003 • Deputy General Manager, Human Resources Department, Toyota Motor Thailand Company Limited

Current Position in Other Organization:

In listed companies:

- -None-

In non-listed companies:

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

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

- Director, Thai Steel Sales Company Limited

Criminal Record During the Past 10 Years:

1. Being sentenced in Criminal Offence
 - -None-
2. Being sentenced for an Absolute Receivership
 - -None-
3. Being sentenced to be Bankrupt
 - -None-

Punishment Record During the Past 5 Years Related to the Commission of Offences under the Provisions of the Securities and Exchange Act B.E. 2535 or Derivatives Act B.E. 2546 in the Following Cases:

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

3. Mr. Kittisak Mapanao

Group Executive Officer

Appointment Date: 17 November 2015

**Chief Technology Officer,
Group Technology Office**

Appointment Date: 1 June 2012

Age 51 years

Family Relationship with Other Directors and Management:

- -None-

% of Shareholding:

- 0.00588% (65,467 shares)

Education and Training:

- M.B.A., Chulalongkorn University
- B. Eng. (Industrial Engineering), Khonkaen University
- Directors Certification Program (DCP 104/2009), Thai Institute of Directors Association

Work Experience in the Last 5 Years

(as of 31 December 2017):

- | | |
|-------------|--|
| 2013 - 2015 | • Director,
Sahaviriya Steel Industries UK Limited |
| 2010 - 2012 | • Director and Management
Committee Member,
Thai Cold Rolled Steel Sheet
Public Company Limited |
| 1991 - 1992 | • Industrial Engineer,
Hana Coil Company Limited |

Current Position in Other Organization:

In listed companies:

- -None-

In non-listed companies:

- President,
West Coast Engineering Company Limited
- Director and Executive Director,
Prachuap Port Company Limited
- Director and Executive Director,
West Coast Engineering Company Limited

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

- -None-

Criminal Record During the Past 10 Years:

1. Being sentenced in Criminal Offence
 - -None-
2. Being sentenced for an Absolute Receivership
 - -None-
3. Being sentenced to be Bankrupt
 - -None-

Punishment Record During the Past 5 Years Related to the Commission of Offences under the Provisions of the Securities and Exchange Act B.E. 2535 or Derivatives Act B.E. 2546 in the Following Cases:

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

4. Mr. Narongrit Chotnuchittrakul **Group Executive Officer**

Appointment Date: 17 November 2015

Vice President, Downstream Business

Appointment Date: 1 June 2017

Age 48 years

Family Relationship with Other Directors and Management:

- -None-

% of Shareholding:

- -None-

Education and Training:

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

Work Experience in the Last 5 Years

(as of 31 December 2017):

- 2013 - 2017 • Vice President - Finance and Accounting Division, Sahaviriya Steel Industries Public Company Limited
- 2012 - 2015 • President, West Coast Engineering Company Limited
- 2009 - 2011 • Vice President - Finance and Accounting Division, Thai Cold Rolled Steel Sheet Public Company Limited

Current Position in Other Organization:

In listed companies:

- -None-

In non-listed companies:

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

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

- -None-

Criminal Record During the Past 10 Years:

1. Being sentenced in Criminal Offence
 - -None-
2. Being sentenced for an Absolute Receivership
 - -None-
3. Being sentenced to be Bankrupt
 - -None-

Punishment Record During the Past 5 Years Related to the Commission of Offences under the Provisions of the Securities and Exchange Act B.E. 2535 or Derivatives Act B.E. 2546 in the Following Cases:

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

5. Mr. Somsak Sivapaiboon
Group Executive Officer

Appointment Date: 17 November 2015

and Secretary to the Good Corporate Governance Committee

Appointment Date: 1 July 2017

Age 55 years

Family Relationship with Other Directors and Management:

- -None-

% of Shareholding:

- 0.00310% (34,602 shares)

Education and Training:

- M.S. (Logistics and Supply Chain Management), Sripatum University
- M.B.A., Sukhothai Thammathirat Open University
- Bachelor of Management Science, Sukhothai Thammathirat Open University
- Director Accreditation Program (DAP 60/2006), Thai Institute of Directors Association
- Director Certification Program (DCP 84/2007), Thai Institute of Directors Association
- Finance for Non-Finance Director (FND 34/2007), Thai Institute of Directors Association
- Capital Market Academy Leadership Program (CMA 9), Capital Market Academy

Work Experience in the Last 5 Years

(as of 31 December 2017):

- 2015 - 2017 • Chairman of the Board of Directors and Chairman of the Management Committee, Thai Cold Rolled Steel Sheet Public Company Limited
- 2013 - 2015 • Director, Sahaviriya Steel Industries UK Limited
- 2010 - 2012 • President, Thai Cold Rolled Steel Sheet Public Company Limited
- Director, Thai Coated Steel Sheet Company Limited
- 2006 - 2012 • Deputy Chairman of the Board of Directors, Chu Kai Public Company Limited
- 2004 - 2012 • Director and Executive Director, Thai Cold Rolled Steel Sheet Public Company Limited
- 2001 - 2012 • Director, Prachuap Port Company Limited
- 2005 - 2010 • President, Line Transport Company Limited
- 2001 - 2010 • President, Prachuap Port Company Limited
- 2000 - 2005 • President, Bangsaphan Transport Company Limited
- 1997 - 2000 • General Manager - Sales & Marketing, Thai Steel Sales Company Limited

Current Position in Other Organization:

In listed companies:

- -None-

In non-listed companies:

- Director and Management Committee Member, Thai Cold Rolled Steel Sheet Public Company Limited
- Director and Executive Director, Thai Coated Steel Sheet Company Limited
- Director and Executive Director, Prachuap Port Company Limited
- Director and Executive Director, West Coast Engineering Company Limited
- Chairman of the Board of Directors, Pornpiyacharn Transport Company Limited

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

- Director, Thai Steel Sales Company Limited

Criminal Record During the Past 10 Years:

1. Being sentenced in Criminal Offence
 - -None-
2. Being sentenced for an Absolute Receivership
 - -None-
3. Being sentenced to be Bankrupt
 - -None-

Punishment Record During the Past 5 Years Related to the Commission of Offences under the Provisions of the Securities and Exchange Act B.E. 2535 or Derivatives Act B.E. 2546 in the Following Cases:

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

6. Mr. Thavorn Cananub **Vice President, Port Business**

Appointment Date: 17 November 2015

Age 55 years

Family Relationship with Other Directors and Management:

- -None-

% of Shareholding:

- -None-

Education and Training:

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

Work Experience in the Last 5 Years

(as of 31 December 2017):

- 1996 - 2013
- Assistant Vice President, Office of the President, Sahaviriya Steel Industries Public Company Limited

Current Position in Other Organization:

In listed companies:

- -None-

In non-listed companies:

- Director, Executive Director and President, Prachuap Port Company Limited

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

- -None-

Criminal Record During the Past 10 Years:

1. Being sentenced in Criminal Offence
 - -None-
2. Being sentenced for an Absolute Receivership
 - -None-
3. Being sentenced to be Bankrupt
 - -None-

Punishment Record During the Past 5 Years Related to the Commission of Offences under the Provisions of the Securities and Exchange Act B.E. 2535 or Derivatives Act B.E. 2546 in the Following Cases:

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

7. Mr. Thinnakorn Phadungwong

Vice President,
Group Product Development Office,
Group Technology Office

Appointment Date: 31 October 2015

Age 50 years

Family Relationship with Other Directors and Management:

- -None-

% of Shareholding:

- -None-

Education and Training:

- The Doctor of Engineering (Mechanical Engineering), The Sirindhorn International Thai-German Graduate School of Engineering (TGGs), King Mongkut's University of Technology North Bangkok
- Master's Degree of Metallurgical Engineering, Chulalongkorn University
- Bachelor's Degree of Industrial Engineering, Kasetsart University

Work Experience in the Last 5 Years

(as of 31 December 2017):

- 2013 - 2015 • Vice President - Manufacturing Division, Sahaviriya Steel Industries Public Company Limited
- 2000 - 2012 • Assistant Vice President - Manufacturing Division (Operation), Sahaviriya Steel Industries Public Company Limited

Current Position in Other Organization:

In listed companies:

- -None-

In non-listed companies:

- -None-

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

- -None-

Criminal Record During the Past 10 Years:

1. Being sentenced in Criminal Offence
 - -None-
2. Being sentenced for an Absolute Receivership
 - -None-
3. Being sentenced to be Bankrupt
 - -None-

Punishment Record During the Past 5 Years Related to the Commission of Offences under the Provisions of the Securities and Exchange Act B.E. 2535 or Derivatives Act B.E. 2546 in the Following Cases:

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

8. Mr. Manin Inprom

Vice President, Manufacturing Division

Appointment Date: 19 May 2016

Age 47 years

Family Relationship with Other Directors and Management:

- -None-

% of Shareholding:

- -None-

Education and Training:

- M.B.A., Burapha University
- Bachelor's Degree of Industrial Engineering, Kasetsart University

Work Experience in the Last 5 Years

(as of 31 December 2017):

- 2014 - 2015 • Assistant Vice President - Manufacturing Division (Operation), Sahaviriya Steel Industries Public Company Limited
- 2012 - 2014 • Assistant Vice President - Group Purchasing Office, Office of the President, Sahaviriya Steel Industries Public Company Limited

Current Position in Other Organization:

In listed companies:

- -None-

In non-listed companies:

- -None-

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

- -None-

Criminal Record During the Past 10 Years:

1. Being sentenced in Criminal Offence
 - -None-
2. Being sentenced for an Absolute Receivership
 - -None-
3. Being sentenced to be Bankrupt
 - -None-

Punishment Record During the Past 5 Years Related to the Commission of Offences under the Provisions of the Securities and Exchange Act B.E. 2535 or Derivatives Act B.E. 2546 in the Following Cases:

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

9. Mr. Peter Rowson

**Vice President,
Group Financial Accounting of Office**

Appointment Date: 17 November 2015

Group Chief Finance Officer

Appointment Date: 1 July 2017

Age 54 years

Family Relationship with Other Directors and Management:

- -None-

% of Shareholding:

- -None-

Education and Training:

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

Work Experience in the Last 5 Years

(as of 31 December 2017):

- 2013 - 2015 • Finance Director, Sahaviriya Steel Industries UK Limited
- 2009 - 2011 • Finance Director, V2O Management Company Limited
- 2004 - 2008 • CFO, Focus Energy Company Limited

Current Position in Other Organization:

In listed companies:

- -None-

In non-listed companies:

- -None-

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

- -None-

Criminal Record During the Past 10 Years:

1. Being sentenced in Criminal Offence
 - -None-
2. Being sentenced for an Absolute Receivership
 - -None-
3. Being sentenced to be Bankrupt
 - -None-

Punishment Record During the Past 5 Years Related to the Commission of Offences under the Provisions of the Securities and Exchange Act B.E. 2535 or Derivatives Act B.E. 2546 in the Following Cases:

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

10. Mr. Veerawit Tulalamba

Vice President

– Finance and Accounting Division

– Group Risk Management Office

Appointment Date: 1 June 2017

and Secretary to

the Risk Management Committee

Appointment Date: 1 June 2017

Age 47 years

Family Relationship with Other Directors and Management:

- -None-

% of Shareholding:

- -None-

Education and Training:

- Master of Business Administration, National Institute of Development Administration (NIDA)
- B.A. Economics, Thammasat University

Work Experience in the Last 5 Years

(as of 31 December 2017):

- 2014 - 2017 • Assistant Vice President - Group Finance and Accounting Office, Sahaviriya Steel Industries Public Company Limited
- 2004 - 2014 • Deputy Managing Director and Company Secretary, Bangsaphan Barmill Public Company Limited

Current Position in Other Organization:

In listed companies:

- -None-

In non-listed companies:

- -None-

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

- -None-

Criminal Record During the Past 10 Years:

1. Being sentenced in Criminal Offence
 - -None-
2. Being sentenced for an Absolute Receivership
 - -None-
3. Being sentenced to be Bankrupt
 - -None-

Punishment Record During the Past 5 Years Related to the Commission of Offences under the Provisions of the Securities and Exchange Act B.E. 2535 or Derivatives Act B.E. 2546 in the Following Cases:

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

11. Mr. Yongyuth Malithong

Vice President

- Human Resources Division
- Group Human Resources Office
- Group Purchasing Office

Appointment Date: 1 January 2016

Vice President

- Group Sustainable Development Office

Appointment Date: 1 March 2017

and Secretary to the Nomination and Remuneration Committee

Appointment Date: 1 January 2016

Age 47 years

Family Relationship with Other Directors and Management:

- None-

% of Shareholding:

- None-

Education and Training:

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

Work Experience in the Last 5 Years

(as of 31 December 2017):

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

Current Position in Other Organization:

In listed companies:

- -None-

In non-listed companies:

- -None-

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

- Director and Acting President, Sahaviriya Plate Mill Public Company Limited

Criminal Record During the Past 10 Years:

1. Being sentenced in Criminal Offence
 - -None-
2. Being sentenced for an Absolute Receivership
 - -None-
3. Being sentenced to be Bankrupt
 - -None-

Punishment Record During the Past 5 Years Related to the Commission of Offences under the Provisions of the Securities and Exchange Act B.E. 2535 or Derivatives Act B.E. 2546 in the Following Cases:

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

12. Mr. Surasak Ngamsidhipongsa

Company Secretary

Appointment Date: 21 January 1994

Age 59 years

Family Relationship with Other Directors and Management:

- -None-

% of Shareholding:

- -None-

Education and Training:

- M.B.A., Thammasat University
- M.A. (Economic Law), Chulalongkorn University
- LL.M. (Business Law), Ramkhamhaeng University
- M.P.P.M.,
National Institute of Development Administration (NIDA)
- Barrister-at-law,
Institute of Legal Education Thai Bar Association
- Bachelor of Law, Ramkhamhaeng University
- Director Certification Program (DCP 15/2002),
Thai Institute of Directors Association
- Company Secretary Program (CSP 5/2004),
Thai Institute of Directors Association
- TCLA Executive Development Program (EDP 8),
Thai Listed Companies Association

Work Experience in the Last 5 Years

(as of 31 December 2017):

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

Current Position in Other Organization:

In listed companies:

- -None-

In non-listed companies:

- -None-

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

- -None-

Criminal Record During the Past 10 Years:

1. Being sentenced in Criminal Offence
 - -None-
2. Being sentenced for an Absolute Receivership
 - -None-
3. Being sentenced to be Bankrupt
 - -None-

Punishment Record During the Past 5 Years Related to the Commission of Offences under the Provisions of the Securities and Exchange Act B.E. 2535 or Derivatives Act B.E. 2546 in the Following Cases:

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

13. Miss Pattamawan Boontang Secretary to the Audit Committee

Appointment Date: 6 January 2016

Age 42 years

Family Relationship with Other Directors and Management:

- -None-

% of Shareholding:

- -None-

Education and Training:

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

Work Experience in the Last 5 Years

(as of 31 December 2017):

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

Current Position in Other Organization:

In listed companies:

- -None-

In non-listed companies:

- -None-

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

- -None-

Criminal Record During the Past 10 Years:

1. Being sentenced in Criminal Offence
 - -None-
2. Being sentenced for an Absolute Receivership
 - -None-
3. Being sentenced to be Bankrupt
 - -None-

Punishment Record During the Past 5 Years Related to the Commission of Offences under the Provisions of the Securities and Exchange Act B.E. 2535 or Derivatives Act B.E. 2546 in the Following Cases:

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

Shareholding of Directors and Management

No.	Directors and Management Name	31 December 2016 (Par value of Baht 1 per share)	31 December 2017 (Par value of Baht 1 per share)	Increase (Decrease) in No. of shares during 2017* (Par value of Baht 1 per share)
1.	Mr. Wit Viriyaprapaikit	100 shares	3 shares	(97)
2.	Mr. Somchai Sakulsurarat	-	-	-
3.	Mr. Tongchat Hongladaromp	-	-	-
4.	Mr. Siripol Yodmuangcharoen	-	-	-
5.	Mr. Permpoon Krairiksh	-	-	-
6.	Mr. Pichai Eursirisub	63,640,600 shares	2,202,097 shares	(61,438,503)
7.	Mr. Yarnsak Manomaiphiboon	-	-	-
8.	Mr. Somchai Pipitvijitkorn	-	-	-
9.	Mr. Kamol Juntima	1,284,000 shares	44,429 shares	(1,239,571)
10.	Mr. Win Viriyaprapaikit	-	-	-
11.	Mr. Nava Chantanasurakon	-	-	-
12.	Mr. Kittisak Mapanao	1,892,000 shares	65,467 shares	(1,826,533)
13.	Mr. Narongrit Chotnuchittrakul	-	-	-
14.	Mr. Somsak Sivapaiboon	1,000,000 shares	34,602 shares	(965,398)
15.	Mr. Thavorn Cananub	-	-	-
16.	Mr. Thinnakorn Phadungwong	-	-	-
17.	Mr. Manin Inprom	-	-	-
18.	Mr. Peter Rowson	-	-	-
19.	Mr. Veerawit Tulalamba	-	-	-
20.	Mr. Yongyuth Malithong	-	-	-

Remark:

* The decrease in number shareholding of directors and management in 2017 was a result of the registration of the decrease in its registered capital by means of a share reduction, by Baht 31,053,243,844, with the Registrar of Public Limited Companies, Department of Business Development, Ministry of Commerce on 14 July 2017, in accordance with Clause 7.3 (2) of the business rehabilitation plan.

As of 31 December 2017, the Company's registered capital is Baht 11,113,018,280 and paid-up Capital is Baht 1,113,018,280, divided into 1,113,018,280 ordinary shares, at the par value of Baht 1 per share.

Report of the Nomination and Remuneration Committee for 2017



The Nomination and Remuneration Committee (the “Committee”) hereby reports the assignments performed by the Nomination and Remuneration Committee as follows:

The meeting of the Board of Directors of Sahaviriya Steel Industries Public Company Limited No. 5/2011 held on 11 August 2011 resolved to approve the combination of the Nomination Committee and the Remuneration Committee to become the Nomination and Remuneration Committee. The Committee comprises at least 3 directors of the Company as members which at least 1 member has to be an independent director with the Vice President of Human Resources and Administration Division as the Secretary to the Committee. The term of office is from 1 September 2017 to 31 August 2020.

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

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

- | | |
|---------------------------------|--|
| (1) Mr. Siripol Yodmuangchareon | Chairman of the Nomination and Remuneration Committee |
| (2) Mr. Somchai Pipitvijitkorn | Nomination and Remuneration Committee Member |
| (3) Mr. Nava Chantanasurakon | Nomination and Remuneration Committee Member |
| (4) Mr. Yongyuth Malithong | Secretary to the Nomination and Remuneration Committee |

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

1. The Nomination and Remuneration Committee held 3 meetings in 2017 to consider the following matters:

1.1 The meeting of the Nomination and Remuneration Committee was held on 24 April 2017 to consider an adjustment of the President's salary.

The Committee considered an adjustment of the President's salary based on the overall Company's performance of the previous year as well as other factors including the Company's financial results and historical salary adjustments of the President. In considering the remuneration of the President for the year 2017, it's shown that the business has been lead to have a good result although the Company has limitation in being under rehabilitation. In addition, the current salary of the President is relatively lower comparing to the salary in labor market of the similar business size and the President has expressed his intention not to be considered for an annual salary increase in the past several years. The Committee, consequently, unanimously resolved to approve as proposed to adjust the President's annual salary at the rate of 7% of based salary in March 2017 and will propose to the Board of Directors, as the Plan Administrator of rehabilitation, for further approval.

1.2 The meeting of the Nomination and Remuneration Committee was held on 19 May 2017 to acknowledge the issues as follows:

Considering special allowance (Bonus) for the President for 2H2016 period: The Committee considered that the President had contributed his dedicated knowledge and ability to run the business better than its target. Consequently, despite financial constraints, the Company has net profit of Baht 1,113 million in 2H2016 (excluded extraordinary items which are difference between default interest expenses and normal interest expenses and profit (loss) on exchange rate of guaranteed debt but included the provision for impairment of inventory (Slab + Coil) in June 2016). Therefore, the Committee unanimously resolved to approve a special allowance (Bonus) to the President at a rate of 2 times the salary to be a morale figure in the work of the President in his dedication to work in full knowledge. The Committee will propose to the Board of Directors, as the Plan Administrator of rehabilitation, for further approval.

1.3 The meeting of the Nomination and Remuneration Committee was held on 14 December 2017 to acknowledge the issues as follows:

Considering special allowance (Bonus) for the President for 2017 period: The Committee considered that the President had contributed his dedicated knowledge and ability to run the business better than the rehabilitation plan, even though lower than the annual business target, as well as generating new business and product innovations such as SSI Air Beam, etc. As a result, the Company had estimated its profit before interest and depreciation of Baht 2,877 million. Therefore, the Committee unanimously resolved to approve a special allowance (Bonus) to the President at a rate of 2.5 times of the salary to be a morale figure in the work of the President in his dedication to work in full knowledge. The Committee will propose to the Board of Directors, as the Plan Administrator of rehabilitation, for further approval.

2. The Nomination and Remuneration Committee held 1 meeting in 2018 to consider the following matters:

The meeting of the Nomination and Remuneration Committee was held on 6 February 2018 considered the issue as follows:

2.1 Acknowledging the vacancy of the Chairman of the Board of Directors and Director position

The Committee acknowledged that Mr. Wit Viriyaprapaikit has statutory vacated his position as Chairman of the Board of Directors and Director of the Company. However, he asked to receive his allowances only for January and February 2017.

2.2 Considering the qualified candidates for Director position

The meeting considered qualified candidates from list of independent directors of The Stock Exchange of Thailand (SET) and the Company's managements, as proposed by the Company's secretary. Upon consideration, the Committee selected Mr. Kittisak Mapanao, Chief Technology Officer, as a director, to enhance the Board of Director strength by appointing an experienced engineer as another director. The Committee resolved to propose to the Board of Directors, as the Plan Administrator, for consideration.

2.3 Stipulation of the directors' remuneration

The Committee considered that the existing rate of the directors' remuneration was appropriate given the current economic condition. The Committee therefore resolved to maintain the remuneration payment determination from point 1 to 6 and resolved to refrain the annual payment to the directors in 2017. Details are as follows:

Financial Remuneration

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

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

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

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

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

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

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

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

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

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

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

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

2.4 Considering qualified candidates to replace directors retired by rotation

The Committee could not consider the directors retired by rotation because the Company has entered the rehabilitation since 10 March 2016 and Central Bankruptcy Court approved the Plan which determined the Company as the Plan Administrator on 15 December 2016. Therefore, the consideration of the retiring directors by rotation has been suspended regarding the rehabilitation in accordance with Bankruptcy Act B.E. 2483 (1940),

Pursuant to Bankruptcy Act B.E. 2483 (1940), “all legal rights of the debtor’s shareholders shall be suspended except the right to receive dividend” and the said rights shall be vested in the interim executives, the Receiver, the Plan Preparer, or the Plan Administrator (in accordance with the procedures of the Business Rehabilitation process). Details are as follows:

Section 90/21.

“Subject to Section 90/42 and Section 90/64, in the case of the Court ordering a business rehabilitation but not yet appointing a Plan Preparer, **all legal rights of the debtor’s shareholders shall be suspended except the right to receive dividend** and the said rights shall be vested in the interim executives or the Receiver, as the case may be, until a Plan Preparer is appointed.”

Section 90/24.

“If an order on appointment of a Plan Preparer is issued by the Court, it shall notify the Plan Preparer, the Receiver, the debtor’s executives and the interim executive of the said order without delay. The power and duties of the Plan Preparer shall commence as of the day on which the Court gives such order and the power and duties of the Receiver, the debtor’s executives or the interim executive shall cease.”

Section 90/25.

“Subject to section 90/42 and section 90/64, upon an appointment of the Plan Preparer is made by the Court, the power and duties in managing the business and asset of the debtor and all rights of the debtor’s shareholders, except the right to receive dividend, shall be vested in the Plan Preparer, and the provisions of Section 90/12 (9) shall apply to the plan preparer, mutatis mutandis.”

Section 90/42.

“Section 1117, Section 1119, Section 1145, Section 1220 through Section 1228, Section 1238 through Section 1243 of the Civil and Commercial Code; and Section 31, Section 33, Section 50, Section 51, Section 52, Section 54, Section 84, Section 102, Section 107, Section 116, Section 119, Section 136, Section 137, Section 139, Section 140, Section 141, Section 146 through Section 148 of the Public Limited Companies Act, B.E. 2535 (1992) and Section 39 of the Securities and Exchange Act, B.E. 2535 (1992) shall not apply to the Plan under this Section.”

Section 90/59.

“Subject to Section 90/42 and Section 90/64, once the Court has issued an order approving the Plan, the Court shall so notify the Plan Administrator and the Plan Preparer as soon as possible. Once the Plan Administrator learns of the Court’s order, the right and duties of the Plan Preparer shall immediately pass to the Plan Administrator.”



Mr. Siripol Yodmuangchareon

Chairman of the Nomination and Remuneration Committee

8 February 2018

Remuneration of Directors and Management



1. Total Monetary Remuneration

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

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

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

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

- 1.2 The Chairman of the Board of Directors and the Deputy Chairman of the Board of Directors shall be entitled to monthly remuneration for full-time performance of Baht 300,000 and Baht 200,000 respectively. However, they shall not be entitled to any other meeting allowances, both to be paid for the Board of Directors and other committee appointed by the Board of Directors.
- 1.3 The Chairman of the Audit Committee shall receive extra remuneration for the provision of suggestion regarding the details of special audit other than normal audit serviced as an audit committee in an amount of Baht 10,000 per month.
- 1.4 Directors who are also an employee of the Company shall be entitled to compensation as an employee only, and shall not receive any other remuneration as a director.
- 1.5 Health, accident, and life insurance premiums shall not exceed Baht 20,000 per person. For any directors whom insurance companies decline to offer any or all insurance coverage and/or exclude coverage of certain types of illness in the case of health insurance for whatever reason, the Company shall be directly responsible for disbursement to such directors for amount up to the claim or sum insured available from the health, accident and life insurance policies had the director been insured for the same insurance premium approved by shareholders.
- 1.6 The directors' remuneration or annual bonuses
 - (1) The directors' bonuses shall be paid only if there is a dividend payment to the shareholders. If the Company has no dividend payment in any year, the directors shall not receive the directors' bonuses on such year.
 - (2) The directors' bonuses rates should account for 0.25% to 0.50% of the dividend payment to the shareholders. The Chairman of the Board of Directors and the Deputy Chairman of the Board of Directors should receive the directors' bonuses at 10% and 5% higher than those of the directors respectively.
 - (3) The directors whose working period is less than one year shall receive the directors' bonuses in proportion to their actual working period.

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

On 18 April 2017, the Board of Directors' meeting No. 5/2017 of Sahaviriya Steel Industries Public Company Limited the Plan Administration by the Central Bankruptcy Court's order on 15 December 2016, as the red case No. For.8/2016, acknowledged the remunerations paid for the year of 2016 to each director and each committee appointed by the Board of Directors. The meeting also acknowledged the directors' annual bonuses for the year of 2016 to be omitted in accordance with criteria as approved by the shareholders' meeting.

Summary of 2017 Monetary Remuneration for the Directors of the Company and the Members of the Committees Appointed by the Board of Directors

Name and Position	Meeting Allowance (Baht)					Total Remuneration (Baht)
	Board of Directors	Audit Committee	Nomination and Remuneration Committee	Good Corporate Governance Committee	Risk Management Committee	
1. Mr. Wit Viriyaprapaikit ¹⁾	-	-	-	-	-	-
2. Mr. Somchai Sakulsurat ^{2) 3)}	-	-	-	-	-	-
3. Mr. Tongchat Hongladaromp ⁴⁾	300,000	-	-	-	50,000	350,000
4. Mr. Siripol Yodmuangcharoen ⁵⁾	300,000	-	50,000	-	-	350,000
5. Mr. Permpoon Krairiksh	300,000	75,000	-	-	30,000	405,000
6. Mr. Pichai Eursirisub	300,000	-	-	30,000	-	330,000
7. Mr. Yarnsak Manomaiphiboon	300,000	105,000	-	20,000	-	425,000
8. Mr. Somchai Pipitvijitkorn	300,000	-	40,000	-	40,000	380,000
9. Mr. Kamol Juntima ⁶⁾	300,000	-	-	37,500	-	337,500
10. Mr. Win Viriyaprapaikit *	-	-	-	-	-	-
11. Mr. Nava Chantanasurakon **	-	-	-	-	-	-
Total	2,100,000	180,000	90,000	87,500	120,000	2,577,500

Remarks:

¹⁾ Chairman of the Board of Directors

²⁾ Deputy Chairman of the Board of Directors

³⁾ Chairman of the Audit Committee

⁴⁾ Chairman of the Risk Management Committee

⁵⁾ Chairman of the Nomination and Remuneration Committee

⁶⁾ Chairman of the Good Corporate Governance Committee

* Mr. Win Viriyaprapaikit, Director, Group Chief Executive Officer, Group Executive Officer and the President, considered as an employee of the Company, shall not receive the meeting allowance or a director's remuneration.

** Mr. Nava Chantanasurakon, Group Executive Officer and Vice President, Commercial Division and Group Public Affairs Division, considered as an employee of the Company, shall not receive the meeting allowance or a director's remuneration.

- The Chairman of the Board of Directors and Deputy Chairman of the Board of Directors, who were already entitled remuneration for their full-time performance, shall not receive the meeting allowance.

Remunerations for Full-time Performance of Chairman of the Board of Directors and Deputy Chairman of the Board of Directors in 2017

No.	Name	Position of Director	Remuneration for Full-time Performance (Baht)
1.*	Mr. Wit Viriyaprapaikit	Chairman of the Board of Directors	600,026
2.	Mr. Somchai Sakulsurat	Deputy Chairman of the Board of Directors	2,400,000

Remark:

* Chairman of the Board of Directors received the remunerations only for January and February 2017.

Remuneration of Independent Directors of the Company Who Hold Directorship in the Company's Subsidiary in 2017

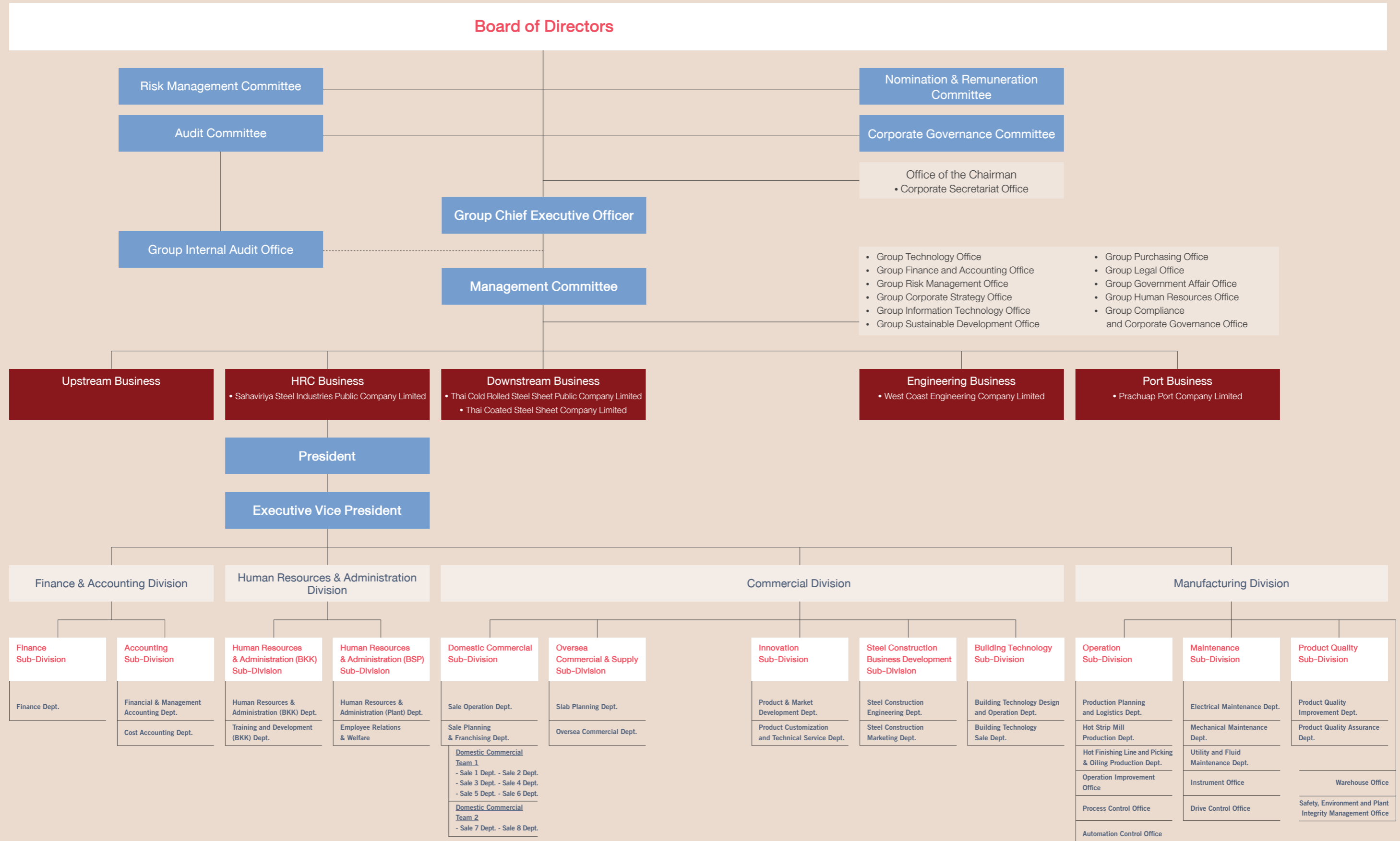
No.	Name of the Company's Independent Directors Who Hold Directorship in the Company's Subsidiary	Position in the Subsidiary	Meeting Allowance in 2015 (Baht)
West Coast Engineering Company Limited			
1.	Mr. Somchai Sakulsurat	Director	150,000
2.	Mr. Tongchat Hongladaromp	Director	150,000
Prachuap Port Company Limited			
1.	Mr. Somchai Sakulsurat	Chairman of the Board of Directors	360,000

- 1.7 Remunerations for executives in a position of Vice President and higher in the form of salaries, retirement compensation, vehicle allowances, insurance premiums and traveling allowances, for 9 people plus the President, totaled Baht 72,084,969 for the year.

2. Other Remunerations

Contributions to the provident fund for executives in a position of Vice President and higher, for 9 people plus the President, totaled Baht 5,938,774.20 for the year.

Organisation Chart



Good Corporate Governance Committee's Report for 2017



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

The duties and responsibilities of the Committee are:

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

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

In 2017, the Committee held three meetings to carry out its allotted duties and submitted a summary of reports to the Company's Board of Directors as follows:

1. Revision of the determination of a significant amount of commercial or business transactions between the Company, its subsidiaries and their customers, suppliers, debtors and creditors. This was then used to establish the criteria of reporting the interests of the Company's directors and executive officers in 2017.

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

2. Considered and compared the Corporate Governance Code for listed companies 2017 (CG Code) with the Good Corporate Governance Policy and Guidelines of the Company and advised the management to proceed and prepare the Company to adopt such CG Code in 2018.

3. Considered and compared the Guidelines on Appropriate Internal Control Measures for Juristic Persons to Prevent Bribery of State Officials, Foreign Public Officials and Agents of Public International Organizations with the Anti-corruption Measures and policy of the Company and advise the Anti-corruption Policy driven working Committee to study in details of such Guidelines in order to aware of the prohibitions and legal implications.

4. Conducted the Good Corporate Governance Committee's self-assessment for 2017 using the self-assessment of committee as a whole form issued by The Stock Exchange of Thailand and considered the draft self-assessment report for 2017 of 3 Committees: the Risk Management Committee, the Nomination and Remuneration Committee and the Good Corporate Governance Committee and submitted it to the Board of Directors.

5. Intensive supervision of the corporate social and environmental responsibility activities conducted by the Group Sustainable Development and Communication Office and the Safety, Environment and Plant integrity Management Office. There were in total 50 social (including SSI volunteer 26 activities) and community development activities with a total budget of 4,705,395.67 Baht, and 26,971 beneficiaries.

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

6.1 Report on shareholding and securities trading of the Company's executives including Vice Presidents, Assistant Vice Presidents, department managers of the Finance & Accounting Division and the section manager of the Investor Relations Department, Group Finance Office. This was undertaken in order to prevent any insider trading of the Company's securities.

6.2 Report on the interests of the Company's directors and executives including the President, Vice Presidents and Assistant Vice Presidents.

7. Others

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

7.2 Acknowledged report from the asset loss consideration sub-working committee.

7.3 Revision of the information disclosed to the SET and the SEC, as published in the Annual Information Disclosure form ended 31 December 2017 (Form 56-1) and in the 2017 Company Annual Report (Form 56-2) regarding the Good Corporate Governance Report. Since 2013, the Company has also disclosed a report on anti-corruption practices in the Corporate Social Responsibility Report.

7.4 Report to the Board of Directors on the Committee's activities for the year 2017.

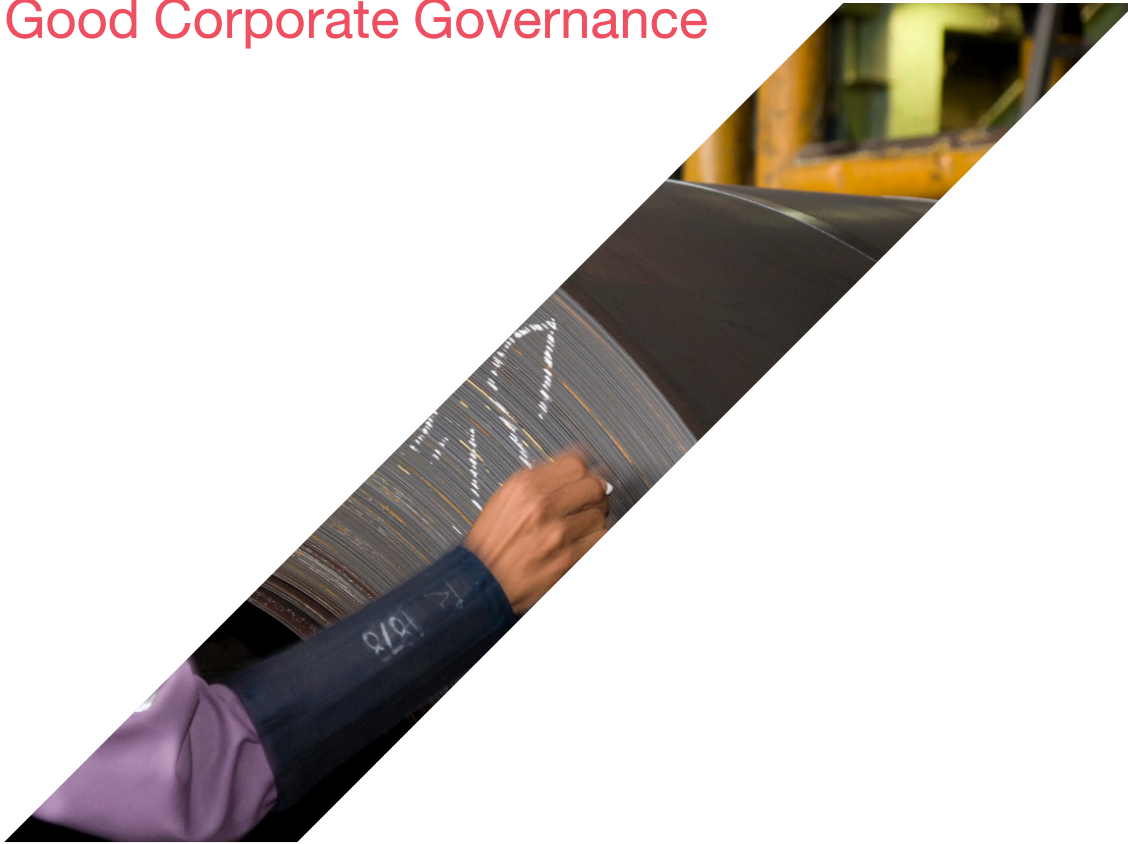
The Board of Directors and the Good Corporate Governance Committee are committed on raising the Company's level of good corporate governance and corporate social responsibility to international standards. We aim to achieve sustainable development and to increase its value and protect the interests of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



Mr. Kamol Juntima

Chairman of the Good Corporate
Governance Committee

Good Corporate Governance



Good Corporate Governance Policy

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

The Board of Directors has continuously been taking the good corporate governance of the Company seriously since the adoption of a good corporate governance policy as the principles of management accomplishment in 2002. They subsequently revised the policy in late 2007 to raise the standard of the corporate governance of the Company and to conform to the best practices as required by the Office of the Securities and Exchange Commission and The Stock Exchange of Thailand. In 2013, the Corporate Governance

Center of The Stock Exchange of Thailand announced the Principles for Good Corporate Governance for Listed Companies 2012 which were revised to be compatible with ASEAN CG Scorecard criteria and international best practices based on the Principle of Corporate Governance of the Organisation for Economic Co-operation and Development (OECD Principles of Corporate Governance) thus helping Thai listed firms to have their common stocks considered as one of the ASEAN asset classes. The principle comprises of 5 categories, namely:

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

To ensure the Company's vigorous implementation, as prescribed in the aforementioned policy, the meeting of the Board of Directors in December 2007 resolved to establish a Good Corporate Governance Committee as a sub-committee to assist the Board of Directors on good corporate governance matters. The Good Corporate Governance Committee consists of 3 directors with a 3 years term of office. Although the

Chairman of the Good Corporate Governance Committee is not an independent director, the other two committee members are independent directors.

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

In order to enable the Company to achieve the above objectives and be adopted to conform to the SEC's and SET's principles of good corporate governance for listed companies, the Board of Directors meeting No. 10/2014 on 18 September 2014 resolved to cancel the Board of Directors' policy No. 1/2007 regarding the Good Corporate Governance Policy which became effective on 3 December 2007 and promulgate the Good Corporate Governance Policy as detailed below.

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

Principles 1 - 3:
• Rights of Shareholders
• Equal Treatment of Shareholders

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

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

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

Principles 4 - 6:
• Rights of stakeholders

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

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

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

Principles 7 - 8:
• Information Disclosure and Transparency

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

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

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

Principles 9 - 17:
• Responsibilities of Board of Directors

10. The Board of Directors may establish various committees, whose purpose is to perform the tasks assigned by the Board of Directors, and to study or consider matters before submitting them for consideration to the Board. These committees are the Audit Committee, Nomination and Remuneration Committee, Good Corporate Governance Committee, and Risk Management Committee. Other committees may be established as required for ensuring efficiency, fairness, and transparency of the directors' work.

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

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

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

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

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

16. Each sub-committee must have meetings on a regular basis: the Audit Committee, the Good Corporate Governance Committee and Risk Management Committee must have meetings at least once every three months, and the Nomination and Remuneration Committee must have meetings at least twice a year. Other special meetings may be held at other times if necessary. Each meeting must be arranged, along with a clear agenda for the meeting. All documents necessary for the meeting must be prepared and sent to the Board/Committee members, so that they have sufficient time to peruse the documents before the meeting.

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

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

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

Since the Company submitted a petition to the Central Bankruptcy Court (the "Court") for Business Rehabilitation on 1 October 2015 and the Court issued an order for the Rehabilitation on 10 March 2016, the statutory rights of shareholders have been suspended except the right to receive dividends. The Company, therefore, has not required to hold the Annual General Meeting of shareholders since 2016. Consequently, several assessment projects in relation to the Corporate Governance were not evaluated, including the Corporate Governance Report of Thai Listed Companies 2017 (CGR) rating held by the Thai Institute of Directors (IOD) in cooperation with the Securities and Exchange Commission (SEC) and The Stock Exchange of Thailand (SET), and the Quality of the Annual General Meeting rating evaluated by the Office of the Securities and Exchange Commission, in cooperation with Thai Investors Association and Thai Listed Companies Association.

Compliance with the Company's Corporate Governance

Sahaviriya Steel Industries Public Company Limited realized the importance of the latest corporate governance code for listed companies 2017 (CG Code) issued by the Securities and Exchange Commission (SEC) in March 2016. The Board of Directors understand and be aware of CG Code 2017 and realizes its roles and responsibilities as the leader and Governing Body to ensure that the Company achieve sustainable value creation. The Board of Directors has assigned the Good Corporate Governance Committee to consider and proceed further action.

The Company's activities in 2017 to ensure compliance with the Good Corporate Governance Policy, with reference to the Organization for Governance Economic Co-operation and Development (OECD) principles of Corporate Governance, can be summarised as follows:

1. Rights of Shareholders

2. Equitable Treatment of Shareholders

Pursuant to the first two categories of the good corporate governance principle related to shareholders, since the Company filed a petition to the Central Bankruptcy Court for the business rehabilitation on 1 October 2015 and the court issued the rehabilitation order on 10 March 2016 and appointed the Company as the Plan Preparer, the Company is, consequently, under the rehabilitation process in accordance with the Bankruptcy Act. Therefore, all statutory rights of the shareholders has been suspended with the exception of the right to receive dividends.

The Central Bankruptcy Court approved the rehabilitation plan (the "Plan") on 15 December 2016 and the Plan determined the Company as a Plan Administrator. Nonetheless, the Company committed to implement the Plan to achieve the success of the Plan as early as possible. All shareholders and stakeholders can access information equally and timely through the Company's website and the SET's. The Company reports its progress of the business rehabilitation to the SET quarterly, other than submitting the financial statements and the Management Discussion and Analysis.



3. The Rights of Stakeholders

The Board of Directors of the Company approved the business philosophy and business ethics, as proposed for revision in 2016. The approved philosophies are to be the principles, beliefs and guidelines for the Company and its personnel to adhere and implement to allow the Company identity to be developed and values given to all groups of stakeholders. This will be a vehicle to drive the Company's existence, development and sustainable growth.

Business Philosophy of the Company

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

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

The business plan for 2017 to 2019 consisted of:

1. Economic Outlook
2. SWOT Analysis
3. 3-Year Strategic Plan
 - 3.1 Vision, Mission and Values Statement
 - 3.2 Strategic Objectives and Strategic Goals
 - 3.3 Strategic Activities and Projects Plan
 - 3.4 Strategic Financial Plan

In 2017, The Management Committee reviewed the Vision and Mission of the Company and proposed to the Board of Directors approval, as follows:

Vision:

Leading Innovative and Reliable Steel Company

Mission:

Innovate life through steel and its application, engineering, energy, and marine innovation

The Board of Directors meeting No. 12/2560 on 16 November 2017 have considered and approved the company's vision mission and business strategies plan (SSI Group 10-Year Strategy).

Business Ethics of the Company

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

1. Shareholders

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

- 1) Perform duties to their fullest capacity with integrity, care, prudence and fair treatment for the best interest of all shareholders.
- 2) Present the operating performance report, financial status report and other reports with accuracy and completeness and in a timely manner.
- 3) Report the trend of the Company, on both the positive and negative sides, to all shareholders in an equitable manner based upon sufficient factual basis, quantitative information and rationale.
- 4) Ensure that there is no exploitation of undisclosed information or any wrongful action for improper advantage for oneself, or others, which may cause conflicts of interest for the Company.

2. Customers

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

- 1) Deliver quality products and services that meet or exceed the expectation of customers.
- 2) Communicate with customers with courtesy and ensure that complete, accurate and up to date information on products and services is given to customers. The Company will not misrepresent the products and services in terms of quality, quantity or any other condition.
- 3) Strictly follow the conditions applied by the customers. If the conditions cannot be satisfied, the Company will inform the customers without delay to find a possible solution together.
- 4) Establish a system and channel that allows customers to make complaints about quality, quantity and safety of products and service, and respond to the complaints in a timely manner.
- 5) Strictly protect confidential information of customers and not use their information for any other interest or in any improper respect.
- 6) Provide instructions on the use of products and services in an efficient manner to maximise benefits.

3. Suppliers

The Company realises that ethical conduct with suppliers should be based on fair benefits to both parties. Thus, the Company commits to provide facts and accurate reports, act in accordance with agreements, negotiate and seek solutions based on business relationships as well as avoiding situations which may result in a conflict of interest. The guidelines are as follows:

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

4. Competitors

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

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

5. Employees

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

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

6. Supervisory Authorities

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

7. Social and Community

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

The Company is concerned about the quality of life of all stakeholders, including employees and their families, the society, and the community. The Company aims to develop its steel industry in parallel with the quality of the society and its communities and the environment. This commitment to sustainable development involves the establishment of effective systems of management for safety, occupational health, and the environment in accordance with ISO 14001:2005 Environmental Management System Standards and OHSAS 18001 Occupational Health and Safety Management Standards with the purpose of reducing and controlling the risk of any damage occurring to the employees and stakeholders and to improve the safety of the Company's operations.

In 2017, the Company received awards under various categories which its details can be found in the Corporate Social Responsibility Report.

3.1 Equitable Treatment of Stakeholders

In conducting its business, the Company places an importance on all stakeholders: the shareholders, customers, suppliers, competitors, employees, supervisory authorities, the society and community as stated in the Company's Business Ethics. The Company has therefore established a mechanism to encourage activities and improve the relationship between the Company and its stakeholders, for example: customer's opinion surveys; employee engagement surveys; hearing and Q&A session at the shareholders' meetings; channel for the stakeholders to raise questions and suggestions on the website; channel to inform or make a tip-off or complaint to the Good Corporate Governance Committee; community products and service promotion; and organizing a charity walk-run event to help raise funds for the disadvantaged. In addition, the Company has ensured adequate disclosure of related information to efficiently encourage participation from stakeholders; for instance, publishing product procurement news of the Company on the website to inform business partners and interested parties. Furthermore, department, committee, working committee or sub working committees, specifically those in charge of assignments are set up to take care of every stakeholder. The activities below illustrate the Company's commitment to ascertain equitable treatment of each stakeholder in the year 2017.

3.1.1 Stakeholder: Shareholders

- The Corporate Secretary Office performed duties delegated by the Board of Directors as a Rehabilitation Plan Preparer or Plan Administrator.

3.1.2 Stakeholder: Customers

- The Company put its customers' satisfaction first through its commitment to continuously developing high quality products and quick services. The Company has adopted management systems for quality, environment, health and safety i.e. ISO 9001, ISO/TS 16949, ISO 14001, TIS/OHSAS 18001 in its operation to deliver products and services that satisfy its customers. The Company offered a responsive process to customer needs across various channels, to effectively listen and help understand customer's needs and expectations i.e. face to face meeting with a customer by management team, customer visit by sales team, monthly meeting, training, providing advice and assisting customers with issues related to its products.

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

- Working Committee for Innovation of Value Added Steel Products and Services for the customers conducted a customer requirement analysis and cooperated with the Production Division to improve the value-added aspects of the products and services development for the customers. In 2017, the Company launched the new value-added products i.e. Extra Strength Steel, Steel solution and project as well as services i.e. product size control to increase customer's productivity and reduce the unnecessary loss of customers, ultra fast delivery for its urgent order to support customer. In 2017, the Company delivered innovative value-added products to customers for 24% of its total volume.

3.1.3 Stakeholder: Suppliers and Creditors

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

- The Slab Suppliers Audit Working Subcommittee arranged activities to find a potential slab producer for both quality and quantity to ensure consistent quantity. They continued to tighten up relationships with slab producers especially with long-term and consistent manufacturers. There is also the exchange of information and experience among those. The Company invited overseas suppliers to attend meetings with the Company, to review technical protocol and specifications in order to develop a greater variety of raw materials to improve response to the market requirements. The meeting helped define a solution for improving raw material quality and other problems.

- The Group Purchasing Office has performed the following tasks:

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

- Sourcing new suppliers and service providers on an ongoing basis in order to have suppliers, service providers and producers with high potential and ability to produce or sell high quality products that meet the Company requirements at an appropriate price and on time delivery. Every entrepreneur is treated equally. In 2017, the number of vendors have increased by 138.

- Organising annual seminars and meetings with suppliers and service providers. In 2017, a meeting was held in March to clarify the Company's procurement policy and its target, group procurement guidelines, other related issues on the procurement policy, the safety, occupational health and environment policy as well as the Anti-corruption policy and no-gift policy.

- In 2017, the Company has procured Baht 2,190 million of goods from general suppliers, including energy products of Baht 898 million, roll of Baht 238 million, spares of Baht 177 million, consumables of Baht 179 million, fixed asset and capital expenditures Baht 115 million, services of Baht 565 million and others of Baht 18 million. The Company also procured products from local communities in Bangsaphan area with a volume of Baht 259 million. In 2018, the Company expects its volume of procurement to rise by up to Baht 2,400 million from general suppliers and Baht 280 million from local communities.

- Visiting the production process and management system of 27 general suppliers and 14 suppliers in Bangsaphan to review their production processes and product quality to ensure those products meet the Company requirements and expectations. In addition, suggestions will be made on an improvement of quality and delivery of those products and services.

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

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

3.1.4 Stakeholder: Competitors

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

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

3.1.5 Stakeholder: Employees

The Human Resources and Administration Division is committed to following the Company's business philosophy which places an importance on the value of personnel and that **the quality employees contribute to the success of the organisation**. Hence, the Company has always arranged appropriate employment conditions that provide suitable compensation for the employees in order to encourage motivation. A number of welfare benefits are initiated in various forms. The Company provide: provident fund, health insurance, life and accident insurance, training and seminars for employees, scholarships, special low interest rate loan program with Government Housing Bank and transportation services to and from SSI Bangsaphan Plant, food court at Bangsaphan. The Company supported for activities of employee's saving cooperatives and establishment of cremation welfare group.

The Company values the importance of employee welfare and benefits as well as the quality of life of employees and their families. This can be seen from the National Outstanding Industrial Establishment Award in Labour Welfare/ Relations Category in 15 consecutive years type (2003 - 2017).

The Company has the policies and procedures were amended to keep pace with the changes as appropriate. All employees can access these policies and procedures posted on information board and intranet. New employees are also introduced to the Company policies by new employee orientation program. The policies include the following:

- The compensation management has been introduced since 2002 to motivate employees to perform their work more efficiently and be fair. Employee compensation is considered based on Goals Program Achievement Evaluation, individual contributions that add value to the Company and annual business turnover.

- Benefits such as 1) housing loan, since 1999, to help employees and their family with housing assistance 2) rent allowances, since 2001, to help employees who was delegated to work at Bangsaphan Plant with housing rent 3) hardship allowances for employees who was delegated to work at Bangsaphan Plant as an incentive for living and working in Bangsaphan area 4) per diem allowances, accommodation and vehicles (Domestic), since 1997, to assist employees who have to work, attend training/seminar outside the office 5) uniform, since 2003, the Company provided a uniform for an employee for tidiness and safety in the workplace 6) group medical and health insurance, since 2008, to promote employees' wellness and health and ensure employees receive prompt medical care 7) compensation benefit in case of death, since 2001, to offer support and help relieve the suffering of employees or their family members in case of death 8) long service award, since 2000, to promote long-standing careers within the Company and to strengthen corporate employee engagement through recognising and honouring the commitment and dedication of long term employees 9) shuttle bus service for employees, since 2005, to provide a convenient way for employees to travel to work at plant 10) home visit for sickness absence, since 2002, to express concerns and provide appropriate assistance for them and 11) leave entitlement for a death in the immediate family. Since 2015, employees were allowed to leave to attend the funeral of an immediate family. The Company provided benefits to all employees with the aim to provide appropriate level of both physical and mental well-being to employees, good health, safety at work, prosperity and stability in life, not only for the employees but also their family.

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

- The savings cooperative, since 2003, to encourage its members to save money, know the savings and provide loans to other members when necessary.

- Human resource development, since 2002, to give employees development opportunities by providing training, seminar, academic conference, study visit and etc. This will enable employees to enhance their knowledge, understanding and skill which result in effective performance. In 2017, the Company had an average training hours of 20.27 hours/person/year and a report of which was submitted to the Board of Directors on a monthly basis.

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

The Company realises that communication is a significant factor to success. The Company provides thorough channels including internal magazine, newspaper, wire broadcasting, internal television, SMS, social network i.e. Facebook and effective communication skills training for supervisors. The Company aims at employee involvement and participation by setting up working committees to manage specific matters for the employees such as the Canteen Committee, the Recreation Committee, etc. Such projects demonstrate that the Company values its employees. The projects and activities have been carried out with the intention to develop employees to grow together with the Company through care and sustainable growth.

3.1.6 Stakeholder: Supervisory Authorities

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

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

3.1.7 Stakeholders: Social and Community

Sahaviriya Steel Industries Public Company Limited applied business philosophy and ethics in its business by believing in the value of personel, caring for a good quality of employee's life, having safe and hygienic the working conditions and dedicating to social and environmental responsibilities. The safety, health and environmental management system was considered to be crucial to business operations. The Company has committed to and given support to the management system in order to develop and continually improve the management system as the safety, health and environmental requirements.

- The Group Sustainable Development and Communication Office undertook various activities as shown in the Corporate and Social Responsibility Report.

- The Safety, Environment and Plant integrity Management Office are engaged in social and community contribution and environmental activities as follows:

- The Company promulgated the safety, occupational health and environment policy signed by the President in 2015 to demonstrate its commitment to reducing and preventing work-related accidents and illness, preventing and reducing the impact on the environment as well as saving resources and energy. The Company developed many project plans such as risk assessment, safety training, safety audit, work environment measurement, environmental monitoring and surveillance for employee and community, check up by health risk factor, campaign for reporting and improving work environment, campaign to promote desired safe behaviors (BBS Programs), Zero Accident project, emergency plan testing, awareness campaign on waste segregation and recycling which is the most effective waste disposal method, design, the process designed for wastewater recycling (Zero Discharge) and etc. to follow the Standard for occupational health and safety management systems (OHSAS 18001) and environmental management system (ISO 14001).

- The Company announced the energy policy signed by the Group Chief Executive Officer and the President in 2017, to demonstrate its commitment to appropriately improving the energy management system by preparing for ISO 50001 certification process.

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

- The Company reported the result of projects implemented in 2017 that the work-related accidents rate was increased last year. The rate of work-related injury that results in days away from work in 2017 was 0.66 cases per one million hours worked compare to that of 2016 which was 0.35 cases per one million hours worked.

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

- The Company continually conducted an annual community's attitudes survey as the plant operation may cause both positive and negative impacts on the community such as economic, social and environmental impacts. This is to understand the views of the community and various impacts arising from the plant operation that leads to joint decision making between the plant and community through a participatory process such as the meeting with local council and community leaders, etc. The results of these processes will be taken into consideration to determine the appropriate management strategies to create sustainable satisfaction for community.

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

- ISO 14001 certification: standard for environmental management system (since 1999).
- TIS/OHSAS 18001 certification: standard for occupational health and safety management systems since 2002 - 2015 and changed to OHSAS 18001 since 2015.
- Excellent workplace in Occupational Health, Safety and Working Environment from Ministry of Labor for the sixth consecutive year (since 2012 - 2017).
- Prime Minister's Industry Awards for Safety Management for 2015
- EIA Monitoring Awards 2016
- The Group Purchasing Office supported the purchase of environmentally friendly products by sourcing products that have been authorized to use the Green label by the Thailand Environment Institute and also provided support to energy saving policy. The Company continually procured Energy Saving LED Bulbs for using at SSI Bangsaphan Plant.

3.2 Compensation Measures

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

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

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

3.3 Dispute with Stakeholders

The Company has conducted its business in a way that avoids conflicts or disputes with the stakeholders; inclusive of its business involvements with customers, suppliers, competitors, employees, social, and the community. The Company has provided a mechanism to oversee and supervise all divisions of the Company to operate in compliance with the law by preparing a list of legal and regulatory restrictions that are to be complied with. In addition, each division has also reviewed its legal compliance and reported both complying and non-complying actions to the Group Legal Office to present to the Audit Committee. In order to better monitoring on the company's operation, in 2017, the Company separated the compliance monitoring work from the Group Legal Office by setting up the Group Compliance and Corporate Governance Office. This department is responsible for independent oversight of the Company's internal operations.

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

3.4 Whistleblowing Process

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

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

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

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

Moreover, the Company has already passed the certification process and became a certified company of the Private Sector Collective Action Coalition Against Corruption (CAC) on 22 January 2016. In 2017, the Company carried out several anti-corruption initiatives as detailed in the Corporate Social Responsibility Report under the section of Anti-Corruption.

4. Information Disclosure and Transparency

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

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

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

In 2017, the information disclosure of the Company as following:

- Disclosed all information necessary for the investors and shareholders to make decisions according to the regulations of The Stock Exchange of Thailand and the Office of the Securities and Exchange Commission. This included the financial reports relating to the financial status and operating performance of the Company on a semiannual and annual basis after reviewed or audited by the licensed auditor, as well as the Management Discussion and Analysis (MD&A) of the Company, its subsidiaries and its joint venture for a period of six-month. The Company also reported its progress of the business rehabilitation to The Stock Exchange of Thailand and the Office of the Securities and Exchange Commission quarterly.

- Distributed the 2016 Annual Report (Form 56-2) to the Board of Directors, as the Plan Administrator and informed such information to The Stock Exchange of Thailand, the Office of the Securities and Exchange Commission and the Ministry of Commerce within the period required by law.

- Submitted Form 56-1 for the year ending 31 December 2016 to The Stock Exchange of Thailand and the Office of the Securities and Exchange Commission within 3 months from the end of accounting period of the Company as required by law.

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

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

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

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

4.2.1 Investor Relations

In 2017, the Group Investor Relations Department performed the following key activities through various channels:

- Published the Company's financial and nonfinancial information, good corporate governance policy, business ethics, director ethics and employee ethics (both in Thai and English) on the Company's website at <http://www.ssi-steel.com> for shareholders and investors to have a convenient channel to equally access the Company's information at all times.

- Arranged for better communication between investors and shareholders and the Company. They can raise questions to the executives or request for more information through the e-mail address: ir@ssi-steel.com. They can also register to receive e-mail updates through the Company's website.

- Provided management discussion and analysis (MD&A) of the Company, its subsidiaries and its joint venture for the quarterly operating performance to be disclosed with semiannual and annual financial statements. This is for investors to acknowledge and understand of any major changes including factors and events that affect its financial position and results of operations apart from the information in the financial statements.

4.2.2 Other Stakeholder and Public Relations

In 2017, the Group Sustainable Development and Communication Office pursued the following key activities:

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

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

- Arranged for publication of information and articles about the Company through various media, including:
 - Print media such as newspapers and annual reports.
 - Exhibitions to provide useful information to target groups and the public.
 - Special media or electronic media such as the Company's website <http://www.ssi-steel.com>, <http://www.blogssi.com/360degree/>, <http://www.blogssi.com/ssiarsa/> and videos.
- Provided communication channel for inquiries or information request raised to the Company via e-mail address: pr@ssi-steel.com.

5. Responsibilities of the Board of Directors

5.1 Board Structure

5.1.1 Board Composition

The Board of Directors consists of qualified individuals with knowledge, competence, experience and special expertise from diverse area i.e. production, management, finance and accounting and long experience in the steel industry that is beneficial to the Company. Members of the Board of Directors registered with the Ministry of Commerce dated 16 January 2018, consisted of 11 members, including 6 Independent directors, 5 non-executive directors and 2 executive directors, Mr. Win Viriyaprapaikit who acts as the Group Chief Executive Officer and President, and Mr. Nava Chantanasurakon who acts as Group Executive Officer of Group Government Affairs and Vice President of Commercial Division. The number of independent directors is sufficient as defined by the Good Corporate Governance Policy and the Principles of for Listed Companies 2012.

The names of the Board of Directors are as follows:

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

5. Mr. Permpoon Krairiksh
Director and Independent Director
6. Mr. Pichai Eursirisub
Director and Independent Director
7. Mr. Yarnsak Manomaiphiboon
Director and Independent Director
8. Mr. Somchai Pipitvijitkorn
Director
9. Mr. Kamol Juntima
Director
10. Mr. Win Viriyaprapaikit
Director
11. Mr. Nava Chantanasurakon
Director

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

5.1.2 Term of Appointment of Director and Independent Director

The directors shall hold the term of appointment as stipulated in the Public Limited Companies Act B.E. 2535 and the Company's Articles of Association, which prescribe that at every Annual General Meeting, one-third (1/3) of the directors shall retire by rotation. A retiring director is a director who has the longest term as director and can be re-elected by the shareholders at the next annual general meeting of the Company and shall then eligible for re-election.

However, since the Company filed a petition to the Central Bankruptcy Court for the business rehabilitation and the Court issued the rehabilitation order and appointed the Company as a Plan Preparer on 10 March 2016, the power and duties in managing the business and assets of the Company and all legal rights of shareholders except the right to receive dividends were transferred to the Plan Preparer, pursuant to Section 90/25 of the Bankruptcy Act. The Company therefore did not has to hold its shareholders' meeting, neither an Annual General Meeting nor an extraordinary General Meeting until the court revokes the rehabilitation order or the Company's business rehabilitation, as the case may be.

Remark:

* On 20 October 2017, the Central Bankruptcy Court issued a judgement to Mr. Wit Viriyaprapaikit being a bankrupt, resulting in termination of his director position. (The Government Gazette Vol. 135 / Part 4d / Page 165 / 16 January 2018)

On 15 December 2016, the Central Bankruptcy Court approved the rehabilitation plan. All rights and duties of the Plan Preparer were immediately transferred to the Plan Administrator, pursuant to Section 90/59 of the Bankruptcy Act. As the Plan determined the Company as a Plan Administrator, the directors and independent directors of the Company then continue to serve as the directors and independent directors of the Plan Administrator.

The Company has not set the limit on the number of consecutive terms in office of director and independent director for the purpose of the flexibility of selecting a candidate who has appropriate experience and competence for the responsibility, and has a good insight into the Company and its operations.

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

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

5.1.4 Independence of the Chairman of the Board of Directors

The Company does not have a policy requiring the Chairman of the Board of Directors to be an independent director due to the limitation in seeking a suitable person within the period specified. The iron and steel industry needs an experienced and proficient person in this specific area of expertise to take such position, apart from the qualifications of board vision and managerial expertise to maximise the benefits of the Company, the shareholders and other stakeholders.

5.1.5 Company Secretary

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

Qualifications

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

Duties and Responsibilities

1. Providing basic advice pertaining to the laws and regulations, corporate governance best practices and the Company's articles of association as well as reporting any significant changes to the Board;
2. Preparing agendas and documents for the Shareholders and Board of Directors Meetings;
3. Arranging the Shareholders and Board of Directors Meetings in accordance with the legal regulations and best practices;
4. Preparing the minutes of the Shareholders and Board of Directors Meetings, and monitoring subsequent actions in accordance with resolutions of those meetings;
5. Preparing and keeping registrations of directors, annual reports and notifications calling Shareholders and Board of Directors Meetings, as well as the minutes of the Shareholders and Board of Directors Meetings;
6. Ensuring that the directors and executives have filed reports on their interests and related persons' interests, as required by law, as well as keeping reports on interest filed by directors and executives, and presenting copies of such reports to the Chairman of the Board, Chair person of the Audit Committee and the Chairman of the Good Corporate Governance Committee, as specified by law;
7. Ensuring that the corporate information disclosures distributed to regulatory agencies are in accordance with the law and regulations;
8. Assisting in Board activities;
9. Arranging performance assessments of the Board of Directors and reporting the results to the Board;
10. Communicating with shareholders on their legitimate rights and on the Company's information;
11. Performing any other tasks in relation to compliance with the law and other regulatory requirements.

5.2 Role, Duties and Responsibilities of the Board of Directors

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

Authority and Duties of the Board of Directors

1. The Board of Directors are authorised and obligated to ensure that the Company as a debtor and a Plan Administrator operates with fiduciary duty, care and integrity; and complies with the objectives **as well as all rules, conditions and procedures set forth in the rehabilitation plan and the Court's order.**

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

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

4. The Board of Directors must provide a balance sheet and income statement at the end of its fiscal year. These financial statements must be reviewed and audited by the external certified auditor and must be approved at the Board of Directors' meeting within four months after the end of the fiscal year.

5. During the company's rehabilitation process, the Board of Directors, as the Plan Preparer and the Plan Administrator respectively, shall have authorities to manage the Company's business and assets and hold the shareholder right (except for the right to receive dividends, if any), in accordance with the Bankruptcy Act, until the Bankruptcy Court revokes the rehabilitation order or the rehabilitation of the company, as the case may be.

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

In case of retirement or the inability to perform the duty required of the Company Secretary, the Board of Directors must appoint the new Company Secretary within 90 days from the date on which the position becomes vacant. The Board of Directors is authorised to assign any board member to act as the Company Secretary during the vacant period. The Chairman of the Board of Directors shall notify the Securities and Exchange Commission as to the name of the new Company Secretary within 14 days from the date on which the appointment is made, and also notify the Securities and Exchange Commission of the place where the documents are kept as determined by law.

5.2.1 Good Corporate Governance Policy

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

5.2.2 Code of Ethics for Directors

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

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

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

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

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

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

5.2.3 Conflicts of Interest

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

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

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

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

4) Reports of holdings and change of holdings in the Company's securities of the directors and executives of the Company as disclosed in the 2017 annual report in the section of Supervision of Use of Inside Information.

5) Guidelines for the Board of Directors regarding the rules and procedures of reporting conflicts of interest of the directors and executives of the Company were established in 2009. The directors and executives of the Company, both at the Company and its subsidiaries, have reported conflicts of interest of themselves and related persons to the Company on a quarterly basis.

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

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

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

5.2.4 Internal Control and Internal Audit System

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

5.2.5 Risk Management

Details can be found in the section of Risk Factors.

5.3 Meetings of the Board of Directors

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

The Company has determined the meeting schedules of the Board of Directors and sub-committees for the year in advance by coordinating with related parties to set the schedule and inform each director, committee and relevant internal departments beforehand. Therefore, the directors and executives are able to arrange their schedules and attend the meetings all together. The Board of Directors' meetings are held monthly. Apart from the agenda specified by the President, each director can also propose the matters to be included as the meeting's agenda through various sub-committees and the Chairman of the Board of Directors will consider the matters to be included to ensure all important businesses are taken into account by the meeting.

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

In each meeting, the Board of Directors has acknowledged the reports on operating performance and progress on the tasks assigned as well as considered the matters under the scope of duties and responsibilities of the Board of Directors. The Board of Directors has governed and supervised the corporate management and sub-committees to perform according to the plans and policies under the scope of duties and responsibilities assigned by the Board of Directors. The Company Secretary is the person pursuing the meeting to be in accordance with the Good Corporate Governance Policy of the Company. The meeting must have clarity on the agenda. The distribution of notices and supporting documents to the directors must comply with the Company's articles of association which require a prior notification of not less than 7 days before the meeting date. Therefore, the directors have sufficient time to study the information. Each meeting takes approximately 2 hours. In 2017, there were 13 meetings of the Board of Director, as the Plan Administrator (once a month except in February held 2 meetings per month).

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

In 2017, the meetings of sub-committees can be summarised as follows:

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

The Company also held specific meetings of independent directors consisting of 6 members. In 2017, there were 2 meetings held in February and August to discuss on the management problems of the Company. If there is a material issue, the independent directors will propose to the Board of Directors' meeting for further consideration.

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

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

Meeting Attendance of Directors in 2017 (Number of Meetings Attended/Number of Meetings Held)

Name	Board of Directors	Audit Committee	Nomination and Remuneration	Good Corporate Governance	Risk Management	Independent Directors
1. Mr. Wit Viriyaprapaikit Chairman	12/13					
2. Mr. Somchai Sakulsurarat Deputy Chairman and Independent Director	13/13	7/7				2/2
3. Mr. Tongchat Hongladaromp Independent Director	11/13				4/4	2/2
4. Mr. Siripol Yodmuangcharoen Independent Director	2/13		4/4			2/2
5. Mr. Somchai Pipitvijitkorn Director	9/13		4/4		4/4	
6. Mr. Kamol Juntima Director	13/13			3/3		
7. Mr. Permpoon Krairiksh Independent Director	11/13	5/7			3/4	1/2
8. Mr. Yarnsak Manomaiphiboon Independent Director	9/13	7/7		2/3		2/2
9. Mr. Pichai Eursirisub Independent Director	13/13			3/3		2/2
10. Mr. Win Viriyaprapaikit Director	13/13					
11. Mr. Nava Chantanasurakon Director	8/13		3/4			

Remark:

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

5.4 The Board of Directors' Performance Assessment

5.4.1 Board Self-Assessment

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

5.4.2 Sub-Committees' Self-assessment

For the self-assessment of the committees, In 2017, every sub-committee conducted self-assessment using the self assessment of committee as a whole form issued by The Stock Exchange of Thailand. There were 3 sub-committees: the Audit Committee, the Risk Management Committee and the Nomination and Remuneration Committee, conducted self-assessment on an individual basis. The Audit Committee has an annual assessment which has been conducted since 2000. In earlier periods, it was done using the Audit Committee Self-Assessment Guide based on guidelines provided by the Thai Institute of Directors (IOD) and the American Institute of Certified Public Accountants (AICPA). Later in 2011, the "Form of Self-assessment of Audit Committee Performance" has been applied based on guidelines given in the "Audit Committee Manual" of the Office of the Securities and Exchange Commission in cooperation with The Stock Exchange of Thailand, the Thai Institute of Directors and Pricewaterhouse Coopers Company Limited published to listed companies on 28 December 2010. Its results will be annually reported to the Board of Directors. From 2015, the Audit Committee conducted self-assessment using both form issued by the Office of the Securities and Exchange Commission and The Stock Exchange of Thailand. The Board of Director acknowledged the self-assessment report for 2017 of all sub-committees.

5.5 Director and Executive Remuneration

At the Annual General Meeting of Shareholders No. 16 held on 5 April 2005, it was resolved that the guidelines and remuneration rates be adjusted to a more appropriate level. The Board of Directors and the Board of Executive Directors would receive monthly compensation, while compensation of other committee members would be paid for each meeting. The President, as a senior executive position, would be compensated only for his/her executive role, but not as a director. Remuneration of directors and executives would be based on their scope of responsibilities and the Company's overall performance. Remuneration of senior executives would also be based on their annual goals program. The director and senior executive remuneration package should be attractive enough to maintain qualified people with the Company while considering a comparison on remuneration package provided by the Company and that of other comparable entities in terms of good corporate governance in the industry. At the Extraordinary General Meeting of Shareholders No. 2/2011 held on 22 September 2011, the shareholders resolved to approve an adjustment on director remuneration to be in line with the change of the board structure.

In summary, the remuneration of directors and senior executives of the Company has been consistent with the criteria proposed by the Nomination and Remuneration Committee as approved by the Board of Directors and at the shareholders' meeting. Details of remuneration of directors and senior executives in 2017 can be found in the section of the Remuneration of Directors and Management.

5.6 Director and Management Development

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

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

5.6.1 Development Program for Directors

1) Orientation for new directors

There is no new director in 2017. The Corporate Secretary Office collects and delivers documents and information necessary for new directors to perform their duties. These comprise of the director manual, corporate authorisation manual, code of ethics of directors and other material information of the Company, i.e. business philosophy, business ethics, vision, value, morality of employees and conflicts of interest as published in the corporate manual under the title of SSI WAY.

2) Training and seminars for directors

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

5.6.2 Development Program for Executives and Succession Plan

1) Orientation for new executives

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

2) Training and seminar for executives

Details can be found in the section of the Management.

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

The Succession Plan Sub-committee has planned and formulated a successor development program by preparing an Individual Development Plan for the successors in order to develop their potential in accordance with the Company's requirements. The Company has identified the successors for key positions including the position of the President.

Sub-Committees

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

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

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

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

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

1. Audit Committee

As of 31 December 2017 the Audit Committee consisted of three members, whose term of office is 3 years, (from 30 June 2017 to 29 June 2020) as follows:

1. Mr. Somchai Sakulsurarath
Chairman of the Audit Committee
2. Mr. Permpoon Krairiksh
Audit Committee Member
3. Mr. Yarnsak Manomaiphobon
Audit Committee Member

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

Scope of Duties and Responsibilities of the Audit Committee

1. To review and ensure the accuracy and adequacy of the Company's financial reports.
2. To review and ensure the suitability and effectiveness of the Company's internal control system and internal audit system. To determine the independence of the internal audit office, and to approve the appointment, transfer and dismissal of the Head of Internal Audit.
3. To ensure the Company's compliance with the Securities and Exchange Commission laws and laws relating to the Company's business, as well as rules, regulations, notifications and orders issued by such laws.
4. To review the Company's risk management system, particularly focusing on the Company's major risks.
5. To consider, select and nominate the Company's auditor and recommend his/her remuneration.
6. To review related transactions and transactions with potential conflict of interest comply with the securities and exchange laws and laws relating to the Company's business as well as rules, regulations, notifications and orders issued by such laws.
7. To consider commissioning and ad-hoc consultants, at the Company's expense, when professional advice or specific expertise is required.
8. To perform any other act as delegated by the Board of Directors.

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

- 9.1 Report on conflicts of interest.
 - 9.2 Fraud, Irregularity or Material defects in the internal control system.
 - 9.3 Infringement of the Securities and Exchange Commission laws, and laws relating to the Company's business as well as rules, regulations, notifications and orders issued by such laws.
10. To report the operational results of the Audit Committee to the Board of Directors at least twice a year.
11. To prepare the report of the Audit Committee for disclosure in the annual report. The report must be signed by the Audit Committee Chairperson disclosing the necessary information under the basis and regulations of The Stock Exchange of Thailand.

2. The Nomination and Remuneration Committee

As of 31 December 2017, the Nomination and Remuneration Committee consisted of 3 members whose term of office is 3 years (from 1 September 2017 to 31 August 2020) as follows:

1. Mr. Siripol Yodmuangcharoen
Chairman of the Nomination and Remuneration Committee
2. Mr. Somchai Pipitvijitkorn
Nomination and Remuneration Committee Member
3. Mr. Nava Chantanasurakon
Nomination and Remuneration Committee Member

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

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

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

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

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

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

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

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

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

2. Duties and Responsibilities – Remuneration

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

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

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

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

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

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

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

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

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

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

- Report meeting results to the Board of Directors for acknowledgement after every meeting of the Nomination and Remuneration Committee as well as other significant reports regarding nomination and remuneration as deemed appropriate.
- Report performance results of the Nomination and Remuneration Committee to the shareholders on an annual basis via the Company's annual report.

3. Good Corporate Governance Committee

As of 31 December 2017, the Good Corporate Governance Committee consisted of 3 members, whose term of office is 3 years (from 4 December 2016 to 3 December 2019), as follows:

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



Scope of Duties and Responsibilities of the Good Corporate Governance Committee

1. Assess and propose to the Board of Directors the Company's policies concerning good corporate governance in accordance to business philosophy, and the code of business conduct of the Company as well as international good corporate governance principles.
2. Develop and evaluate procedures or guidelines concerning good corporate governance and propose them to the Board of Directors.
3. Oversee the performance of the Company's management to ensure that they conform to the Company's policies and guidelines concerning good corporate governance as approved by the Board of Directors.
4. Provide advice on corporate social responsibility (CSR) to the Company management.
5. Oversee the Company's management to ensure that they establish a clear execution plan for CSR policies, and follow up their implementation according to the plan, submitting the results to the Board of Directors.
6. Review business philosophies, codes of business conduct, codes of ethics for directors and codes of ethics for employee, as well as guidelines concerning the aforementioned as deemed appropriate, proposing the finding to the Board of Directors.
7. Appoint external good corporate governance advisers if deemed necessary and appropriate, at the Company's expense.
8. The Good Corporate Governance Committee may take courses to enhance its knowledge in matters related to its work, at the Company's expense.
9. Perform any other tasks relating to good corporate governance that are assigned by the Board of Directors.

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

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

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

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

4. Risk Management Committee

As of 31 December 2017, the Risk Management Committee consisted of 3 members whose term of office is three years (from 4 December 2016 to 3 December 2019), as follows:

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

Scope of Duties and Responsibilities of the Risk Management Committee

1. Review and propose the Company's risk management policy and acceptable risk appetite to the Board of Directors for approval.
2. Oversee the development and implementation of the Company's enterprise risk management framework.
3. Review risk management reports submitted by management in order to monitor the Company's major risk exposures and take appropriate action to ensure that such risks have been effectively monitored and controlled by management on an ongoing basis.
4. Make additional recommendations to the Board of Directors with respect to risk management, including problems and difficulties encountered in the course of the development of the Company's risk management system.

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

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

Management Committee

As of 31 December 2017, the Management Committee consisted of 10 members, as follows:

1. Mr. Win Viriyaprapaikit
Chairman of the Management Committee
2. Mr. Nava Chantanasurakon
Management Committee Member
3. Mr. Kittisak Mapanao
Management Committee Member
4. Mr. Narongrit Chotnuchittrakul
Management Committee Member
5. Mr. Somsak Sivapaiboon
Management Committee Member
6. Mr. Thavorn Cananub
Management Committee Member
7. Mr. Manin Inprom
Management Committee Member
8. Mr. Yongyuth Malithong
Management Committee Member
9. Mr. Veerawit Tulalamba
Management Committee Member
10. Mr. Peter Rowson
Management Committee Member

Scope of Duties and Responsibilities of the Management Committee

1. Study, analyse and propose the Company's policies, strategies, long-term plans, annual plans, budgets, investment plan, capital budgets, expansion plans and plans for new operations or joint ventures; to the Board of Directors for approval.
2. Responsible for implementing the policies and plans approved by the Board of Directors, as well as monitoring and evaluating the results of those operations to submit to the Board of Directors for its consideration.

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

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

Nomination and Appointment of Directors and Management

1. Independent Directors

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

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

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

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

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

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

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

(D) Is not or has not had a business relationship with the Company, its parent company, its subsidiaries, its associated companies, its major shareholder or controlling person of the Company, in the manner that may interfere with his independent judgment; or, is not or has not ever been a significant shareholder or controlling person of any person having business relationship with the Company, its parent company, its subsidiaries, its associated companies, its major shareholder or controlling person of the Company unless the foregoing relationship has ended not less than 2 years prior to the date of appointment. The term "business relationship" aforementioned under the first paragraph shall include any normal business transaction, rental or lease of immovable property, transaction relating to assets or services, or granting or receipt of financial assistance through receiving or extending loans, guarantee, providing assets as collateral, including any other similar actions, which result in the Company or its counterparty being subject to indebtedness payable to the other party in the amount of 3% or more of the net tangible assets of the Company or Baht 20 million or more, whichever is the lesser. The amount of such indebtedness shall be calculated according to the calculation method for value of connected transactions under the Notification of the Capital Market Supervisory Board governing rules on connected transactions mutatis mutandis. The consideration of such indebtedness shall include indebtedness occurred during the period of 1 year prior to the date on which the business relationship with the person commences.

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

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



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

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

(I) Does not have any other characteristics that will cause the inability to express independent opinions with regard to the Company's business operations. After being appointed as independent directors with qualifications in accordance with clauses (A) to (I), the independent directors may be assigned by the Board of Directors to make decision on the business of the Company, its parent company, subsidiaries, associated companies, its subsidiaries in the same level, its major shareholders or controlling person of the Company, in the form of collective decision.

Remarks:

- Related person means a person in section 258 of Securities and Exchange Commission Act.
- Significant shareholder means a shareholder in any entity having more than 10% of the total voting shares, including shares held by a related person.
- Partner means a person authorised by the audit firm or professional provider to sign an auditors' report or a professional report (as the case may be) on behalf of juristic person.

- An executive director means a director holding a management position, a director with the responsibility in any implementation as management and an authorised director who can sign in binding company, except if it is expressly shown to be signing at the approval of the committee and in joint signing with other directors.

- A subsidiary in the same level means any two or more subsidiaries under the same parent company.

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

2. Directors and Management

- The Nomination and Remuneration Committee defined the criteria for selection of directors and management as explicitly stated in The Nomination and Remuneration Committee Charter that

"5.1.2 Selection of director candidates for nominating as the Company's director or the President, and proposal of their names at the Board of Directors' meeting and/or a shareholders' meeting for further consideration. The Nomination and Remuneration Committee shall proceed as follows:

5.1.2.1 Determine the qualifications and personal characteristics of the candidates proposed for selection as Board members or the President, with regards to: a good leader, special expertise and certain knowledge and experience required, moral, integrity and accountability, principle and professional commitment to work, maturity and stability, and the ability to express an independent opinion.

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

5.1.2.3 Consider time available of candidates whether it is enough to devote to the position as the Company's director such as the number of meetings attended will come into the consideration for the re-election of any director for an additional term and the number of company that candidates simultaneously serves on will be taken into consideration for the Nomination of new directors.

5.1.2.4 Carefully verify the nominated person for qualifications according to the legislation and regulations requirements."

The shareholders have the right to appoint directors to a board. The Company notified The Stock Exchange of Thailand regarding the right of minority shareholders to propose matters considered important and constructive as an agenda of the shareholder's meeting as well as the right to propose qualified candidates for the director nomination. The proposal must be submitted in advance via e-mail or a regular mail to the Company Secretary within a specified period, and in compliance with the guidelines published on the Company's website.

The Company went into the rehabilitation process when the Central Bankruptcy Court approved the rehabilitation plan on 15 December 2016 and appointed the Company as a plan administrator. This resulted in the termination of the shareholders' rights, therefore, the shareholders could not re-elect the Board members when their terms are expired. If there any change of Board members is required, a request shall be sent to the Central Bankruptcy Court for consideration.

Governance of Subsidiaries and Joint Venture

1. The mechanisms for the Company to supervise and control management of its subsidiaries and its joint venture, so to ensure the protection of interest of the Company's investment, are as follows:

- The Company's executives are nominated for the position of directors and/or Chief Executive Officer, President and/or Executives of significant divisions of its subsidiaries and its joint venture in order to supervise their performance. Such nomination must be approved by the Board of Directors in accordance with the joint venture agreement.

- The Scope of duties and responsibilities of nominated executives are as stated in the job descriptions as defined by the Company's subsidiaries and joint venture. The nominated executives must submit a monthly performance report of such subsidiaries and joint venture as well as ensure that its goals and business direction determination comply with those of the Company.

- With respect to the guidelines regarding conflicts of interest of the Company, it was stipulated that every employee, including the President, not be able to take a position of director or executive in any business which competes directly or indirectly with the Company; and not be a director of other companies that are engaged in or going to be engaged in businesses with the Company, except the position of affiliates as granted by the Board of Directors.

2. Disclosure of the contractual agreement between the Company and other shareholders regarding the management of its joint venture.

- The terms of the joint venture agreement between the Company and its joint venture, Thai Cold Rolled Steel Sheet Public Company Limited was stipulated that the nomination of the directors, and/or president and/or executives to take such a position in the joint venture are determined by each group of shareholders must pursuant to its joint venture agreement.

Supervision of Use of Inside Information

1. Relevant laws and the Company's policy regarding the use of inside information to prevent wrongful action on the Company's securities trading and to ensure a fair and an equal treatment to all shareholders are listed below:

- The Securities and Exchange Act, B.E. 2535 (1992)
 - The Securities and Exchange Commission (SEC) notification number Sor.Jor. 12/2552 (2009), regarding the preparation and disclosure of report on securities holding of directors, executives and auditors dated 10 June 2009.

- The Company's Good Corporate Governance Policy 2014 stated that the Board of Directors shall ensure that guidelines concerning the use and protection of insider information for trading of the Company's securities are implemented and thoroughly communicated to all relevant parties.

- The practice guidelines of the Board of Directors regarding the use and protection of inside information for trading of the Company's securities (No. 4) became effective on 2 March 2015:

- Directors and employees must not use inside information from reports that have been or will be made regarding the Company's business activities, for the benefit of themselves or others. Moreover, they must not advise others on the purchase and sale of securities of the Company based on such information.

- Directors and employees who possess inside information must protect the information that has not yet been disclosed to the public with due care and must limit access to such information to only those who need to know, as well as must not disclose such information to the public except as authorised or required by the laws.

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

- The Company requires the directors and executives of the Company including employees in the position of Assistant Vice President and higher, Department manager or equivalent and higher in the Finance and Account Division, Section manager or equivalent and higher in the Investor Relations Department to report their holdings and change of holdings of the Company's securities within 30 days from the date of appointment as a director or an executive of the Company and within 3 business days from the date of purchasing or selling the Company's securities.

2. Supervision on compliance with relevant laws and the Company's policies

• To ensure material information of the Company is kept confidential prior to disclosing to The Stock Exchange of Thailand and is disclosed immediately after the Board of Directors passes a resolution on such matter to The Stock Exchange of Thailand before any other channel in order for the shareholders and investors to access the disclosed information on a timely and equal basis.

• To report the holdings of the Company's securities of the Company's executives to the meeting of Good Corporate Governance Committee on a quarterly basis.

• To report to every meeting of the Board of Directors regarding the holdings of securities of the Company's directors and executives pursuant to the notifications of the Securities and Exchange Commission and to disclose such information to the Office of the Securities and Exchange Commission.

3. Punishment measure for employees not complying with the practice guidelines of the Board of Directors

regarding the use and protection of inside information for trading of the Company's securities

• The Company has imposed a punishment measure for employees performing an action considered to be harmful to the Company's reputation as well as taking advantage from working at the Company for their own or other benefits or disclosing the confidential information related to business conduction, operating system, production and any other confidential information. The measure is in accordance with the practice guideline of Disciplinary Punishment Measure and Disciplinary Action which refers to Human Resource Management Policy No. 4/2008 dated 27 May 2008 regarding Disciplinary Action and Disciplinary Punishment.

Auditor's Remuneration in 2017

1. Audit Fee

The Company and its subsidiaries including Prachuap Port Company Limited and West Coast Engineering Company Limited accrued an audit fee for the past fiscal year of Baht 3,410,000 to DIA International Audit Company Limited.

For its joint venture, Thai Cold Rolled Steel Sheet Public Company Limited, accrued an audit fee for the past fiscal year of Baht 1,180,000 to KPMG Phoomchai Audit Limited.

2. Non-audit Fee

The Company's subsidiaries in Thailand (Prachuap Port Company Limited) also accrued Baht 50,000 for the auditing of a project that received investment privilege and for which an exemption from annual income tax may be requested, to DIA International Audit Company Limited.

In 2017, The Company and its subsidiaries have changed an auditor from KPMG Phoomchai Audit Limited to DIA International Audit Company Limited. The Company accrued the Professional services rendered in relation to: Additional charge for the access and review KPMG's working papers for the fiscal year ended 31 December 2016 of Baht 100,000 and its subsidiaries, Prachuap Port Company Limited and West Coast Engineering Company Limited, accrued of Baht 50,000 each.

Social and Community Contribution



Overview

The Company has set a policy for itself and its subsidiaries to conduct their businesses with responsibility to society, environment, and stakeholders in accordance with CSR guidelines, launched by The Stock Exchange of Thailand. The Company's CSR report can be found on CSR booklets and on the Company's website at <http://www.ssi-steel.com>.

The Company has operated CSR by adhering its vision "Innovate premium value steel products and services for customers; generate consistent profit and sustainable value for stakeholders" and integrating with its policies in various aspects. These include good corporate governance policy, business ethics and business practices to conduct suitable business for its manner and communicating to all groups of stakeholders. The Company establishes the guidelines for CSR operation and communication under the concept "innovate • strength".

Report Production

This CSR report has been developed in accordance with Global Reporting Initiative (GRI) G4 which is an international initiative.

Business Operation and Its Effects on CSR

The Company has conducted its business in a way that avoids conflicts or disputes with the stakeholders; inclusive of its business involvements with customers, suppliers, competitors, employees, society, and the community. The Company has provided a mechanism to oversee and supervise all divisions of the Company to operate in legal compliance by preparing a list of legal and regulatory restrictions to be complied by the Company. The list is updated on a regular basis. In addition, each division also reviews its legal compliance and reports to the Group Legal Office to collect and present all finding to the Audit Committee on a quarterly basis.



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

CSR-After-Process

The Company has continuously focused on social and community development in accordance with sustainable development to strengthen the relationship with its stakeholders. This has been done by adhering to three principles: creativity, stakeholder engagement and operation efficiency. By 2017, the Company operated 50 social and community development projects. These projects are divided into two parts: (1) Social development to strengthen the underprivileged and (2) Community development in 4 aspects: Education quality development, Environment quality development, Occupation and income development, and Good quality of life development which includes religion and culture support. Examples of the 2017 projects are as follows:

- The Company collaborated with steel industry partners, namely Thai Cold Rolled Steel Sheet Public Company Limited (TCRSS), NS-Siam United Steel Company Limited (NS-SUS), NS Blue Scope (Thailand) Limited (NS Blue Scope) and JFE Steel Galvanizing (Thailand) Company Limited (JSGT), to arrange Khon Lek Mini Marathon 2017 and able to raise Baht 2.3 million funding for foundations that support underprivileged people. There were over 1,400 participants in the event.

- The Company has supported educational projects, including Sahaviriya Funds for Bangsaphan Educational Developments Project and SVG Annual Scholarships, which has continuously provided scholarships for primary schools – bachelor's degree students in Bangsaphan District. In 2017, 22 schools received 259 scholarships, worth Baht 625,000. Moreover, SSI staff also provided additional fund, "Tun Nee Phue Nong", with 164 scholarships, worth Baht 202,500, for the youths in Bangsaphan.

- The Company has developed many youth development projects such as Sufficiency Economy School for Sustainability Project, Young Agriculturist Project, Youth Council Project and Local Curriculum Development Project.

- The Company has organized community bank project which is the operation with regards to participatory development of quality of life on sustainable basis jointly with 19 villages in 4 sub-districts located surrounding the plant, by supporting and enhancing the communities to establish 18 community banks. As at 31 December 2017, there were total funds amounting to Baht 28 million and 3,282 project members could enjoy the benefits. In addition, 9 community leader councils have been established to manage their own communities on participatory basis.

- The Company considers its responsibility to the environment and natural resources. Besides controlling its industrial processes to ensure that pollution would not affect the quality of life and health of staff and local residents, the Company, together with associated officers, has arranged activities to improve the quality of the environment including, SSI Beach Clean-Up Project, Bangsaphan Car Free Day, SSI Waste Bank Project and Youth Conservation Camp.

- "SSI Arsa Project", a volunteering project that SSI Staff and executives worked together to arrange activities to help the society and community in Bangsaphan District. This project has generated pride among the staff. In 2017, SSI Staff arranged 15 activities under the project "SSI 25th Anniversary, 250 Virtues." There were 754 SSI Staff members with 6,032 volunteering service hours, plus 515 residents with 4,096 volunteering service hours, participating in this project.

Anti-Corruption

The Board of Director places a strong emphasis on conducting business under the principles of good corporate governance and social responsibility which is intended for sustainable development. The Company deems that corruption is harmful and causes great damage to organisations and the nation. The Company therefore fully supports the implementation of the anti-corruption policy. As a result, on 22 January 2016, the Company was certified by Thailand's Private Sector Collective Action Coalition Against Corruption Project (CAC) and became a member of CAC. In 2017, the Company carried out several anti-corruption initiatives as follows:

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

1. Policies and Guidelines on Anti-corruption

The Company promulgated the policy and guidelines regarding anti-corruption in 2014 and continuously abided by them to confirm its intent and expectations to fight against corruption.

The anti-corruption policy states that Directors, Executives, and all employees are prohibited from accepting or being involved in any type of corruption either directly or indirectly. The company shall act strictly in enforcing compliance with Thai anti-corruption laws and regulations, and those of each country in which the company conducts its business. The Board also determined that the company's subsidiaries and its jointly controlled companies shall adopt this anti-corruption policy including any guidelines issued by virtue of such a policy.

The anti-corruption guidelines provide guidance on offering or receiving gifts or entertainment or hospitality activities, granting contributions or donations to charities or common wealth, and political contributions. Guidance on reporting of suspected fraud or corruption is also provided. This policy and guidelines were developed in addition to the "SSI WAY" including the Company's commitment to ethics which is mentioned in business philosophy, integrity which is mentioned in business ethics, employee ethics and values, as well as the ethical conduct for employees on conflicts of interest which is mentioned in the Company's guidelines regarding conflicts of interest.

2. Communication of Policies and Guidelines on Anti-corruption

The Company recognised the importance of communicating policy and guidelines on anti-corruption. They were communicated by an e-mail and internal newspaper. All employees were able to access to this policy and guidelines which were posted on the company Intranet and also available on the Company's website: www.ssi-steel.com. Moreover, at the annual supplier seminar which is held once a year, the Company's Anti-corruption policy will be communicated to all suppliers who attended the seminar. In 2017, the annual supplier seminar was held in May.

3. Training

The Company has continually provided training to encourage executives and employees to be aware of anti-corruption and to ensure that employees truly understand and can comply with the anti-corruption policy and guidelines. Moreover, a topic on the anti-corruption policy was included in the orientation program for new employees. In 2017, the orientation program was held five times: two for executives and other three for employees.

4. Putting Policies into Practice

The Anti-corruption working committee has been appointed since 20 July 2015, to put the anti-corruption policy into practice and to enable the Company to maintain what it has been doing as a certified company of Thailand's Private Sector Collective Action Coalition Against Corruption. This is to express the Board's commitment and intent on Anti-corruption and to ensure that the Company has an anti-corruption measures monitoring, a delegation of power and a clear responsibility to implement the anti-corruption policy. In 2017, The Anti-corruption working committee studied the Guidelines for Internal Control Measures in Preventing Bribery, issued by the National Anti-Corruption Commission, and compared them with the Company's existing measures to determine what steps need to be taken and develop an action plan.

5. Fraud and Corruption Risk Assessment

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

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

1. Whistle-Blowing System

The Company provided Whistle-Blowing channels for stakeholders to raise concerns about offenses against the law, unethical practices, poor or unacceptable practices, abuse of authority, irregularities, corruption, fraud or misconduct, violations of the company's conflict of interest policy, abuse and disregard of company policy, guidelines, instructions or procedures, fraudulent financial reporting, deficiencies in internal control systems or any action that may cause damage to the informants or the company, without fear of retribution by having measures to protect the informants or whistleblowers. The Company also provided measures to review or investigate the whistleblower's concerns and the imposition of punishment of offenders. All the whistleblower's concerns that were raised with the Good Corporate Governance Committee were to be tracked and examined, resolved and responded to informers as soon as possible. These were also reported to the Audit Committee for acknowledgement. Moreover, a summary of the Good Corporate Governance Committee's activities were also reported to the Board of Directors twice a year.

2. Internal Audit

The Group Internal Audit Office participated in an assessment to assure and advise on good corporate governance, risk management and internal control. The Company's internal control was assessed by the Group Internal Audit Office together with the management every six months especially the assessment of risk factors relating to misstatements arising from fraudulent financial reporting or misappropriation of

assets. The Group Internal Audit Office also developed an audit coverage plan and an annual audit plan using a risk based approach including fraud and corruption risk. The audit engagements were conducted following the annual audit plan that has been approved by the Audit Committee and the audit results were reported to the Audit Committee.

3. The self-assessment and monitoring for compliance with Business ethics and Employee ethics

In December 2017, the Company surveyed its employees about their perceptions and compliance with the Company's Code of Conducts including Business ethics and Employee ethics by using the self-assessment questionnaire as a tool. Not only the perceptions and compliance with the Company's code of conducts but also the anti-corruption policy was also surveyed. The objectives of the survey are to improve the effectiveness of internal communications to ensure employees understand the Company's Code of Conduct and anti-corruption policy and to monitor and assess employees' compliance with them.

Innovation, Research and Development

The Company recognises the need to focus on capability development in the steel industry. This is shown by the increase in number of research projects that the Company has created and applied for certification. Since 2006, the R&D expense related to 90 certified research projects was approximately Baht 64.2 million. However, in 2015, the National Science and Technology Development Agency (NSTDA) has changed its certification procedure and the Company faced financial difficulty, therefore, the number of our certified research project was not increase from 2014.

However, the company continues to encourage R&D department to develop its research for creating knowledge in organisation and enhancing competitiveness by supporting PhD Scholarship Programme. In 2016, the research of scholarship recipient on "EFFECT OF STRIP THICKNESS ON MECHANICAL ADHESION OF THERMAL OXIDE SCALE OF HOT ROLLED LOW CARBON STEEL STRIP" was honored to present in the 9th International Symposium on High-Temperature Corrosion Protection of Materials (HTCPM 2016). Moreover, in 2017, the recipient 's research on "Effects of carbon and coiling

temperature on the adhesion of thermal oxide scales to hot-rolled carbon steels” is published in an International Journal of Corrosion Science, a widely used reference journal for research in material science.

In 2017, The Company provides 7 senior project funds on structural steel, each with Baht 10,000 under “Structural Steel Improvement (SSI) for Young Engineers 2017” to the qualified engineering students of Faculty of Engineering, Department of Civil Engineering from Chulalongkorn University, Kasetsart University, King Mongkut’s University of Technology Thonburi and Srinakharinwirot University. This program is aimed to encourage the engineering students who will become the engineers or the entrepreneurs in construction industries in the future to develop innovation and knowledge on efficiently and environmental friendly usage of structural steel which can contribute to development of the steel and construction industries and subsequent to the infrastructural industries of the country.

Safety, Occupational Health and Work Environment Management

The Company recognises its social responsibility to take care of its employees and contractors working in the SSI Bangsaphan Steelworks area by focusing on safety and occupational health in accordance with the occupational health principle. The management of safety and occupational health is based on OHSAS 18001 standard which have been conducted and developed efficiently. As a result, the Company received Thailand Outstanding Role Model Company Award for Safety, Occupational Health and Working Environment 2017 for 6 consecutive year.

The Company has operated its occupational health and safety management, by arranging a number of projects, instilling the concept of safety, such as Zero Accident Campaign, Behavior Based Safety (BBS) Project and Safety Patrol. The Occupational Health and Safety Committee has closely monitored and provided guidelines to improve safety in all of the plant areas. With support from the management, the Lost Time Injury Frequency Rate (LTIFR) in 2017 was lower than 1. The Company strives for continuous improvement and ultimately – aim to lower LTIFR.

Lost Time Injury Frequency Rate (LTIFR) of SSI Group

Company	2015	2016	2017
SSI	0.76	0.35	0.66
TCRSS	0.52	0.00	0.00
WCE	2.12	0.77	0.00
PPC	0.00	0.00	3.71
SSI Group	1.55	0.31	0.46

LTIFR (Loss Time Injury Frequency Rate): frequency rate of injuries to the strike = (number of injuries to the striker (income) / total operating hours (h)) x 1,000,000.

* As of 31 December 2017

Moreover, the Company has provided training courses of safety and occupational health, safety management on transportation, fire protection training and emergency responses for employees. In 2017, there was one severe accident that we could extinguish it promptly. No employee is injured by incident.

Internal Control and Risk Management



Board of Directors' Opinion on the Company's Internal Control System

The Board of Directors of Sahaviriya Steel Industries Public Company Limited recognises the importance of good and effective internal control, as explicitly stated in the Good Corporate Governance Policy of the Company as it is believed to help in preventing harm, minimizing risk to its business activities and achieving the Company's vision, mission, and goals. The Board of Directors has assigned the Audit Committee to ensure the appropriateness and effectiveness of the Company's internal control and internal audit system as stated in the Audit Committee Charter (No. 4) dated 16 February 2016 which was recently revised on 19 December 2017. The Board of Director meeting No. 9/2017 held on 15 August 2017 passed a resolution approving the Code of conduct for SSI's Internal Auditor to provide guidance to internal auditors serving others. The Code of conduct is in accordance with the Code of Ethics and the International Standards for Professional Practice of Internal Auditing.

The Audit Committee has reported that the Company has suitable and efficient internal control and internal audit systems. This was demonstrated by results from an assessment of the adequacy of the internal control system for the year 2017 using the self-evaluation forms which issued on 19 February 2014 by the Securities and Exchange Commission regarding internal control over financial reporting in accordance with the criteria in the new Internal Control-Integrated Framework which issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). From the results of the assessments for the year 2017, the Company completely complied with those criteria in the self-evaluation form; hence the Audit Committee concluded that the Company has the sufficient internal controls in place to prepare reliable financial reports.

The Internal Audit Office has been established since 1998 as an independent internal unit of the Company, and carries out its responsibilities pursuant to the Company's notification regarding the Internal Audit Charter (No. 4) dated 20 January 2017. The scope of work of the Internal Audit Office is to perform internal audit functions covering all divisions, departments and offices of SSI and the companies in SSI Group. In December 2014, the Board of Directors approved the establishment of the Group Internal Audit under the new organisational structure of the Company as a group function which the Audit Committee has preliminary approved. The Group Internal Audit still report directly to the Audit Committee since their appointment in 1999. Over the past year, the Audit Committee has also approved the Internal Audit master plan and the annual audit plan which correspond to the risk-based approach as well as acknowledged the internal audit reports regarding internal control. Moreover, the Head of Internal Audit can immediately contact the Audit Committee for discussion when any major problems or important matters are found.

The Board of Directors concurred with the report from the Audit Committee that "the Company has suitable and efficient internal control and internal audit systems."

Head of Internal Audit Profile

1. Head of Internal Audit

The Head of Internal Audit in 2017 was Miss Pattamawan Boontang, who was appointed as the Chief of Group Internal Audit office by the resolution of The Board of Director meeting No. 1/2016 held on 5 January 2016.

2. The Audit Committee's opinion on the Head of Internal Audit

The Audit Committee concluded that the Chief of Group Internal Audit office has sufficient knowledge and competence needed to perform duties in 2017.

3. Guidelines on the appointment, transfer and dismissal of the Head of Internal Audit

The scope of duties and responsibilities of the Audit Committee covers the approval of the appointment, transfer and dismissal of the Head of Internal Audit.

Related Party Transactions

Related Party Transactions

Name of Entities	Nature of Relationships	Related Transactions in 2017 (Million Baht)		Outstanding Balance (Million Baht)	
Thai Coated Steel Sheet Co., Ltd.	Direct subsidiary, 3.7% shareholding and common director	Other income	0.55	Accrued income	-
		Revenue from maintenance services	0.32	Trade accounts receivable	0.23
Thai Cold Rolled Steel Sheet Plc.	Jointly controlling shareholder, 35.19% shareholding	Revenue from of sale hot rolled coils	2,251.01	Trade accounts receivable	41.96
		Revenue from deep-sea Port and marine shipping services	23.89	Accrued income	2.00
		Revenue from maintenance services	73.07	Other payables	2.87
		Tolling services	-		
		Other income	17.31		
Bangsaphan Barmill Plc.	Common directors and direct and indirect shareholding by the Company's director(s)	Revenue from deep-sea port and marine shipping services	1.36	Trade accounts receivable	-
		Revenue from maintenance services	0.04	Accrued income	5.04
		Other income	0.64	Other receivables	-
B.S. Metal Co., Ltd.	Common directors and direct and indirect shareholding by the Company's director(s)	Revenue from sales of hot rolled coils/scrap	1,118.85	Trade accounts receivable	1,838.31
		Revenue from maintenance services	-	Other receivables	-
		Cut sheet expenses	11.81	Accrued income	0.14
Sahaviriya Plate Mill Plc.	Common directors and direct and indirect shareholding by the Company's director(s)	Sale of slabs	1.47	Trade accounts payable	0.04
		Revenue from deep-sea Port and marine shipping services	-	Other payables	-
		Revenue from maintenance services	1.04		
Prapawit Building Property Co., Ltd.	Common directors and direct and indirect shareholding by the Company's director(s)	Office Rental	23.21	Trade accounts receivable	-
		Revenue from maintenance services	-	Trade accounts payable	0.03
				Other payables	0.34

Name of Entities	Nature of Relationships	Related Transactions in 2017 (Million Baht)		Outstanding Balance (Million Baht)	
Western Housing Co., Ltd.	Common directors and direct and indirect shareholding by the Company's director(s)	None	-	Trade accounts payable	-
Sahaviriya Management Service Co., Ltd.	Common directors and direct and indirect shareholding by the Company's director(s)	None	-	None	-
Sahaviriya Panich Corporation Co., Ltd.	Common directors and direct and indirect shareholding by the Company's director(s)	Revenue from sale of hot rolled coils	2,312.49	Trade accounts receivable	1,837.56
Line Transport Co., Ltd.	Direct and indirect shareholding by the Company's director(s)	Revenue from deep-sea port and marine shipping services	7.26	Trade accounts receivable	1.05
		Revenue from maintenance services	-	Other receivables	0.22
		Other income	1.78	Trade accounts payable	-
		Local transportation expenses	-	Other payables	-
Bangpakong Lighter Co., Ltd.	Direct and indirect shareholding by the Company's director(s)	Revenue from deep-sea port and marine shipping services	0.54	Trade accounts receivable	0.08
		Other income	0.23	Other receivables	0.04
		Water transportation expenses	-	Trade accounts payable	-
		Financial costs	-	Other payables	-
Bangpakong Port Co., Ltd.	Direct and indirect shareholding by the Company's director(s)	Tolling services	-	None	-
		Other income	-		
		Local transportation expenses	-		
		Loss from sale of slabs	-		
Prachuap Pattana Development Co., Ltd.	Common directors and direct and indirect shareholding by the Company's director(s)	None	-	None	-
Sahaviriya Iron and Steel Co., Ltd.	Common directors and direct and indirect shareholding by the Company's director(s)	None	-	None	-
Sahaviriya Inter Steel Holdings Co., Ltd.	Common directors and direct and indirect shareholding by the Company's director(s)	None	-	None	-

Name of Entities	Nature of Relationships	Related Transactions in 2017 (Million Baht)		Outstanding Balance (Million Baht)	
C.A.R. Services Co., Ltd.	Indirect shareholding by the Company's director(s)	None	-	None	-
Prachuap Steel Co., Ltd.	Common directors and indirect shareholding by the Company's director(s)	None	-	None	-
Redcar Bulk Terminal Limited	Jointly controlling shareholder, 50.00% indirect shareholding	None	-	None	-
Vanomet AG	Common shareholder and common director in a subsidiary	Purchases of slabs Finance costs	- -	Advance Payment for slabs Trade accounts payable	267.19 -
Sahaviriya Shipping UK Limited	Common shareholder and director and indirect shareholding by the Company's director(s)	None	-	None	-
Thai Steel Sales Co., Ltd.		Revenue from sale of hot rolled coils	140.81	Other payables	283.93

Necessity and Reasonableness of Related Party Transactions

Transactions between the Company and related parties have all been carried out under the ordinary course of business. The related business terms and conditions have been considered as aiming to the highest benefit of the Company. The Company has applied the same pricing policy and business terms to either related parties or third parties.

Approval Policy for Related Party Transactions

The President is authorised by the Board of Directors to approve transactions between the Company and related parties under the ordinary course of business and general business terms. This is in compliance with the related Securities and Exchange Commission Act, regulations, announcements, notifications, or provisions of The Stock Exchange of Thailand, as well as the provisions of related party transactions disclosure and the acquisition or disposal of assets of the Company and its subsidiaries, stipulated by the Federation of Accounting Professions under the Royal Patronage of his Majesty the King.

Any related party transactions occurred between the Company and its related parties shall be reported to the Board of Directors and reviewed by the Audit Committee to determine whether they are necessary and appropriate. Any director who has conflict of interest with the related party transaction has no right to vote. If the Audit Committee has insufficient expertise, an independent expert or the Company's auditor shall advise on the transaction. This advice will then be provided as information to the Board of Directors or the shareholders, as the case may be. The Company shall disclose the related party transactions in a note to financial statements audited by the Company's auditor.

Trend of Related Party Transactions Policy

Related party transaction policies are subject to change as they are dependent upon supply and demand as well as the Company's selling prices and the related cost of the service providers.

Key Financial Information



Summary of Auditor's Report

The auditor who audited the Company's consolidated and separate financial statements and its subsidiaries' financial statements for the 2017 was:

- Mrs. Suvimol Chrityakierne Certified Public Accountant Registration No. 2982
D I A International Audit Company Limited

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

2016, the independent auditor's opinion was disclaimer with emphasis of matters

2017, the independent auditor's opinion was disclaimer with emphasis of matters

The summary of the disclaimer basis and the attention drawn by the auditor for the 2017 Company's consolidated and separate financial statements, including additional explanation are as follows:

Basis for Disclaimer of Opinion

Limitation of audit scope (by circumstances)

As stated in notes 18 and 20 to financial statements, there are creditors submitted an application for receiving debt settlement. The Company has disputed with certain creditors since there are incorrect balance, duplicate of ungrounded debts. As at the date of this report, there are 2 creditors 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 3,113.8 million. In addition, two creditors which had total debts under rehabilitation plan amount of Baht 641.3 million was granted the final order of the Official Receiver for receiving the debts claiming. But those creditors filed the appeal against the order of the Official Receiver and the appeal is still pending the Court's trial.

The Group and the Company recorded the aforementioned debts of 4 creditors total amount of Baht 4.3 million in the consolidated and separate financial statements as at 31 December 2017. There is a discrepancy in debt balance amount of Baht 3,750.8 million which is still pending the trial of the Official Receiver or the appeal.

In 2015, with reference to Sahaviriya Steel Industries UK Limited'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. At the same time, the major lenders also called for the responsibility of the Company in being a guarantor for the outstanding debts. The Company recorded provisions under guarantees agreement for borrowing 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.

Because of 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 2017, I am unable to express that the necessary adjustments of liabilities should be made under business rehabilitation plan.

Addition explanation

The Company would like to clarify by separating into 2 issues as follows:

1) As at 31 December 2017, there were 2 pending debt claims (by Creditor #1 and Creditor #2) to be verified by the Official Receiver. The total outstanding principal and interest of the debt claims under rehabilitation plan (the "Plan") was Baht 3,113.7 million, representing 4.85% of the total debt claim under the Plan. The Company has not recorded the pending debt claims as liability because the Company considers that the obligation will be confirmed only by the occurrence or non-occurrence of one or more future events. However, should the Final Judgment has been received in any way, the Company will follow the Judgment and make debt repayment in accordance with the guidance specified in the Plan.

There are 2 more claims (by Creditor #3 and Creditor #4) with total outstanding amount of Baht 641.3 million. The Creditor #3 made an agreement to transfer right of his debt claim to the Creditor #4. Thereafter, the Creditor #4 requested to set off the debt with the debt it owed to the Company. After offsetting, the Company has recorded debt repayment to the Creditor #4 with an amount of Baht 4.3 million which Final Judgment of such debt has been received but there was an appeal submitted to the Court of Appeal for Specialized Cases and it is under consideration. Nonetheless, the Plan has set forth guidance of such debt repayment no matter what the court's order comes out.

2) As Sahaviriya Steel Industries UK Limited ("SSI UK") has entered the liquidation process, the Company, as a debt guarantor of SSI UK, has recognized the accounting items as follows:

2.1) Liability: recorded liability in full amount under guarantee agreement which has been included in the debt restructuring under the Plan. The Company has gradually made repayment of partial of the debt, in accordance with the Plan.

2.2) Asset: recorded impairment in carry value of the full investment in SSI UK as at 31 December 2015 on a conservative basis.

The Company would like to further explain how we have initially assessed the value of the assets to be recovered after the liquidation process. (1) It's based on our acknowledgement of offers received by SSI UK's lending banks from third parties willing to pay for the assets of SSI UK. However, there is likely to be a claim by the Official Receiver for expenses and other obligations incurred from maintenance and disposal of the assets, in accordance with UK insolvency law. The company has accounted such information and estimated the recovery value after those expenses to be as low as zero. And (2) the Company has been advised that, as published in public news so far, the UK Government has a plan to redevelop the site where the SSI UK assets located and its authorized agency has the ability to compulsorily purchase those assets. With a limited budget provided to help enable the agency to take ownership of the SSI UK assets, it is estimated that huge expenses will incur from the site remediation. From the aforementioned reasons at this point of time, the Company based on information available has deemed it necessary to estimate the recovery value after the completion of the liquidation process on a conservative basis to remain at zero. There will remain unchanged with the accounting recognition as described in 2.1) and 2.2).

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 31 December 2017 in the amount of Baht 4,556.9 million and Baht 4,475.7 million respectively and as at the same date, they had an operating deficit of Baht 40,667.2 million and Baht 40,683.2 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 20 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 and in 2017, 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 31 December 2017, the Group and the Company had sold goods to related companies and joint venture in the normal course of business totaling Baht 5,823.1 million and Baht 5,823.1 million respectively, which represented 23% of the Group's and the Company's total sales. As at 31 December 2017, the Group's and the Company's outstanding trade accounts receivable net of allowance for doubtful accounts from those related parties amounted to Baht 982.6 million and Baht 961.5 million respectively. Moreover, for the year ended 31 December 2017, the Group and the Company has acquired goods and services rendering from related companies in the normal course of business totaling Baht 131.2 million and Baht 561.2 million respectively.

Summary of Financial Statement

Statement of Financial Position

Sahaviriya Steel Industries Public Company Limited and Subsidiaries
As at 31 December

	2017		2016		2015 (Restated)	
	Baht	%	Baht	%	Baht	%
Assets						
Current assets						
Cash and cash equivalents	1,558,770,463	6.1	425,055,579	1.8	156,508,506	0.7
Trade accounts receivable	1,205,026,297	4.7	1,504,398,854	6.2	4,590,821,162	19.7
Other accounts receivable from related parties	270,308,689	1.1	267,707,207	1.1	532,521,538	2.3
Inventories	7,368,319,367	28.9	6,509,746,594	26.9	2,948,556,284	12.6
Other current assets	910,982,488	3.6	987,973,667	4.1	197,564,544	0.8
Total current assets	11,313,407,304	44.3	9,694,881,901	40.0	8,425,972,034	36.1
Non-current assets						
Restricted deposit at financial institution	56,807,634	0.2	4,683,334	0.0	12,720,143	0.1
Investments in joint venture	2,709,650,450	10.6	2,706,332,473	11.2	2,529,084,209	10.8
Property, plant and equipment	11,302,042,288	44.3	11,634,087,178	48.0	12,163,780,946	52.1
Intangible assets	128,555,280	0.5	142,487,575	0.6	158,975,157	0.7
Deferred tax assets	17,853,344	0.1	25,666,845	0.1	48,070,060	0.2
Other non-current assets	9,437,209	0.0	19,735,808	0.1	12,107,442	0.1
Total non-current assets	14,224,346,205	55.7	14,532,993,213	60.0	14,924,737,957	63.9
Total assets	25,537,753,509	100.0	24,227,875,114	100.0	23,350,709,991	100.0

Statement of Financial Position

Sahaviriya Steel Industries Public Company Limited and Subsidiaries
As at 31 December

	2017		2016		2015 (Restated)	
	Baht	%	Baht	%	Baht	%
Liabilities and equity						
Current liabilities						
Bank overdrafts and short-term loans from financial institutions and from related parties	72,110,249	0.3	335,635,980	1.4	12,796,099,840	54.8
Trade accounts payable	3,033,056,160	11.9	2,244,304,200	9.3	2,804,253,376	12.0
Other accounts payable from related parties	41,722,401	0.2	36,169,356	0.1	21,836,192	0.1
Current portion of long-term loans from financial institutions	1,038,619,703	4.1	1,013,618,655	4.2	7,033,461,665	30.1
Long-term borrowings classified as current liabilities	-	-	-	-	6,629,284,761	28.4
Subordinated convertible debentures	-	-	-	-	-	-
Current portion of finance lease liabilities	15,935,722	0.1	48,705,245	0.2	68,763,059	0.3
Current portion of hire purchase liabilities	-	-	1,000,281	0.0	3,629,691	0.0
Provision made for loss on guarantee given and others	498,484,800	2.0	455,667,455	1.9	30,533,752,034	130.8
Provision for onerous contracts	691,131	0.0	19,152,118	0.1	-	-
Current portion of other payable under rehabilitation plan	60,632,780	0.2	73,450,343	0.3	-	-
Current portion of accrued interest under rehabilitation plan	-	-	4,403,967	0.0	-	-
Income tax payable	-	-	4,501,994	0.0	-	-
Other current liabilities	513,048,746	2.0	506,801,307	2.1	3,695,264,102	15.8
Total current liabilities	5,274,301,692	20.7	4,743,410,901	19.6	63,586,344,720	272.3

Statement of Financial Position

Sahaviriya Steel Industries Public Company Limited and Subsidiaries
As at 31 December

	2017		2016		2015 (Restated)	
	Baht	%	Baht	%	Baht	%
<i>Non-current liabilities</i>						
Long-term loans from financial institutions	23,319,835,439	91.3	24,599,428,069	101.5	-	-
Other payable under rehabilitation plan	1,853,026,021	7.3	1,910,854,059	7.9	-	-
Provision made for loss on guarantee given and others	25,476,910,040	99.8	28,489,627,803	117.6	-	-
Accrued interest under rehabilitation plan	8,277,827,269	32.4	7,617,098,251	31.4	-	-
Finance lease liabilities	17,739,839	0.1	37,111,357	0.2	72,005,250	0.3
Hire purchase liabilities	-	-	-	-	1,003,263	0.0
Employee benefit obligations	192,018,776	0.8	178,571,581	0.7	211,276,457	0.9
Environmental liabilities and others	-	-	-	-	-	-
Deferred tax liabilities	61,403,631	0.2	90,429,591	0.4	1,161,437,602	0.5
Other non-current liabilities	823,876	0.0	823,876	0.0	917,315	0.0
Total non-current liabilities	59,199,584,891	231.8	62,923,944,587	259.7	404,724,169	1.7
Total liabilities	64,473,886,583	252.5	67,667,355,488	279.3	63,991,068,889	274.0

Statement of Financial Position

Sahaviriya Steel Industries Public Company Limited and Subsidiaries
As at 31 December

	2017		2016		2015 (Restated)	
	Baht	%	Baht	%	Baht	%
Liabilities and equity						
Equity						
Share capital						
Authorised share capital	11,113,018,280		50,263,663,124		50,263,663,124	
Issued and paid-up share capital	1,113,018,280	4.4	32,166,262,124	132.8	32,166,262,124	137.8
Discount on ordinary shares issuance	-	-	(5,678,076,131)	(23.4)	(5,678,076,131)	(24.3)
Equity distribution from shareholders from repurchase of subordinated convertible debentures	-	-	366,207,178	1.5	366,207,178	1.6
Convertible rights	-	-	-	-	-	-
Revaluation surplus						
- The Group	-	-	-	-	-	-
- Joint Venture	-	-	-	-	-	-
Currency translation differences	-	-	-	-	-	-
Retained earnings (deficit)						
Appropriated – Legal reserve	-	-	530,226,819	2.2	530,226,819	2.3
Unappropriated (deficit)	(40,667,235,140)	(159.2)	(71,473,832,280)	(295.0)	(68,655,132,557)	(294.0)
Equity attributable to owners of the Company	(39,554,216,860)	(154.9)	(44,089,212,290)	(182.0)	(41,270,512,567)	(176.7)
Non-controlling interests	618,083,786	2.4	649,731,916	2.7	630,153,669	2.7
Capital deficiency/total equity	(38,936,133,074)	(152.5)	(43,439,480,374)	(179.3)	(40,640,358,898)	(174.0)
Total liabilities and equity	25,537,753,509	100.0	24,227,875,114	100.0	23,350,709,991	100.0

Statement of Income

Sahaviriya Steel Industries Public Company Limited and Subsidiaries
For the year ended 31 December

	2017		2016		2015 (Restated)	
	Baht	%	Baht	%	Baht	%
Income						
Revenue from sale of goods	24,976,384,730	87.8	19,109,985,667	94.1	19,255,060,580	93.9
Revenue from rendering of services	355,188,684	1.2	714,173,740	3.5	917,943,960	4.5
Gain on sales of investment in joint venture	-	-	-	-	-	-
Net foreign exchange gain	2,952,224,033	10.4	447,598,236	2.2	260,027,046	1.3
Other income	168,231,952	0.6	33,216,887	0.2	62,427,611	0.3
Total income	28,452,029,399	100.0	20,304,974,530	100.0	20,495,459,197	100.0
Expenses						
Cost of sale of goods	21,602,249,736	75.9	14,776,298,610	72.8	18,735,991,216	91.4
Cost of rendering of services	238,490,835	0.8	419,125,217	2.1	653,214,153	3.2
Selling expenses	437,308,141	1.5	378,604,730	1.9	344,813,924	1.7
Administrative expenses	537,471,935	1.9	3,314,930,434	16.3	1,168,987,281	5.7
Management benefit expenses	87,512,203	0.3	74,278,600	0.4	74,710,653	0.4
Interest as a result of discontinued operation	-	-	1,690,605,583	8.3	-	-
Provision for loss under onerous contracts (reversal)	(18,460,987)	(0.1)	19,152,118	0.1	(83,048,422)	(0.4)
Finance costs	1,034,740,671	3.6	2,633,202,252	13.0	2,517,562,861	12.3
Total expenses	23,919,312,534	84.1	23,306,197,544	114.8	23,412,231,666	114.2

Statement of Income

Sahaviriya Steel Industries Public Company Limited and Subsidiaries
For the year ended 31 December

	2017		2016		2015 (Restated)	
	Baht	%	Baht	%	Baht	%
<i>Share of profit (loss) of equity-accounted investees</i>						
Joint Venture	2,987,371	0.0	167,809,290	(0.8)	(70,274,830)	(0.3)
Loss before income tax expense from continuing operations	4,535,704,236	15.9	(2,833,413,724)	(14.0)	(2,987,047,299)	(14.6)
Income tax benefits	21,212,459	0.0	(1,068,483)	0.0	7,855,195	0.0
Loss from continuing operations	4,556,916,695	16.0	(2,834,482,207)	(14.0)	(2,979,192,104)	(14.5)
Discontinued operation						
Loss from discontinued operation	-	-	-	-	(38,036,616,825)	(185.6)
Loss for the year	4,556,916,695	16.0	(2,834,482,207)	(14.0)	(41,015,808,929)	(200.1)
Loss attributable to:						
Owners of the Company	4,534,664,825	15.9	(2,869,108,143)	(14.0)	(40,959,314,579)	(199.8)
Non-controlling interests	22,251,870	0.1	34,625,936	0.2	(56,494,350)	(0.3)
Loss for the year	4,556,916,695	16.0	(2,834,482,207)	14.0	(41,015,808,929)	(200.1)
Loss per share						
Loss per share	4.07		(0.09)		(1.27)	
Diluted loss per share	4.07		(0.09)		(1.27)	
Loss per share – continuing operations						
Basic loss per share	4.07		(0.09)		(0.09)	
Diluted loss per share	4.07		(0.09)		(0.09)	

Statement of Comprehensive Income

Sahaviriya Steel Industries Public Company Limited and Subsidiaries
For the year ended 31 December

	2017		2016		2015 (Restated)	
	Baht	%	Baht	%	Baht	%
Loss for the year	4,556,916,695	16	(2,834,482,207)	(14.0)	(41,015,808,929)	(200.1)
Other comprehensive income						
<i>Items that will never be reclassified to profit or loss</i>						
Impairment loss on property, plant and equipment previously revalued	-	-	-	-	-	-
Depreciation on revaluation surplus	-	-	-	-	-	-
Income tax on other comprehensive income	-	-	-	-	-	-
	-	-	-	-	-	-
<i>Items that may be reclassified subsequently to profit or loss</i>						
Foreign currency translation differences for foreign operations	-	-	-	-	(2,600,611,457)	(12.7)
Reclassification of foreign currency differences following liquidation of subsidiary	-	-	-	-	2,045,056,070	10.0
Defined benefit plan actuarial gains (losses)						
- The Group	-	-	46,787,246	0.2	-	-
- Joint venture	330,605	0.0	9,438,975	0.0	-	-
Income tax on other comprehensive income	-	-	(6,165,491)	(0.0)	-	-
Other comprehensive income for the year net of income tax	330,605	0.2	50,060,731	0.2	(555,555,387)	(2.7)
Total comprehensive income for the year	4,557,247,300	16.0	(2,784,421,476)	(13.7)	(41,571,364,316)	(202.8)
Total comprehensive income attributable to:						
Owners of the Company	4,534,995,430	15.9	(2,818,699,723)	(13.9)	(41,514,869,966)	(202.6)
Non-controlling interests	22,251,870	0.1	34,278,247	0.2	(56,494,350)	(0.3)
Total comprehensive income for the year	4,557,247,300	16.0	(2,784,421,476)	(13.7)	(41,571,364,316)	(202.8)

Statement of Cash Flows

Sahaviriya Steel Industries Public Company Limited and Subsidiaries
For the year ended 31 December

	2017	2016	2015 (Restated)
	Baht	Baht	Baht
Cash flows from operating activities			
Profit (Loss) for the year	4,556,916,695	(2,834,482,207)	(41,015,808,929)
<i>Adjustments for</i>			
Depreciation and amortisation	742,126,121	694,309,453	559,307,088
Finance costs	1,034,740,671	2,633,202,252	2,517,562,861
Unrealised gain on exchange rate	(2,770,243,458)	(224,695,796)	(141,662,752)
Bad debts and doubtful debts expenses (reversal)	8,032,163	2,677,309,056	34,938,353
Provision for (reversal of) loss decline in value of inventories	(74,163,700)	(336,749,218)	(239,138,758)
Employee benefit obligations	20,545,454	24,074,656	26,131,059
Provision for loss under onerous contracts (reversal)	(18,460,987)	19,152,118	(83,048,421)
Loss (gain) on disposal of property, plant and equipment	(172,731)	(1,194,130)	3,292,889
Loss on revaluation of property, plant and equipment	6,929,493	-	-
Loss on impairment of property, plant and equipment	-	19,000,000	13,421,974
Loss recognized on the loss on liquidation of subsidiary	-	-	38,036,616,825
Reversal of short-term provision	45,281,366	-	-
Share of profit of Joint venture (net of income tax)	(2,987,371)	(167,809,290)	70,274,830
Interest as a result of discontinued operation	-	1,690,605,583	-
Others	-	-	-
Income tax benefits	(21,212,459)	1,068,483	(7,855,195)
	3,527,331,257	4,193,790,960	(225,968,176)

Statement of Cash Flows

Sahaviriya Steel Industries Public Company Limited and Subsidiaries
For the year ended 31 December

	2017	2016	2015 (Restated)
	Baht	Baht	Baht
<i>Changes in operating assets and liabilities</i>			
Trade accounts receivable	76,297,349	313,953,547	27,553,133
Other accounts receivable from related parties	(2,601,482)	(49,668,160)	(1,338,310,060)
Inventories	(784,409,073)	(3,224,441,092)	6,602,480,927
Other current assets	(5,179,534)	(776,386,067)	105,485,400
Other non-current assets	10,298,599	(6,825,856)	19,741,111
Trade accounts payable	809,027,343	314,269,689	(5,463,541,420)
Other accounts payable to related parties	5,553,045	15,226,092	(6,990,886)
Other current liabilities	21,975,896	(70,096,385)	468,791,698
Employee benefit obligations paid	(7,098,259)	(9,992,286)	(10,163,134)
Other non-current liabilities	-	(93,439)	(300,215)
Income tax paid	(24,957,381)	(26,910,748)	(39,424,638)
Net cash provided by operating activities	3,626,237,760	672,826,255	139,353,740
<i>Cash flows from investing activities</i>			
Proceeds from sale of investment in Joint venture	-	-	-
Deposits at financial institution pledged as collateral	(52,124,300)	8,036,809	-
Purchases of property, plant and equipment	(367,390,842)	(158,675,781)	(44,222,194)
Purchases of intangible assets	(2,124,750)	(1,201,055)	(15,995,747)
Sales of property, plant and equipment	194,006	1,143,171	640,654
Machines and equipment acquired by means of finance lease	-	-	-
Dividend received	-	-	-
Currency translation differences	-	-	-
Net cash used in discontinued operation	-	-	(164,964,557)
Net cash provided by (used in) investing activities	(421,445,886)	(150,696,856)	(224,541,844)

Statement of Cash Flows

Sahaviriya Steel Industries Public Company Limited and Subsidiaries
For the year ended 31 December

	2017	2016	2015 (Restated)
	Baht	Baht	Baht
<i>Cash flows from financing activities</i>			
Proceeds from issuance of ordinary shares	(70,645,601)	-	-
Transaction costs from issuance of ordinary shares	(492,703,170)	-	-
Finance cost paid	(105,843,889)	(22,231,661)	(556,952,839)
Increase in short-term loans from financial institutions	(40,251,426)	(158,066,285)	(6,556,814)
Proceeds from short-term loans from related parties	-	-	929,000,000
Repayment of short-term loans from related parties	-	-	(377,792,064)
Proceeds from long-term loans	-	-	-
Repayment of long-term loans	(1,254,591,582)	-	(8,870,090)
Hire purchase and finance lease payments	(53,141,322)	(58,584,380)	(118,014,755)
Machines and equipment acquired by means of finance lease	-	-	59,156,845
Repurchase of subordinated convertible debenture	-	-	(274,488)
Dividends paid	(53,900,000)	(14,700,000)	(29,400,000)
Net cash used in financing activities	(2,071,076,990)	(253,582,326)	(109,704,205)
Net increase (decrease) in cash and cash equivalents	1,133,714,884	(268,547,073)	(194,892,309)
Effect of exchange rate changes on balance held in foreign currency	-	-	-
Cash and cash equivalents at 1 January	425,055,579	156,508,506	163,098,186
Cash and cash equivalents at 31 December	1,558,770,463	425,055,579	156,508,506

Financial Ratio

Sahaviriya Steel Industries Public Company Limited and Subsidiaries

	2017	2016	2015 (Restated)
Liquidity Ratio			
Current ratio (Times)	2.15	2.04	0.13
Current ratio exclude long-term borrowings classified (Times)	2.37	2.26	0.32
Quick ratio (Times)	0.52	0.41	0.07
Quick ratio exclude long-term borrowings classified (Times)	0.52	0.41	0.08
Cash ratio (Times)	0.72	0.02	0.00
Accounts receivable turnover (Times)	9.39	6.50	4.07
Average collection period (Days) ¹⁾	39	84	92
Inventories turnover ¹⁾ (Times)	3.11	3.12	2.34
Average days sales (Days) ¹⁾	32.48	20.44	27.84
Accounts payable turnover ratio (Times)	8.28	6.02	2.85
Accounts payable period (Days) ¹⁾	44	61	128
Cash Cycle (Days) ¹⁾	27	61	8
Profitability Ratio			
Gross profit ratio	13.78%	23.35%	3.89%
Operating profit ratio	9.66%	4.25%	(3.58%)
Other profit ratio	10.97%	2.37%	1.57%
Operating cash flow margin ratio (Times)	1.48	0.80	(0.19)
Net profit ratio	17.90%	(14.47%)	(203.04%)
Return on equity ratio	N/A	N/A	N/A
Efficiency Ratio			
Return on assets ratio ²⁾	22.30%	(0.99%)	(80.94%)
Return on fixed assets ratio ³⁾	48.38%	(1.97%)	(133.18%)
Total assets turnover (Times)	1.14	0.85	0.43

Remark:

- ¹⁾ Editing calculation formula in according to SET Manual Version 2.0, by changing number of days from 360 days to 365 days
- ²⁾ Editing calculation formula in according to SET Manual Version 2.0, by changing from "Profit (Loss) attribute to the Owners of the Company divided by average Assets of this year and previous year" to "Profit (Loss) attribute to the Owners of the Company before Interest Expenses and Income Tax divided by average Assets of this year and previous year"
- ³⁾ Editing calculation formula in according to SET Manual Version 2.0, by changing from "Profit (Loss) attribute to the Owners of the Company divided by average Fixed Assets of this year and previous year" to "Profit (Loss) attribute to the Owners of the Company before Interest Expenses and Income Tax divided by average Fixed Assets of this year and previous year"

Financial Ratio

Sahaviriya Steel Industries Public Company Limited and Subsidiaries

	2017	2016	2015 (Restated)
Financial Policy Ratio			
Debt to equity ratio (Times)	N/A	N/A	N/A
Interest bearing debt to equity (Times)	N/A	N/A	N/A
Interest coverage ratio (Times) ¹⁾	5.36	(0.09)	(15.27)
Debt service coverage ratio (Cash Basis) (Times)	2.15	3.85	1.41
Dividend payout ratio	-	-	-

Remark:

¹⁾ Editing calculation formula in according to SET Manual Version 2.0, by changing from "Net cash from operating activities divided by Finance costs" to "Profit (Loss) attribute to the Owners of the Company before Interest Expenses and Income Tax divided by Interest Expenses"

Per Share Data and Growth Rate

Sahaviriya Steel Industries Public Company Limited and Subsidiaries

	2017	2016	2015 (Restated)
Per Share Data			
Book value per share (Baht)	(35.54)	(1.37)	(1.28)
Earnings (Loss) per share (Baht) ¹⁾	4.07	(2.58)	(37)
Dividend per share	-	-	-
Growth Rate			
Total assets	5.41%	3.76%	(67.41%)
Total liabilities	(4.72%)	5.74%	(9.48%)
Revenue from sales and revenue from rendering of services	27.78%	(1.73%)	(39.04%)
Operating expenses	(72.44%)	151.55%	25.93%
Net profit (loss)	258.05%	93.00%	(735.39%)

Remark:

¹⁾ The Earnings (Loss) per share for year 2015 and 2016 were recalculated by the weighted average number of the decreasing ordinary shares which the potential that the decrease of the ordinary shares incurred since the beginning date of the first period of reports.

Report on the Responsibility of the Board of Directors for 2017 Financial Report

The Board of Directors of Sahaviriya Steel Industries Public Company Limited has duties and direct responsibilities to ensure that the Company's activities comply with its policy of good corporate governance. The Board of Directors has responsibility for the preparation of the financial report of the Company, including financial statements of the Company, its subsidiaries and its joint venture for the year ended 31 December 2017 as well as the financial information disclosed in the Company's 2017 Annual Report. The financial statements have been prepared in accordance with generally accepted accounting principles with appropriate and consistent accounting policies and/or accounting practices as well as careful judgment in accounting estimates, along with all due consideration as to reasonableness. Material information has been sufficiently disclosed and audited by the independent certified public accountant approved by the Securities and Exchange Commission. Regarding the disclaimer of opinion on audit's report proposed to shareholders of the Company for the year ended 31 December 2017, the Company has duly submitted a clarification letter to The Stock Exchange of Thailand and the Securities and Exchange Commission.

The Board of Directors has established the risk management system, internal control system and internal audit function under supervision of the Risk Management Committee and the Audit Committee consisting of independent directors, who are responsible for overseeing the Company's control and audit functions to ensure the integrity and reliability of the Company's financial statements. The true performance and financial position of the Company has thus been reflected on the Company's financial statements for the benefit of its shareholders, investors, other stakeholders and all relevant parties.

The Board of Directors considers that the internal control system and the internal audit function to be appropriately robust, and that the financial statements of the Company are accurate according to accounting principle, reliable, and in compliance with relevant laws and regulations.



Mr. Somchai Sakulsurarat
Chairman of the Board of Directors of
Sahaviriya Steel Industries Public Company Limited
(as the Plan Administrator)



Mr. Win Viriyaprapaikit
Group CEO and President

Management Discussion and Analysis

Table 1: Summary of Consolidated Financial Results

Unit: Million Baht	2017 Jan - Dec	2016 Jan - Dec	% YoY
Sales and service revenues	25,332	19,824	+28%
Cost of sales and service	21,841	15,195	+44%
Gross profit (loss)	3,491	4,629	-25%
SG&A	1,059	3,768	-72%
Provision for loss under onerous contracts (reversal)	(18)	19	-196%
EBITDA	6,115	2,143	+185%
Interest expense	1,035	4,317	-76%
Depreciation and amortisation	563	694	-19%
Income tax (reversal)	(18)	1	-1,788%
Realised FX gain (loss)	137	672	-80%
Unrealised FX gain (loss)	2,816	(225)	+1,353%
Net profit (loss)	4,535	(2,869)	+258%
EPS (Baht)	4.07	(2.58)	+258%

EBITDA = Net Profit (Loss) + Interest + Tax + Depreciation and Amortisation

Table 2: Financial Results by Business Unit

Unit: Million Baht	2017 Jan - Dec	2016 Jan - Dec	% YoY
Sales and Service Revenues			
Consolidated¹⁾	25,332	19,824	+28%
HRC Business	24,976	19,454	+28%
Port Business	178	216	-17%
Engineering Business	103	113	-9%
EBITDA			
Consolidated	6,115	2,143	+185%
HRC Business	5,878	1,826	+222%
Port Business	146	180	-19%
Engineering Business	58	42	+37%
Elimination of Related Parties Transaction	33	94	
Net Profit (Loss)			
Consolidated	4,535	(2,869)	+258%
HRC Business	4,476	(3,029)	+248%
Port Business	52	78	-33%
Engineering Business	76	(6)	+1,281%
Elimination of Related Parties Transaction	(91)	53	
Non-controlling Interest	22	35	

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

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

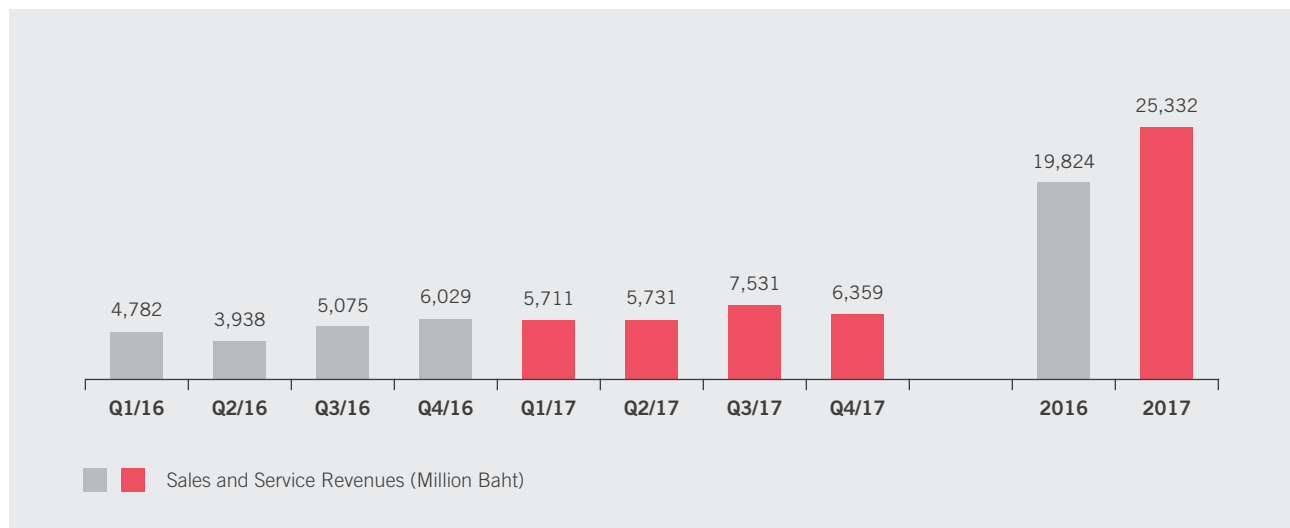
Unit: USD/ton	2017 Jan - Dec	2016 Jan - Dec	% YoY
Average Selling Price	570	463	+23%
Average Cost of Goods Sold	496	366	+36%
HRC Spread ¹⁾	140	143	-3%
HRC Rolling Margin ²⁾	24.5%	31.0%	
HRC EBITDA/ton ³⁾	136.0	43.4	+213%
Sales Volume (k tons)	1,285	1,232	+4%
Production Volume (k tons)	1,297	1,269	+2%

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

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

³⁾ HRC EBITDA/ton includes the reversal of provision for loss on decline in value of inventories and the reversal of provision for loss under onerous contracts

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



Performance of the Company, its Subsidiaries and its Joint Venture

In 2017, the Company and its subsidiaries recorded sales and service revenues Baht 25,332 million, up 28% YoY following the increase in the world steel prices. Group Sales Volume was 1,285k tons and EBITDA was Baht 6,115 million, up 4% and 185% YoY. Net profit improved from loss Baht 2,869 million in 2016 to gain Baht 4,535 million in 2017. The overall operating performance in 2017 improved YoY due to the decrease in SG&A from the high provision for doubtful debt recorded in 2016, a decrease in interest expenses from the interest rate adjustment from the default rate in 2016 to the rates specified in the Rehabilitation Plan and gain from foreign exchange.

Profitability Ratio	2017	2016
NP Margin (%)	17.90	(14.47)
ROA (%)	22.30	(0.99)
ROE (%)	N.A.	N.A.
EPS (Baht)	4.07	(2.58)

HRC Business (the Company)

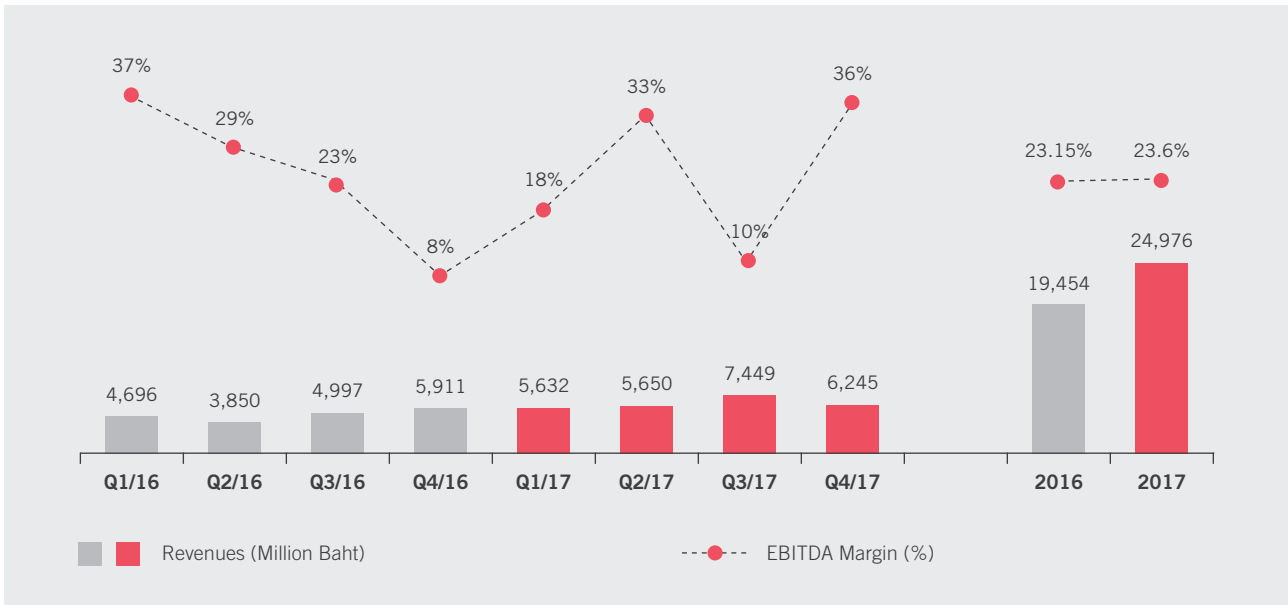
Revenues: In 2017, the Company recorded sales and service revenues Baht 24,976 million, up 28% YoY following the world steel price, with HRC Sales Volume of 1,285k tons, up 4% YoY, maintaining the spread between selling prices and raw material cost whilst the cost has risen in line with the world market price. HRC Average Selling Price was Baht 19,197 per ton or approx. USD 570 per ton, up 23% YoY following steel prices in the world market. Premium Value Products (PVPs) contributed to 51% of total HRC Sales Volume.

Expenses: In 2017, the Company recorded Cost of sales and service Baht 21,699 million, comprising total cost of sales Baht 21,773 million and the reversal of provision for loss on decline in value of inventories Baht 74 million. Cost of sales and service increased 42% YoY following higher raw materials and production cost. SG&A was Baht 955 million, down 74% YoY due to the provision for doubtful debt Baht 2,677 million recorded in 2016. Excluded the provision for doubtful debt in 2016, the SG&A would decrease by 3% YoY.

HRC Spread: In 2017, the Company recorded HRC Spread of USD 140 per ton, slightly down from USD 143 per ton, or down 3% YoY. HRC Rolling Margin was 24.5%, down from 31% in 2016.

Profits: In 2017, the Company recorded gross profit Baht 3,277 million, EBITDA Baht 5,878 million (excluding the reversal of provision for loss on decline in value of inventories Baht 74 million, the reversal of provision for loss under onerous contracts Baht 18 million, other provision Baht 8 million, and gain from foreign exchange Baht 2,952 million, Core EBITDA was Baht 2,842 million), and net loss Baht 4,476 million. Operating performance improved YoY from gross profit Baht 4,431 million, EBITDA Baht 1,826 million, and net loss Baht 3,029 million due to the decrease in SG&A from the high provision for doubtful debt recorded in 2016, a decrease in interest expenses from the interest rate adjustment from the default rate in 2016 to the rates specified in the Rehabilitation Plan and gain from foreign exchange. As a result, HRC EBITDA was USD 136 per ton, up 213% YoY.

Figure 2: Revenues and EBITDA Margin of HRC Business

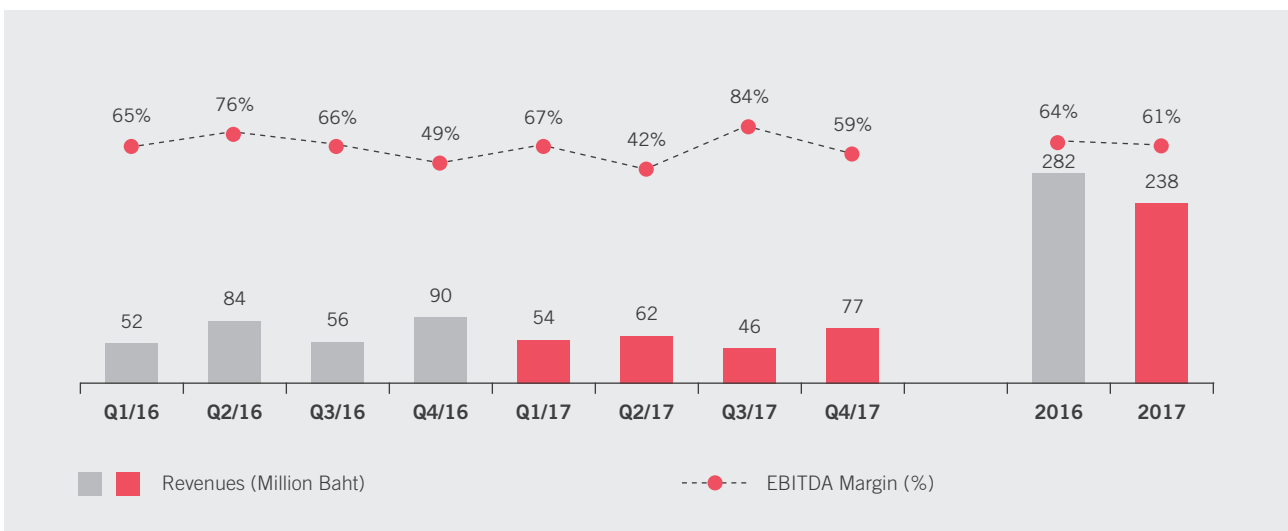


Port Business (PPC)

Revenues: In 2017, PPC recorded total service revenues Baht 238 million, down 16% YoY following lower throughput volume at 2,069,956 tons or decrease 25% YoY. The main revenues from SSI was Baht 60 million, down 10% YoY. The revenue excluded SSI was Baht 178 million, down 17%, and volume down 23%.

Profits: In 2017, PPC recorded gross profit Baht 105 million, EBITDA Baht 146 million, and net profit Baht 52.1 million, or decrease by 33%, 19%, and 33% YoY respectively as a result of 17% decrease in throughput volume and 15% increase in revenues.

Figure 3: Revenues and EBITDA Margin of Port Business

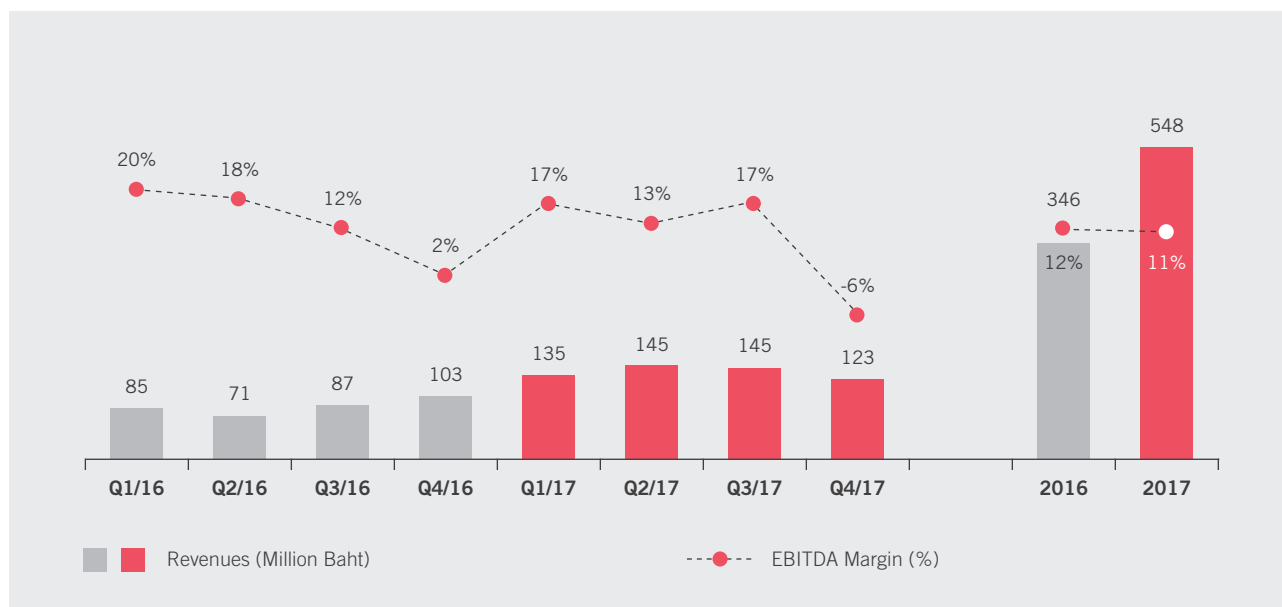


Engineering Business (WCE)

Revenues: In 2017, WCE recorded total sales and service revenues Baht 548 million, up 59% YoY from its business expansion. In addition, the government investment in infrastructure and providing business supports built up entrepreneurs' confidence in their investments. WCE, as a result, have more opportunities to acquire new projects.

Profits: In 2017, WCE recorded gross profit Baht 102 million, EBITDA Baht 58 million and net profit before extraordinary item Baht 22 million, improved 74%, 37%, and 435% YoY respectively as a result of the increase in sales and service revenues from the business expansion and rigorously cost control and reduction measures.

Figure 4: Revenues and EBITDA Margin of Engineering Business

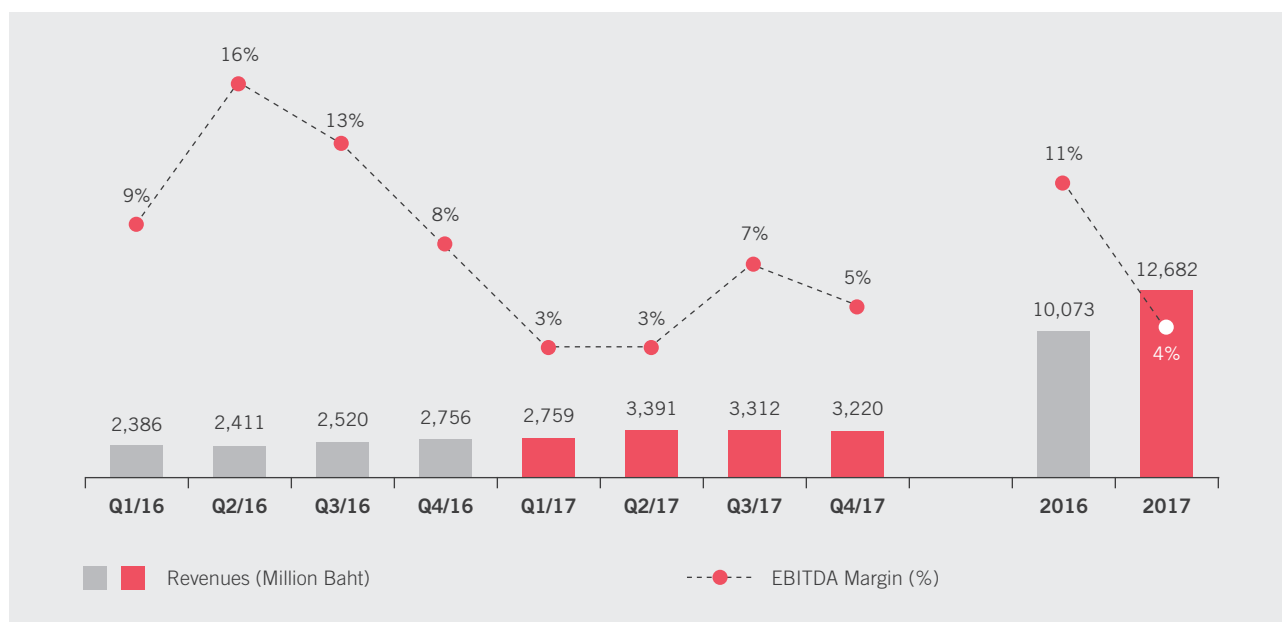


CRC Business (TCRSS)

Revenues: In 2017, TCRSS recorded total sales Baht 12,682 million, up 26% YoY with Sales Volume 553k tons, up 6%, and Average Selling Price increase by 18% YoY.

Profits: In 2017, TCRSS recorded gross profit Baht 370 million, EBITDA Baht 565 million and net profit Baht 40 million, down by 59%, 51%, and 91% YoY respectively. Net profit (loss) before income tax incurred in 2017 was a result of Baht 85 million extraordinary item from flood at the plant.

Figure 5: Revenues and EBITDA Margin of CRC Business



Consolidated Financial Status

Assets

As at 31 December 2017, the Company and its subsidiaries had total assets Baht 25,538 million, up 5% or Baht 1,310 million from 31 December 2016 mainly due to an increase in inventories of HRC Business. The details of total assets are as follows:

Assets	31 Dec 2017		31 Dec 2016		31 Dec 2015	
	Million Baht	%	Million Baht	%	Million Baht	%
Cash and cash equivalents	1,559	6	425	2	157	1
Trade accounts receivable	1,205	5	1,504	6	4,591	20
Inventories	7,368	29	6,510	27	2,949	13
Property, plant and equipment	11,302	44	11,634	48	12,164	52
Investments in joint venture	2,710	11	2,706	11	2,529	11
Other assets	1,394	5	1,448	6	962	4
Total assets	25,538	100	24,228	100	23,351	100

Trade accounts receivable: As at 31 December 2017, trade and notes receivable netted Baht 1,205 million, down 20% from 1,504 as at the end of 2016.

Inventories: As at 31 December 2017, inventory netted Baht 7,368 million, up 13% from the end of 2016, as a result of an increase in cost and volume of raw materials and inventories of HRC Business.

Property, plant and equipment: As at 31 December 2017, Property, plant and equipment netted Baht 11,302 million, down 3% from the end of 2016.

Liabilities and Sources of Fund

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

Liabilities and Equity	31 Dec 2017		31 Dec 2016		31 Dec 2015	
	Million Baht	%	Million Baht	%	Million Baht	%
Current portion of interest-bearing debts	1,152	5	1,199	5	26,531	114
Provision made for loss on guarantee given and others	498	2	456	2	30,534	131
Trade accounts payable	3,033	12	2,244	9	2,804	12
Non-current portion of interest-bearing debts	50,345	197	55,150	228	73	0
Deferred tax liabilities	61	0	90	0	120	0
Other liabilities	9,385	37	8,528	35	3,929	17
Equity attributable to owners of the Company	(39,554)	(155)	(44,089)	(182)	(41,271)	(177)
Non-controlling interests	618	2	650	3	630	3
Total equity	(38,936)	(152)	(43,439)	(179)	(40,640)	(174)
Total liabilities and equity	25,538	100	24,228	100	23,351	100

As at 31 December 2017, the Company and its subsidiaries had total liabilities Baht 64,474 million, down 5% from Baht 67,667 million as at 31 December 2016, mainly as a result of the debt repayments in accordance to the Rehabilitation Plan and an effect of movement in exchange rate on guarantee obligations in foreign currency. The Company and its subsidiaries had total interest-bearing debts Baht 51,996 million, whilst net debt was Baht 50,437 million. These debts consisted of short-term borrowings and current portion of long-term interest-bearing debts Baht 1,651 million and long-term interest-bearing debts Baht 50,345 million.

As a result of the approval of the Rehabilitation Plan on 15 December 2016, all loans from financial institutions, provision made for loss on guarantee and other account payables under rehabilitation plan have been included in the Plan. All loans from financial institutions, provision made for loss on guarantee and other account payables under rehabilitation plan as at 31 December 2017 have been classified to current or noncurrent liabilities according to the terms and condition and debt repayment schedule set forth in the Plan.

As at 31 December 2017, equity attributable to owners of the Company decreased to negative Baht 39,554 million a decrease from Baht 44,089 million as at 31 December 2016, as a result of the operating profit of the Group.

Liquidity

1. Cash flow

As at 31 December 2017, the Company and its subsidiaries' ending cash was Baht 1,559 million, an increase from net cash and cash equivalents of Baht 425 million at the end of 2016. Details of cash flow are as follows:

- **Net cash received from operating activities** of Baht 3,626 million consisting of (1) cash inflows from operation Baht 3,537 million, and (2) cash inflows from net change in working capital of Baht 99 million.
- **Net cash used from investing activities** of Baht 421 million consisting of (1) an increase in restricted deposit at financial institution Baht 52 million (2) cash outflows from purchase of property, plant and equipment of Baht 367 million, and (3) cash outflows from other activities of Baht 2 million.
- **Net cash used in financing activities** was Baht 2,071 million consisting of (1) cash paid for finance costs Baht 106 million (2) net repayment on short-term borrowings from financial institutions Baht 40 million (3) net repayment on long-term loans Baht 1,818 million, and (4) cash paid for other financing activities Baht 107 million.

2. Current Ratio

As of 31 December 2017, the Company and its subsidiaries' liquidity was improved compared to the end of 2016 with an increase in current ratio, shorter average collection period and but longer average days sales as detailed below:

Liquidity Ratio	2017	2016	2015 (Restated)
Current Ratio (x)	2.15	2.04	0.13
Interest-bearing Debt to Equity Ratio (x)	N.A.	N.A.	N.A.
Average Collection Period (Days) ¹⁾	39	84	92
Average Days Sales (Days) ¹⁾	32	20	28

¹⁾ Editing calculation formula in according to SET Manual Version 2.0, by changing number of days from 360 days to 365 days

Current Ratio

As of 31 December 2017, current ratio was 2.15x, an increase from 2.04x at the end of 2016 mainly the increase in value of inventories of HRC business as mentioned earlier.

In this regards, the Company disclosed significant details about the discontinued operation of the subsidiary, the petition for Business Rehabilitation which has impact to the operation and financial position in Note 2 (e) to Financial Statements under heading Going Concern. In Addition, the essence of the Business Rehabilitation Plan approved by Court on 15 December 2016 is shown in Note 20 to Financial Statements.

Expenditures for Research and Technology Development and Innovation in accordance with the guidelines of the National Science and Technology Development Agency

In 2017, the company has expenditures for research and technology development and innovation to improve the quality of hot rolled steel products and to develop the capability of hot rolled steel applications total of Baht 10,825,635.34.

Stock Price

The Company had submitted a petition for Business Rehabilitation to the Court on 1 October 2015, and subsequently, on 10 March 2016, the Court issued an order for the Company's Business Rehabilitation. For SSI securities, The Stock Exchange of Thailand has posted SP, NP, and NC signs on SSI securities to suspend trading of SSI from 27 April 2016 until its financial status and operations are solved in accordance with SET. Accordingly, there was no trading for SSI security throughout year 2017. The closing price on the last trading day in 2016 of The Stock Exchange of Thailand on 26 April 2016 was Baht 0.05 per share.

Progress on the Business Rehabilitation

1. Debt Repayment in Accordance with the Plan

1.1 The Company had made debt repayment in accordance with the Plan to creditors throughout year 2017 with total amount of Baht 1,634,112,376.90, comprising of principal amount Baht 1,538,882,372.18 and interest amount Baht 95,230,004.72. This implementation was achieved on plan.

1.2 The Company had made early debt repayment from excess cash for six-month period ending 30 June 2017 with the total amount of Baht 279,505,000 and excess cash for six-month period ending 31 December 2017 with the total amount of Baht 864,900,000. The total early debt repayment from excess cash throughout year 2017 was Baht 1,144,405,000.

Consequently, the total debt repayment to the creditors in accordance with the Plan in 2017 and the early debt repayment from excess cash as at 31 December 2017 was Baht 2,778,517,376.90.

2. The Capital Increase for the 1st Debt to Equity Conversion Pursuant to Clause 7.3 (3) of the Plan


2.1 On 1 March 2017, the Company registered the Capital Decrease for the registered but unissued ordinary shares of 18,097,401,000 shares with the registrar of Public Limited Company, Department of Business Development, Ministry of Commerce. As a result, the registered and paid-up capital of the Company was Baht 32,166,262,124, divided into 32,166,262,124 ordinary shares with the par value of Baht 1 per share.

2.2 On 14 July 2017, the Company has completed the registration of the decrease in its registered capital by Baht 31,053,243,844, with the Registrar of Public Limited Companies, Department of Business Development, Ministry of Commerce. The registered and paid-up capital of the Company became Baht 1,113,018,280, divided into 1,113,018,280 ordinary shares, at the par value of Baht 1 per share.

2.3 On 19 October 2017, the Company registered to amend the Memorandum of Association in order to be in line with the Capital Increase by issuing additional 10,000,000,000 newly-issued ordinary shares at the par value of Baht 1 per share, from the existing registered capital of Baht 1,113,018,280 to Baht 11,113,018,280 to accommodate the conversion of debt into equity to the creditors in accordance with the Plan, at the price of the conversion of debt into equity of Baht 0.05 per share.

Later on 28 March 2018, the Company registered the increase in paid-up capital by Baht 10,000,000,000 with the Registrar of Public Limited Companies, Department of Business Development, Ministry of Commerce. As a result, the registered and paid-up capital of the Company became Baht 11,113,018,280, divided into 11,113,018,280 ordinary shares, at the par value of Baht 1 per share.





Sahaviriya Steel Industries Public Company Limited and Subsidiaries

Financial Statements for the year ended 31 December 2017
and Independent Auditor's Report

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 31 December 2017, 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)

As stated in notes 18 and 20 to financial statements, there are creditors submitted an application for receiving debt settlement. The Company has disputed with certain creditors since there are incorrect balance, duplicate of ungrounded debts. As at the date of this report, there are 2 creditors 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 3,113.8 million. In addition, two creditors which had total debts under rehabilitation plan amount of Baht 641.3 million was granted the final order of the Official Receiver for receiving the debts claiming. But those creditors filed the appeal against the order of the Official Receiver and the appeal is still pending the Court's trial.

The Group and the Company recorded the aforementioned debts of 4 creditors total amount of Baht 4.3 million in the consolidated and separate financial statements as at 31 December 2017. There is a discrepancy in debt balance amount of Baht 3,750.8 million which is still pending the trial of the Official Receiver or the appeal.

In 2015, with reference to Sahaviriya Steel Industries UK Limited'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. At the same time, the major lenders also called for the responsibility of the Company in being a guarantor for the outstanding debts. The Company recorded provisions under guarantees agreement for borrowing 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.

Because of 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 2017, I am unable to express that the necessary adjustments of liabilities should be made under business rehabilitation plan.

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 31 December 2017 in the amount of Baht 4,556.9 million and Baht 4,475.7 million respectively and as at the same date, they had an operating deficit of Baht 40,667.2 million and Baht 40,683.2 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 20 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 and in 2017, 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 31 December 2017, the Group and the Company had sold goods to related companies and joint venture in the normal course of business totaling Baht 5,823.1 million and Baht 5,823.1 million respectively, which represented 23% of the Group's and the Company's total sales. As at 31 December 2017, the Group's and the Company's outstanding trade accounts receivable net of allowance for doubtful accounts from those related parties amounted to Baht 982.6 million and Baht 961.5 million respectively. Moreover, for the year ended 31 December 2017, the Group and the Company has acquired goods and services rendering from related companies in the normal course of business totaling Baht 131.2 million and Baht 561.2 million respectively.

Others

The financial statements of the Group and the Company for the year ended 31 December 2016, presented herein as comparative information, were audited by another auditor whose report dated 28 February 2017, expressed no opinion on those statements pertaining to 1) the material uncertainties on going concern and the successful of rehabilitation plan, 2) the material uncertainties about the balance of long-term borrowings from financial institution, trade accounts payable, other payables from related parties, current liabilities and other non-current liabilities, and 3) the limitation on audit scope of comparative information.

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.



Mrs. Suvimol Chrityakierne

C.P.A. (Thailand)

Registration No. 2982

D I A International Audit Company Limited

28 February 2018

Statements of Financial Position

Sahaviriya Steel Industries Public Company Limited and Subsidiaries

As at 31 December 2017

Unit: Baht

Assets	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
Current assets					
Cash and cash equivalents	5	1,558,770,463	425,055,579	1,472,841,805	356,536,202
Trade accounts receivable	6	1,205,026,297	1,504,398,854	1,169,968,722	1,475,555,532
Other receivables from related parties	4	270,308,689	267,707,207	305,068,943	281,248,152
Inventories	7	7,368,319,367	6,509,746,594	7,357,377,713	6,496,264,617
Other current assets		910,982,488	987,973,667	852,194,922	944,096,520
Assets held for disposal from liquidation of subsidiary	2 (f)	-	-	-	-
Total current assets		11,313,407,304	9,694,881,901	11,157,452,105	9,553,701,023
Non-current assets					
Restricted deposit at financial institution	8	56,807,634	4,683,334	35,784,832	-
Investments in subsidiaries	9	-	-	278,999,930	278,999,930
Investments in joint venture	11	2,709,650,450	2,706,332,473	3,159,668,346	3,159,668,346
Other long-term investment	12	-	-	-	-
Property, plant and equipment	13	11,302,042,288	11,634,087,178	9,902,762,583	10,153,951,005
Intangible assets		128,555,280	142,487,575	122,571,280	133,042,950
Deferred tax assets	14	17,853,344	25,666,845	-	-
Other non-current assets		9,437,209	19,735,808	7,975,849	17,810,487
Total non-current assets		14,224,346,205	14,532,993,213	13,507,762,820	13,743,472,718
Total assets		25,537,753,509	24,227,875,114	24,665,214,925	23,297,173,741

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

Statements of Financial Position (continued)

Sahaviriya Steel Industries Public Company Limited and Subsidiaries

As at 31 December 2017

Unit: Baht

Liabilities and shareholders' equity	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
Current liabilities					
Short-term borrowings from financial institutions	15	72,110,249	112,361,675	-	-
Trade accounts payable	16	3,033,056,160	2,244,304,200	3,002,207,617	2,204,976,301
Other payables to related parties	4	41,722,401	36,169,356	44,819,133	45,066,594
Current portion of finance lease liabilities		15,935,722	48,705,245	-	-
Current portion of hire purchase liabilities		-	1,000,281	-	840,129
Current portion of long-term borrowings from financial institutions	18	1,038,619,703	1,013,618,655	1,038,619,703	1,013,618,655
Provisions under guarantees and other contracts	18	498,484,800	455,667,455	498,484,800	455,667,455
Current portion of other payables under rehabilitation plan	18	60,632,780	73,450,343	60,632,780	73,450,343
Current portion of accrued interest under rehabilitation plan	18	-	4,403,967	-	4,403,967
Short-term borrowings from financial institutions	4	-	223,274,305	7,990,859	231,265,164
Provisions for onerous contracts		691,131	19,152,118	691,131	19,152,118
Income tax payable		-	4,501,994	-	-
Other current liabilities	17	513,048,746	506,801,307	463,209,163	466,211,632
Total current liabilities		5,274,301,692	4,743,410,901	5,116,655,186	4,514,652,358
Non-current liabilities					
Long-term borrowings from financial institutions	18	23,319,835,439	24,599,428,069	23,319,835,439	24,599,428,069
Other payables under rehabilitation plan	18	1,853,026,021	1,910,854,059	1,853,026,021	1,910,854,059
Provisions under guarantees and other contracts	18	25,476,910,040	28,489,627,803	25,476,910,040	28,489,627,803
Accrued interest under rehabilitation plan	18	8,277,827,269	7,617,098,251	8,277,827,269	7,617,098,251
Finance lease liabilities		17,739,839	37,111,357	-	-
Non-current provisions for employee benefit	19	192,018,776	178,571,581	159,047,386	147,464,628
Deferred tax liabilities	14	61,403,631	90,429,591	31,280,295	63,139,293
Other non-current liabilities		823,876	823,876	823,876	823,877
Total non-current liabilities		59,199,584,891	62,923,944,587	59,118,750,326	62,828,435,980
Total liabilities		64,473,886,583	67,667,355,488	64,235,405,512	67,343,088,338

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

Statements of Financial Position (continued)

Sahaviriya Steel Industries Public Company Limited and Subsidiaries

As at 31 December 2017

Unit: Baht

Liabilities and shareholders' equity	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
Shareholders' equity					
Share capital	21				
Authorized share capital		11,113,018,280	50,263,663,124	11,113,018,280	50,263,663,124
Issued and paid-up share capital		1,113,018,280	32,166,262,124	1,113,018,280	32,166,262,124
Discount on ordinary shares issuance	21	-	(5,678,076,131)	-	(5,678,076,131)
Equity distribution from shareholders from					
repurchase of subordinated convertible debentures	21	-	366,207,178	-	366,207,178
Retained earnings (deficit)					
Appropriated					
Legal reserve		-	530,226,819	-	530,226,819
Unappropriated (deficit)		(40,667,235,140)	(71,473,832,280)	(40,683,208,867)	(71,430,534,587)
Equity attributable to owners of the Company		(39,554,216,860)	(44,089,212,290)	(39,570,190,587)	(44,045,914,597)
Non-controlling interests	10	618,083,786	649,731,916	-	-
Capital deficiency/total shareholders' equity		(38,936,133,074)	(43,439,480,374)	(39,570,190,587)	(44,045,914,597)
Total liabilities and shareholders' equity		25,537,753,509	24,227,875,114	24,665,214,925	23,297,173,741

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

Statements of Comprehensive Income

Sahaviriya Steel Industries Public Company Limited and Subsidiaries
For the year ended 31 December 2017

Unit: Baht

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
Income					
Revenue from sale of goods		24,976,384,730	19,109,985,667	24,975,851,521	19,102,407,550
Revenue from rendering of services		355,188,684	714,173,740	-	352,039,068
Net gain on exchange rate		2,952,224,033	447,598,236	2,951,627,200	447,445,411
Dividend income		-	-	56,100,000	15,300,000
Effects from flooding net	24	142,551,415	-	88,093,705	-
Other income		25,680,537	33,216,887	32,896,926	38,290,423
Total income		28,452,029,399	20,304,974,530	28,104,569,352	19,955,482,452
Expenses					
Cost of sales		21,602,249,736	14,776,298,610	21,698,627,852	14,837,519,543
Cost of rendering of services		238,490,835	419,125,217	-	185,540,695
Selling expenses		437,308,141	378,604,730	428,442,617	372,999,191
Administrative expenses		537,471,935	3,314,930,434	452,773,321	3,231,181,415
Interest provisions from discontinued operations		-	1,690,605,583	-	1,690,605,583
Management benefit expenses	4	87,512,203	74,278,600	73,992,517	61,067,179
Loss on onerous contracts (reversal)		(18,460,987)	19,152,118	(18,460,987)	19,152,116
Finance costs		1,034,740,671	2,633,202,252	1,025,329,020	2,614,082,566
Total expenses		23,919,312,534	23,306,197,544	23,660,704,340	23,012,148,288
Share of profit (loss) by equity-accounted investees					
Joint venture	11	2,987,371	167,809,290	-	-
Profit (loss) before income tax		4,535,704,236	(2,833,413,724)	4,443,865,012	(3,056,665,836)
Income tax (expense) benefits	25	21,212,459	(1,068,483)	31,858,998	27,839,851
Profit (loss) for the year		4,556,916,695	(2,834,482,207)	4,475,724,010	(3,028,825,985)
Profit (loss) attributable to:					
Owners of the Company		4,534,664,825	(2,869,108,143)	4,475,724,010	(3,028,825,985)
Non-controlling interests	10	22,251,870	34,625,936	-	-
Profit (loss) for the year		4,556,916,695	(2,834,482,207)	4,475,724,010	(3,028,825,985)
Basic earnings (loss) per share (Baht)	26	4.07	(2.58)	4.02	(2.72)

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

Statements of Comprehensive Income (continued)

Sahaviriya Steel Industries Public Company Limited and Subsidiaries
For the year ended 31 December 2017

Unit: Baht

	Consolidated financial statements		Separate financial statements		
	Note	2017	2016	2017	2016
Profit (loss) for the year		4,556,916,695	(2,834,482,207)	4,475,724,010	(3,028,825,985)
Other comprehensive income					
Components of comprehensive income that will not be reclassified to profit or loss:					
Gains (losses) remeasurements of defined benefit plans					
- The Group		-	46,787,247	-	29,679,535
- Joint venture	11	330,605	9,438,975	-	-
Income tax related to components of other comprehensive income		-	(6,165,491)	-	(2,743,949)
Other comprehensive income-net of tax		330,605	50,060,731	-	26,935,586
Other comprehensive income for the year		4,557,247,300	(2,784,421,476)	4,475,724,010	(3,001,890,399)
Total comprehensive income attributable to:					
Owners of the Company		4,534,995,430	(2,818,699,723)	4,475,724,010	(3,001,890,399)
Non-controlling interests		22,251,870	34,278,247	-	-
Total comprehensive income for the year		4,557,247,300	(2,784,421,476)	4,475,724,010	(3,001,890,399)

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

Statements of Changes in Shareholder's Equity

Sahaviriya Steel Industries Public Company Limited and Subsidiaries
For the year ended 31 December 2017

Unit: Baht

		Consolidated financial statements								
		Equity distribution from shareholders from repurchase of subordinated convertible debentures			Retained earnings (deficit)		Equity attributable to owners of the Company		Non-controlling interests	Total shareholders' equity
Note	Issued and paid-up share capital	Discount on ordinary shares issuance	Equity distribution from shareholders from repurchase of subordinated convertible debentures	Legal reserve	Unappropriated (deficit)	Equity attributable to owners of the Company	Non-controlling interests	Total shareholders' equity		
	32,166,262,124	(5,678,076,131)	366,207,178	530,226,819	(68,655,132,557)	(41,270,512,567)	630,153,669	(40,640,358,898)		
Balance as at 1 January 2016										
	-	-	-	-	(2,869,108,143)	(2,869,108,143)	34,625,936	(2,834,482,207)		
Comprehensive income for the year										
Profit (loss)	-	-	-	-	50,408,420	50,408,420	(347,689)	50,060,731		
Other comprehensive income	-	-	-	-	(2,818,699,723)	(2,818,699,723)	34,278,247	(2,784,421,476)		
Total comprehensive income for the year										
Dividends paid to non-controlling interests	-	-	-	-	-	-	(14,700,000)	(14,700,000)		
Balance as at 31 December 2016	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)		
	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)		
Balance as at 1 January 2017										
	-	-	-	-	4,534,664,825	4,534,664,825	22,251,870	4,556,916,695		
Comprehensive income for the year										
Profit (loss)	-	-	-	-	330,605	330,605	-	330,605		
Other comprehensive income	-	-	-	-	4,534,995,430	4,534,995,430	22,251,870	4,557,247,300		
Total comprehensive income for the year										
Share decrease	21	(31,053,243,844)	(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)		

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

Statements of Changes in Shareholder's Equity (continued)

Sahaviriya Steel Industries Public Company Limited and Subsidiaries
For the year ended 31 December 2017

	Note	Separate financial statements						Total shareholders' equity
		Retained earnings (deficit)						
		Issued and paid-up share capital	Discount on ordinary shares issuance	Equity distribution from shareholders from repurchase of subordinated convertible debentures	Legal reserve	Unappropriated (deficit)		
Balance as at 1 January 2016		32,166,262,124	(5,678,076,131)	366,207,178	530,226,819	(68,428,644,188)	(41,044,024,198)	
Comprehensive income for the year								
Profit (loss)		-	-	-	-	(3,028,825,985)	(3,028,825,985)	
Other comprehensive income		-	-	-	-	26,935,586	26,935,586	
Total comprehensive income for the year		-	-	-	-	(3,001,890,399)	(3,001,890,399)	
Balance as at 31 December 2016		32,166,262,124	(5,678,076,131)	366,207,178	530,226,819	(71,430,534,587)	(44,045,914,597)	
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 decrease	21	(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)	

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

Unit: Baht

Statements of Cash Flows

Sahaviriya Steel Industries Public Company Limited and Subsidiaries
For the year ended 31 December 2017

Unit: Baht

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
<i>Cash flows from operating activities</i>				
Profit (loss) for the year	4,556,916,695	(2,834,482,207)	4,475,724,010	(3,028,825,985)
<i>Adjustments for</i>				
Depreciation and amortization	742,126,121	694,309,453	636,506,294	585,252,922
Finance costs	1,034,740,671	2,633,202,252	1,025,329,020	2,614,082,566
Unrealized gain on exchange rate	(2,770,243,458)	(224,695,796)	(2,769,857,183)	(224,844,107)
Bad debts and doubtful accounts (reversal)	8,032,163	2,677,309,056	8,032,163	2,677,309,056
Loss on devaluation of inventories (reversal)	(74,163,700)	(336,749,218)	(74,067,097)	(336,749,218)
Amortised income tax deducted at source	6,929,493	-	6,929,493	-
Employee benefit provisions	20,545,454	24,074,656	16,698,008	19,688,687
Loss on onerous contracts (reversal)	(18,460,987)	19,152,118	(18,460,987)	19,152,118
Loss (gain) on disposal of property, plant and equipment	(172,731)	(1,194,130)	(149,170)	(844,499)
Loss on impairment of property, plant and equipment	-	19,000,000	-	-
Amortised equipment and machinery	45,281,366	-	16,341,998	-
Interest obligations from discontinued operations	-	1,690,605,583	-	1,690,605,583
Share of profit of joint venture (net of income tax)	(2,987,371)	(167,809,290)	-	-
Dividend income	-	-	(56,100,000)	(15,300,000)
Reversed income tax expenses (income)	(21,212,459)	1,068,483	(31,858,998)	(27,839,851)

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

Statements of Cash Flows (continued)

Sahaviriya Steel Industries Public Company Limited and Subsidiaries
For the year ended 31 December 2017

Unit: Baht

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
<i>Profit (loss) from operating activities before changes</i>				
<i>in operating assets and liabilities:</i>	3,527,331,257	4,193,790,960	3,235,067,551	3,971,687,272
<i>Changes in operating assets and liabilities</i>				
Trade accounts receivable	76,297,349	313,953,547	82,311,832	261,715,984
Other receivables from related parties	(2,601,482)	(49,668,160)	(23,820,790)	(19,422,744)
Inventories	(784,409,073)	(3,224,441,092)	(787,045,999)	(3,220,112,941)
Other current assets	(5,179,534)	(776,386,067)	19,112,283	(795,305,983)
Other non-current assets	10,298,599	(6,825,856)	9,834,639	(9,996,767)
Trade accounts payable	809,027,343	314,269,689	817,320,194	282,748,023
Other payables to related parties	5,553,045	15,226,092	(247,461)	8,382,026
Other current liabilities	21,975,896	(70,096,385)	(18,730,931)	(37,753,363)
Other non-current liabilities	-	(93,439)	-	-
<i>Cash provided from operating activities</i>	3,658,293,400	709,729,289	3,333,801,318	441,941,507
Employee benefit obligations paid	(7,098,259)	(9,992,286)	(5,115,250)	(2,939,400)
Income tax paid	(24,957,381)	(26,910,748)	(1,300,303)	(12,555,431)
Net cash provided by operating activities	3,626,237,760	672,826,255	3,327,385,765	426,446,676

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

Statements of Cash Flows (continued)

Sahaviriya Steel Industries Public Company Limited and Subsidiaries
For the year ended 31 December 2017

Unit: Baht

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Cash flows from investing activities				
(Increase) Decrease in restricted deposit at financial institution	(52,124,300)	8,036,809	(35,784,832)	-
Acquire of property, plant and equipment	(367,390,842)	(158,675,781)	(315,893,966)	(120,716,277)
Acquire of intangible assets	(2,124,750)	(1,201,055)	(859,860)	(1,201,055)
Sales of property, plant and equipment	194,006	1,143,171	168,329	887,851
Dividend received	-	-	56,100,000	15,300,000
Net cash used in investing activities	(421,445,886)	(150,696,856)	(296,270,329)	(105,729,481)
Cash flows from financing activities				
Finance cost paid	(105,843,889)	(22,231,661)	(96,029,351)	(5,803,377)
Increase (Decrease) in short-term borrowings from financial institutions	(40,251,426)	(158,066,285)	-	-
Repayments for long-term borrowings	(1,254,591,582)	-	(1,254,591,582)	-
Debt settlement to other creditors under rehabilitation plan	(70,645,600)	-	(70,645,600)	-
Payments for liabilities under guarantees and other agreement	(492,703,170)	-	(492,703,170)	-
Payments for hire purchase and finance lease liabilities	(53,141,323)	(58,584,380)	(840,130)	(2,914,598)
Dividends paid	(53,900,000)	(14,700,000)	-	-
Net cash used in financing activities	(2,071,076,990)	(253,582,326)	(1,914,809,833)	(8,717,975)
Net increase (decrease) in cash and cash equivalents	1,133,714,884	268,547,073	1,116,305,603	311,999,220
Cash and cash equivalents at as 1 January	425,055,579	156,508,506	356,536,202	44,536,982
Cash and cash equivalents at as 31 December	1,558,770,463	425,055,579	1,472,841,805	356,536,202
Significant non-cash transactions				
Other payables for property, plant and equipment acquisition	17,085,984	1,535,627	17,085,984	1,357,526

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

Notes to the Financial Statements

Sahaviriya Steel Industries Public Company Limited and Subsidiaries

For the year ended 31 December 2017

Notes	Contents	Page
1	General information	157
2	Basis of preparation of the financial statements	157
3	Significant accounting policies	161
4	Related parties	173
5	Cash and cash equivalents	185
6	Trade accounts receivable	185
7	Inventories	187
8	Deposits with financial institution with restriction	187
9	Investments in subsidiaries	188
10	Non-controlling interests	189
11	Investments in joint venture	191
12	Other long-term investment	195
13	Property, plant and equipment	196
14	Deferred tax	200
15	Short-term borrowing from financial institution	202
16	Trade accounts payable	203
17	Other current liabilities	203
18	Liabilities under Rehabilitation Plan	204
19	Non-current provision for employee benefit	206
20	Business rehabilitation plan	209
21	Share capital	222
22	Segment information	223
23	Expenses by nature	226
24	Effects from flood	227
25	Income tax expenses	228
26	Earnings per share	230
27	Promotional privileges	231
28	Financial instrument	233
29	Commitments and Contingent liabilities	241
30	Reclassification of accounts	245
31	Approval of interim financial statements	245

Notes to the Financial Statements

Sahaviriya Steel Industries Public Company Limited and Subsidiaries

For the year ended 31 December 2017

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.

During the year the Company’s major shareholders during the financial year were Sahaviriya Group Corporation Limited (13.18% shareholding, incorporated in Thailand), Vanomet Holding AG (16.56% shareholding, incorporated in Switzerland) and Sahaviriya Inter Steel Holdings Co., Ltd. (4.86% shareholding, incorporated in Thailand).

The principal businesses of the Company are manufacturing and distributing of hot rolled coils. Details of the Company’s subsidiaries and joint venture are given in Notes 9 and 11.

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;
Notes 9, 11, and 13	Impairment test: key assumptions underlying recoverable amounts;
Note 14	Recognition of deferred tax assets; availability of future taxable profit against which tax losses carried forward can be used;
Note 19	Measurement of defined benefit obligations: key actuarial assumptions; and
Note 29	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 Group Audit Committee.

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

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

If the inputs used to measure the fair value of an asset or liability might be 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 28 – financial instruments

(e) *Going concern*

For the year ended 31. December 2017, the Group incurred a net profit amount of Baht 4,556.9 million (2016: *net loss amount of Baht 2,834.5 million*) and as at the same date, the Group had cumulative deficit of amount of Baht 40,667.2 million (31 December 2016: *amount of Baht 71,473.8 million*)

For the year ended 31. December 2017, the Company incurred a net profit amount of Baht 4,475.7 million (2016: *net loss amount of Baht 3,028.8 million*) and as at the same date, the Company had cumulative deficit amount of Baht 40,683.2 million (31, December 2016: *amount of Baht 71,430.5 million*)

Since in 2015, Sahaviriya Steel Industry UK Limited. had stopped its steel slab manufacturing and the liquidator was appointed and becomes control as well as was called for the loans repayment. The Company also was required the responsibility in being a guarantor. Besides, the creditor of the Company called for total loans repayment of the Company immediately. These factors may cause the 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 details of rehabilitation plan disclosed in the Note 20 to financial statements.

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 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 2017 and 2016. 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 Company have adopted the revised financial reporting standards and interpretations (revised 2016) and new accounting treatment guidance which are effective for fiscal years beginning on or after January 1, 2017. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards.

The adoption of these financial reporting standards does not have any significant impact on the Company financial statements.

Financial reporting standards that will become effective in the future

During the current year, the Federation of Accounting Professions issued a number of the revised financial reporting standards and interpretations (revised 2017) which are effective for fiscal years 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 management of the Company believes that the revised financial reporting standards will not have any significant impact on the financial statements when they are initially applied.

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	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 amortisation and accumulated impairment losses.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

Amortisation

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

Amortisation is 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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Amortisation 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 amortisation, 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.

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.

(q) 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.

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
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)

Name of entities	Country of incorporation/ nationality	Nature of relationships
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)
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)

Name of entities	Country of incorporation/ nationality	Nature of relationships
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)
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.	The pricing policies for particular types of transactions are explained further below:
Rendering of port services	Port services rendered are charged based on Ministry of Transportation-determined rates, dependent on service volume and relevant market considerations.	Port services rendered are charged based on Ministry of Transportation-determined rates, dependent on service volume and relevant market considerations.
Rendering of other services	Charges for rendering of services and maintenance-related services are based on agreements and common credit term.	Charges for rendering of services and maintenance-related services are based on agreements and common credit term.
Dividend income	Right to receive dividends	Right to receive dividends.
Other income	Sales of scrap material are priced based on scrap weight and the prices set by the Company.	Sales of scrap material are priced based on scrap weight and the prices set by the Company.
	Revenue from providing management staff to subsidiaries and joint venture are based on agreements.	Revenue from providing management staff to related parties are based on agreements.
Purchase of goods	Purchases of goods for production are based on third party prices under terms and conditions normally applicable to similar transactions.	Purchases of raw material for production are based on market price.
	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.	
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.

Transactions	Pricing policies with subsidiary companies and joint venture	Pricing policies with related companies
Receiving of port services	Port services rendered are charged based on Ministry of Transportation-determined rates, dependent on service volume and relevant market considerations.	
Selling and administrative expense	Port services rendered are charged based on Ministry of Transportation-determined rates, dependent on service volume and relevant market considerations.	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.
Interest and financial charges		Interest and financial charges are based on agreed rate, which approximates a market rate.

Significant transactions for year ended 31 December 2017 and 2016 with related parties are summarized as follows:

	Unit : Thousand Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Subsidiaries				
Purchases of goods and receiving of services	-	-	430,694	257,576
Dividend income	-	-	56,100	15,300
Other income	-	-	18,901	14,129
Finance costs	-	-	-	587
Joint venture				
Sales of goods	2,251,010	722,573	2,251,010	722,573
Rendering of services	96,962	103,408	-	34,005
Purchases of goods and receiving of services	3,062	-	3,062	-
Other income	17,306	10,030	17,306	10,030
Selling and administrative expenses	462	1,799	455	1,798
Other related parties				
Sales of goods	3,572,147	4,611,667	3,572,147	4,611,284
Rendering of services	11,493	342,257	-	319,682
Purchases of goods and receiving of services (including other related expenses)	128,165	1,079,787	127,412	1,079,405
Other income	7,299	15,626	4,998	14,045
Selling and administrative expenses	393,949	369,192	386,576	362,467
Finance costs	-	61	-	61

	Unit : Thousand Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Key management personnel remuneration				
Short-term benefits	85,066	72,351	71,547	59,139
Statutory severance pay	2,430	1,914	2,430	1,914
Other long-term benefits	16	14	16	14
Total key management personnel remuneration	87,512	74,279	73,993	61,067

Balances as at 31 December 2017 and 2016 with related parties were as follows:

	Unit : Thousand Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
<i>Trade accounts receivable from related parties</i>				
Joint venture				
Thai Cold Rolled Steel Sheet Public Company Limited	41,954	18,710	22,266	10,895
Other related parties				
B.S. Metal Co., Ltd.	1,838,312	2,236,547	1,838,312	2,236,476
Sahaviriya Panich Corporation Co., Ltd.	1,837,557	1,960,782	1,837,558	1,960,782
Others	1,425	2,077	-	-
Total	3,719,248	4,218,116	3,698,136	4,208,153
Less Allowance for doubtful accounts	(2,736,667)	(2,736,667)	(2,736,667)	(2,736,667)
Net	982,581	1,481,449	961,469	1,471,486

	Unit : Thousand Baht			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2017	2016	2017	2016
<i>Other receivables from related parties</i>				
Subsidiaries				
West Coast Engineering Co., Ltd.	-	-	36,904	13,541
Joint venture				
Thai Cold Rolled Steel Sheet Public Company Limited	1,731	42	23	42
Other related parties				
Vanomet AG (an advance payment for purchase of goods)	267,190	267,190	267,190	267,190
Sahaviriya Plate Mill Public Company Limited (net of allowance for doubtful accounts amount of Baht 48 million)	-	-	-	-
Line Transport Co., Ltd.	-	-	-	-
B.S. Metal Co., Ltd (net of allowance for doubtful accounts amount of Baht 13 million)	-	-	-	-
Others	1,388	475	952	475
Total	270,309	267,707	305,069	281,248

	Unit : Thousand Baht			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2017	2016	2017	2016
<i>Accrued income</i>				
Subsidiary				
West Coast Engineering Co., Ltd.	-	-	459	382
Joint venture				
Thai Cold Rolled Steel Sheet Public Company Limited	290	1,395	290	556
Other related parties				
Thai Coated Steel Sheet Co., Ltd.	4,625	3,824	4,625	3,824
Bangsaphan Barmill Public Company Limited	5,036	5,658	5,036	5,658
B.S. Metal Co., Ltd.	136	219	136	219
Others	-	949	-	-
Total	10,087	12,045	10,546	10,639

	Unit : Thousand Baht			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2017	2016	2017	2016
<i>Trade accounts payable to related parties</i>				
Subsidiaries				
West Coast Engineering Co., Ltd.	-	-	9,210	3,400
Prachuap Port Co., Ltd.	-	-	11,849	7,588
Other related parties				
B.S. Metal Co., Ltd.	37	1,145	37	1,145
Western Security Guard Co., Ltd.	217	208	-	-
SVL Corporation Co., Ltd.	43,410	34,828	43,392	34,810
Others	73	40	40	40
Total	43,737	36,221	64,528	46,983

Unit : Thousand Baht

	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
<i>Other payables to related parties</i>				
Subsidiaries				
Prachuap Port Co., Ltd.	-	-	2,209	7,451
West Coast Engineering Co., Ltd.	-	-	1,601	2,206
Joint venture				
Thai Cold Rolled Steel Sheet Public Company Limited	-	303	-	8
Other related parties				
Prapawit Building Property Co., Ltd.	335	310	335	270
Thai Steel Sales Co., Ltd.	-	11,319	-	11,319
SVL Corporation Co., Ltd.	35,289	18,877	35,281	18,885
Sahaviriya Plate Mill Public Company Limited	4,300	4,724	4,300	4,300
Others	1,798	636	1,093	628
Total	41,722	36,169	44,819	45,067

Unit : Thousand Baht

	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
<i>Short-term loans from related parties</i>				
Subsidiaries				
Prachuap Port Co., Ltd.	-	-	7,991	7,991
Other related parties				
The Company's director	-	223,274	-	223,274
Total	-	223,274	7,991	231,265

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

	Unit : Thousand Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Subsidiaries				
At 1 January	-	-	7,991	8,000
Decrease	-	-	-	(9)
At 31 December	-	-	7,991	7,991
Other related parties				
At 1 January	223,274	637,000	223,274	637,000
Increase	-	-	-	-
Decrease	(223,274)	(413,726)	(223,274)	(413,726)
At 31 December	-	223,274	-	223,274

On 1 February 2016, the Company's director, lender under loan agreement amount of Baht 637 million, a loan 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 2017 the consortium has not operated the commercial operations.

5 Cash and cash equivalents

	Unit : Thousand Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Cash on hand	702	686	600	600
Cash at banks	1,558,068	424,369	1,472,242	355,936
Total	1,558,770	425,055	1,472,842	356,536

6 Trade accounts receivable

	Unit : Thousand Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Related parties	3,719,248	4,218,116	3,698,136	4,208,153
Other parties	507,323	307,809	492,309	287,879
Total	4,226,571	4,525,925	4,190,445	4,496,032
Less Allowance for doubtful accounts	(3,021,545)	(3,021,526)	(3,020,476)	(3,020,476)
Net	1,205,026	1,504,399	1,169,969	1,475,556

Aging analyses for trade accounts receivable were as follows:

	Unit : Thousand Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Related parties				
Within credit terms	234,491	1,476,186	216,546	1,471,486
Overdue:				
Less than 3 months	519,390	941,810	516,233	936,667
3-6 months	1,433,105	966,847	1,433,095	966,793
6-12 months	1,532,262	833,273	1,532,262	833,207
Over 12 months	-	-	-	-
	3,719,248	4,218,116	3,698,136	4,208,153
Less Allowance for doubtful accounts	(2,736,667)	(2,736,667)	(2,736,667)	(2,736,667)
	982,581	1,481,449	961,469	1,471,486

	Unit : Thousand Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Other parties				
Within credit terms	185,166	19,823	176,263	4,070
Overdue:				
Less than 3 months	2,157	2,860	-	-
3-6 months	32,237	-	32,237	-
6-12 months	2,617	-	-	-
Over 12 months	285,146	285,126	283,809	283,809
	<u>507,323</u>	<u>307,809</u>	<u>492,309</u>	<u>287,879</u>
Less Allowance for doubtful accounts	(284,878)	(284,859)	(283,809)	(283,809)
	<u>222,445</u>	<u>22,950</u>	<u>208,500</u>	<u>4,070</u>
Net	<u><u>1,205,026</u></u>	<u><u>1,504,399</u></u>	<u><u>1,169,969</u></u>	<u><u>1,475,556</u></u>

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

7 Inventories

	Unit : Thousand Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Finished goods	2,189,583	1,654,806	2,189,583	1,666,492
Work in progress	6,876	26,192	-	-
Raw materials	2,541,168	2,515,451	2,537,102	2,522,113
Spare parts and factory supplies	752,806	778,511	752,806	772,777
Inventories under collateral management agreement (Note 16)	982,316	29,175	982,316	29,175
Goods in transit	1,309,923	1,994,128	1,309,924	1,994,128
	<u>7,782,672</u>	<u>6,998,263</u>	<u>7,771,731</u>	<u>6,984,685</u>
Less Allowance for decline in value	(414,353)	(488,517)	(414,353)	(488,420)
Net	<u>7,368,319</u>	<u>6,509,746</u>	<u>7,357,378</u>	<u>6,496,265</u>
Carrying value of inventories subject to retention of title clauses or otherwise pledged to secure liabilities	<u>-</u>	<u>3,902,128</u>	<u>-</u>	<u>3,894,381</u>

8 Deposits with financial institution with restriction

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 fixed deposits to guarantee against credit lines obtained from financial institution and letter of guarantee issued by banks.

9 Investments in subsidiaries

Investments in subsidiaries as at 31 December 2017 and 2016 were as follows:

Name of entity	Type of business	Ownership interest		Paid-up capital		Cost method		Impairment		At cost - net		Dividend income for year periods ended	
		2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
		(%)	(%)										
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	56,100	15,300
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	-	-	279,000	279,000	56,100	15,300

Unit : Thousand Baht

The management performed an impairment test on investments in subsidiaries by considering a recoverable amount using value-in-use approach determined by discounting expected future cash flows from the continuing operations of subsidiaries. As at 31 December 2017, the recoverable amount exceeds the carrying value of investments.

The key assumptions used to estimate the value-in-use were as follows:

	2017	2016
Discount Rate	9.35%	9.86%
Budgeted EBITDA growth rate (average four years)	16.25%	17.00%

10. Non-controlling interests

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

Unit : Thousand Baht

	31 December 2017			Total
	Prachuap Port Co., Ltd.	Other individually immaterial subsidiaries	Intra-group eliminations	
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	<u>653,327</u>	9	(35,252)	618,084
Revenue	238,387			
Profit	52,122			
Other comprehensive income	-			
Total comprehensive income	<u>52,122</u>			
Profit allocated to non-controlling interest	<u>25,540</u>	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)	<u>(129,005)</u>			
Net decrease in cash and cash equivalents	<u>6,355</u>			

	Unit : Thousand Baht			
	31 December 2016			
	Prachuap Port Co., Ltd.	Other individually immaterial subsidiaries	Intra-group eliminations	Total
Non-controlling interest percentage	49			
Current assets	96,939			
Non-current assets	1,366,584			
Current liabilities	(33,946)			
Non-current liabilities	(38,379)			
Net assets	1,391,198			
Carrying amount of non-controlling interest	<u>681,687</u>	8,887	(40,842)	649,732
Revenue	282,386			
Profit	78,337			
Other comprehensive income	(710)			
Total comprehensive income	<u>77,627</u>			
Profit allocated to non-controlling interest	<u>38,385</u>	(96)	(3,663)	34,626
Other comprehensive income allocated to non-controlling interest	<u>(348)</u>	143	(143)	(348)
Cash flows from operating activities	224,118			
Cash flows used in investing activities	(13,224)			
Cash flows used in financing activities (dividends to non-controlling interest: 14.7 million)	<u>(239,028)</u>			
Net decrease in cash and cash equivalents	<u><u>(28,134)</u></u>			

11. Investments in joint venture

Investments in joint venture as 31 December 2017 and 2016 were as follows:

Name of entity		Ownership interest		Paid-up capital		Cost method		Equity method		Impairment		At equity - net		Dividend income for year periods ended	
		2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016		
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	2,709,650	2,706,332	-	-	2,709,650	2,706,332	-	-
Total						3,817,962	3,817,962	2,709,650	2,706,332	-	-	2,709,650	2,706,332	-	-

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

The Group/ 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

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	
		2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
		(%)	(%)										
Thai Cold Rolled Steel Sheet Public Company Limited	Production and distribution of cold rolled coils	35.19	35.19	4,816,350	4,816,350	3,817,962	3,817,962	658,294	658,294	3,159,668	3,159,668	-	-
Total				3,817,962	3,817,962	3,817,962	3,817,962	658,294	658,294	3,159,668	3,159,668	-	-

Joint venture

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

	Unit : Thousand Baht	
	2017	2016
Revenue	12,773,280	10,095,781
Profit from continuing operations	40,401	475,062
Other comprehensive income	939	26,823
Total comprehensive income	41,340	501,885
Attributable to NCI	26,792	325,272
Attributable to investee's shareholders	14,548	176,613
Current assets	3,857,403	2,942,233
Non-current assets	3,702,885	3,809,570
Current liabilities	(2,218,314)	(1,446,965)
Non-current liabilities	(53,151)	(57,354)
Net assets	5,288,823	5,247,484
Attributable to NCI	3,427,686	3,400,894
Attributable to investee's shareholders	1,861,137	1,846,590
Group's interest in net assets of investee at 1 January	2,706,332	2,529,084
Total comprehensive income attributable to the Group	3,318	177,248
Carrying amount of interest in investee at 31 December	2,709,650	2,706,332

Contingent liabilities and commitments relating to the joint venture:

	2017	2016
<i>Contingent liabilities directly incurred by the Group</i>		
Group's share of the joint venture's contingent liabilities	Baht 9 million	Baht 20 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 87 million, USD 0.18 million, JPY 0.25 million, GBP 0.11 million and Euro 0.11 million	Baht 65 million, USD 0.21 million, JPY 43 million, GBP 0.11 million and Euro 0.07 million
- from non-cancellable operating lease commitments	Baht 7 million	Baht 1 million
- from raw materials and chemical purchases	Baht 103 million, and USD 13.51 million	Baht 228 million, and USD 8.55 million
- from other contracts	Baht 11 million and JPY 11 million	Baht 1 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 2017 the recoverable amount exceeds the carrying value of investments.

The key assumptions used to estimate the value-in-use were as follow:

	2017	2016
	%	%
Discount rate	7.02	10.23%
Budgeted EBITDA growth rate (average 5 years – forward)	4.90	11.00%

12. Other long-term investment

Other long-term investment as at 31 December 2017 and 2016 were as follows:

Name of entity	Type of business	Consolidated and Separate financial statements										Dividend income for year ended													
		Ownership interest		Paid-up capital		Cost method		Impairment		At cost - net			2016	2017	2016	2017									
		2017	2016	2017	2016	2017	2016	2017	2016	2017	2016						2017	2016	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	294,000	294,000	294,000	294,000	294,000	294,000	294,000	294,000	-	-	-	-	-	-	-	-
Total						294,000	294,000	294,000	294,000	294,000	294,000	294,000	294,000	294,000	294,000	294,000	294,000	-	-	-	-	-	-	-	-

Unit : Thousand Baht

13. Property, plant and equipment

Unit : Thousand Baht

Cost	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		
At 1 January 2016	1,627,704	2,051,890	18,839,042	200,930	104,646	637,620	23,461,832	
Additions	-	187	8,403	5,366	100	146,073	160,129	
Transfers	-	6,400	86,094	3,049	-	(95,543)	-	
Transfers to cost of inventory	-	-	-	-	-	(187,349)	(187,349)	
Disposals	-	-	(2,648)	(6,191)	(5,585)	-	(14,424)	
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)	
Disposals	-	-	(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	

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		
Depreciation and impairment losses								
At 1 January 2016	655,125	1,627,245	8,754,733	175,436	85,512	-	11,298,051	
Depreciation charge for the year	512	49,586	413,375	11,785	8,163	-	483,421	
Disposals	-	-	(2,633)	(6,153)	(5,585)	-	(14,371)	
Impairment losses	-	-	-	-	-	19,000	19,000	
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	
Net book value								
At 31 December 2016	972,067	381,646	9,519,386	22,086	8,017	481,801	11,385,003	
Owned assets	-	-	246,030	-	3,054	-	249,084	
Assets under finance leases and hire-purchases	-	-	-	-	-	-	-	
Total	972,067	381,646	9,765,416	22,086	11,071	481,801	11,634,087	
At 31 December 2017	972,319	339,942	9,475,224	38,180	4,960	462,034	11,292,659	
Owned assets	-	-	9,383	-	-	-	9,383	
Assets under finance leases and hire-purchases	-	-	-	-	-	-	-	
Total	972,319	339,942	9,484,607	38,180	4,960	462,034	11,302,042	

Unit : Thousand Baht

Cost	Separate 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	
At 1 January 2016	1,004,896	1,890,585	16,404,731	160,420	74,185	623,046	20,157,863
Additions	-	187	3,527	4,932	14	110,638	119,298
Transfer	-	6,400	56,300	3,050	-	(65,750)	-
Transfer to cost of inventory	-	-	-	-	-	(187,349)	(187,349)
Disposals	-	-	(1,982)	(5,226)	(4,209)	-	(11,417)
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)	-
Transfer 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

Unit : Thousand Baht

	Separate 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	
Depreciation and impairment losses							
At 1 January 2016	339,925	1,536,627	7,477,860	141,967	62,433	-	9,558,812
Depreciation charge for the year	372	43,590	318,541	9,135	5,367	-	377,005
Disposals	-	-	(1,968)	(5,196)	(4,209)	-	(11,373)
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
Net book value							
At 31 December 2016	664,599	316,955	8,668,143	17,270	3,345	480,585	10,150,897
Owned assets	-	-	-	-	3,054	-	3,054
Assets under finance leases and hire-purchases	664,599	316,955	8,668,143	17,270	6,399	480,585	10,153,951
At 31 December 2017	664,501	278,669	8,456,099	30,809	3,015	469,670	9,902,763
Owned assets	-	-	-	-	-	-	-
Assets under finance leases and hire-purchases	664,501	278,669	8,456,099	30,809	3,015	469,670	9,902,763

Assets value of the Group before accumulated depreciation of building and equipment which were fully depreciated but are still in use up to December 31, 2017 amounted to Baht 2,597.4 million (2016: Baht 2,514.1 million).

Assets value of the Company before accumulated depreciation of building and equipment which were fully depreciated but are still in use up to December 31, 2017 amounted to Baht 2,068 million (2016: Baht 1,972 million).

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

As at 31 December 2017, the Group/ the Company has mortgaged/ pledged assets amounting to approximately Baht 9,428 million and Baht 9,113 million respectively (2016: Baht 9,733 million and Baht 9,418 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 15, 18 and 29 to financial statements.

14. Deferred tax

Deferred tax assets and liabilities as at 31 December 2017 and 2016 were as follows:

	Unit : Thousand Baht			
	Consolidated financial statements			
	Assets		Liabilities	
	2017	2016	2017	2016
Total	29,405	37,868	(72,955)	(102,631)
Tax offsetting	(11,552)	(12,201)	11,551	12,201
Net deferred tax assets (liabilities)	<u>17,853</u>	<u>25,667</u>	<u>(61,404)</u>	<u>(90,430)</u>

	Unit : Thousand Baht			
	Separate financial statements			
	Assets		Liabilities	
	2017	2016	2017	2016
Deferred tax liabilities	<u>-</u>	<u>-</u>	<u>(31,280)</u>	<u>(63,139)</u>

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 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
<i>Deferred tax liabilities</i>				
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)

Deffered tax assets resulted from temporary differences which had not been recognized in the financial statements as at 31 December 2017 and 2016 are detailed below :

	Unit : Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
<i>Deffered tax assets</i>				
- Deductible temporary differences	7,673,301	7,779,268	7,673,301	7,725,190
- Tax losses	561,592	1,692,146	561,592	1,692,146
Net	8,234,893	9,471,414	8,234,893	9,417,316

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.

15. Short term borrowings from financial institution

As at 31 December 2017, the Group had unutilized credit facilities total amount of Baht 102.9 million and the Company had no credit facilities (2016: Baht 57 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 as stated in notes 8 and 13 to financial statements.

16. Trade Accounts Payable

Unit: Thousand Baht

	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Related parties	43,737	36,221	64,528	46,983
Other parties	2,989,319	2,208,083	2,937,680	2,157,993
Total	3,033,056	2,244,304	3,002,208	2,204,976

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.

17 Other Current Liabilities

Unit : Thousand Baht

	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Accrued expense	118,470	170,620	110,809	156,598
Other payables	50,541	30,865	34,855	24,681
Amounts received in advance from sale:				
goods	291,195	271,370	283,929	262,696
Others	52,843	33,946	33,616	22,236
Total	513,049	506,801	463,209	466,211

18 Liabilities under Rehabilitation Plan

	Unit : Thousand Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
<i>Current portion</i>				
Other payables	60,632	73,450	60,632	73,450
Long-term borrowings from financial institution	1,038,619	1,013,619	1,038,619	1,013,619
Provisions under guarantee contract	498,485	455,667	498,485	455,667
	<u>1,597,736</u>	<u>1,542,736</u>	<u>1,597,736</u>	<u>1,542,736</u>
<i>Non-current portion</i>				
Other payables	1,853,026	1,910,854	1,853,026	1,910,854
Long-term borrowings from financial institution	23,319,835	24,599,427	23,319,835	24,599,427
Provisions under guarantee contract	25,476,910	28,489,629	25,476,910	28,489,629
	<u>50,649,771</u>	<u>54,999,910</u>	<u>50,649,771</u>	<u>54,999,910</u>
	<u>52,247,507</u>	<u>56,542,646</u>	<u>52,247,507</u>	<u>56,542,646</u>
Accrued interest expenses	8,277,827	7,617,098	8,277,827	7,617,098
Total liabilities under business rehabilitation plan	<u>60,525,334</u>	<u>64,159,744</u>	<u>60,525,334</u>	<u>64,159,744</u>

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

	Unit : Thousand Baht
	Consolidated and Separate financial statement
At 1 January 2017	56,542,646
Gain on exchange rate	(2,477,199)
Repayments	(1,817,940)
At 1 December 2017	<u>52,247,507</u>

Liabilities under business rehabilitation of secured portion, detailed of security, land building and equipment as stated in notes 13 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 20). The reclassified of such borrowings, provisions, and other payables under rehabilitation plan with obligated interest as at 31 December 2017 are conformed to the debts settlement as stipulated in the Plan.

Liabilities under rehabilitation plan as at 31 December 2017 and 2016 classified by currency as follows:

	Unit : Thousand Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Baht	26,731,983	25,070,775	26,731,983	25,070,775
USD	25,515,524	31,425,634	25,515,524	31,425,634
GBP	-	46,237	-	46,237
Total	52,247,507	56,542,646	52,247,507	56,542,646

19. Non-current Provisions for employee benefit

Unit : Thousand Baht

	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
<i>Statements of financial position as at 31 December</i>				
Obligations in statements of financial position for:				
Statutory severance pay	179,590	169,738	150,452	138,405
Other long-term employee benefits	12,429	8,834	8,595	9,060
Total	192,019	178,572	159,047	147,465
<i>Year ended 31 December</i>				
Statement of comprehensive income				
Recognized in profit or loss:				
Statutory severance pay	15,371	21,699	11,969	17,972
Other long-term employee benefits	5,174	2,376	4,729	1,717
Total	20,545	24,075	16,698	19,689
Recognized in other comprehensive income:				
Actuarial gains recognized in the year	-	(46,787)	-	(29,680)

Statutory Severance Pay

The Group and the Company operate defined benefit plans based on the requirement of Thai Labour Protection Act B.E. 2541 (1998) to provide retirement benefits to employees based on pensionable remuneration and length of service.

The movement in the present value of the defined benefit obligations for the year ended 31 December 2017 and 2016 were shown in the table below:

	Unit : Thousand Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Defined benefit obligations at 1 January	178,572	211,276	147,465	160,395
<i>Recognized in profit or loss:</i>				
Current service costs and interest	20,545	24,075	16,698	19,689
<i>Recognized in other comprehensive income:</i>				
Actuarial gains recognized in the year	-	(46,787)	-	(29,680)
<i>Others</i>				
Benefits paid by the plan	(7,098)	(9,992)	(5,116)	(2,939)
Defined benefit obligations at 31 December	192,019	178,572	159,047	147,465

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

	Unit : Thousand Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Demographic assumptions	-	(52,553)	-	(50,958)
Financial assumptions	-	21,298	-	21,368
Experience adjustment	-	(15,532)	-	(90)
Total	-	(46,787)	-	(29,680)

Actuarial assumptions

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

	Unit : Thousand Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
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 2017				
Discount rate (0.5% movement)	(6,305)	6,696	(5,304)	5,629
Future salary growth (0.5% movement)	6,356	(6,000)	5,306	(5,041)
Employee turnover rate (1% movement)	(14,670)	16,556	(12,239)	13,794

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.

20 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 approve with the plan to the central Bankruptcy Court . The appeal was served to the Appeal and specialized Court for trying the appeal. As at 28 February 2018, the ultimate outcome of appeal have not been known.

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 Compa1ny 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 of the Creditor Class 8 comprises of the outstanding principal of Baht 15.1 million. Each Creditor will be repaid from cash flow for debt repayment under the normal business terms and conditions.

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' 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.

On 28 February 2018, the creditors received the appropriate of increase share capital for conversion debt to equity which is still pending the legal action , the process is not finalized.

Application of debt repayment of creditors

As at 28 February 2018, there are pending applications for repayment of debts, filed by another 2 creditors, to be verified by the Official Receiver. The total claim of Baht 3,113.8 million. In particular, the Company has not recorded liabilities for the debt claims from these 2 creditors (Creditor Class 10 and 12).

Details of the receipt progressing for debt repayment of the creditors have not been ordered for ultimately outcome as at the date of this report as follows:

A creditor in class 7 has filed to appeal the dismissal of the Central Bankruptcy Court to the Specialized Court in which a lender (the Company's director) amount of Baht 641.3 million entered into sell and buy agreement and transfer the right on claiming such debts to 2 creditor one creditor amount of Baht 413.7 million and this creditor requested to offset the Company's receivables. After offsetting, the Company has to record amounts to be paid to this creditor amount of Baht 4.3 million.

At the date of this report, there is a pending application for debt repayment of one creditor in Creditor Class 10 to be examined by the Official Receiver. The outstanding principal and interest of the debt claim in Thai Baht equivalent are Baht 1,185.1 million. The Company has not recorded this liability because management considers that the obligation will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events and it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

At the date of this report, there is a pending application for repayment of debt of Creditor Class 12. The outstanding principal and interest are Baht 1,907.7 million and Baht 21 million respectively. The Company has not recorded these liabilities because management considers that the obligation will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events and it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

The Company has made debt settlement to the creditors under rehabilitation plan for the year 2017 for total principal under rehabilitation plan amount of Baht 1,538.4 million and from excess cash amount of Baht 279.50 million total principal under rehabilitation plan amount of Baht 1,817.9 million and total interest amount of Baht 94.3 million, totally Baht 1,912.2 million.

21 Share capital

Movement of share capital for the year ended 31 December 2017 and 2016 as follows:

	Par value per share <i>(in Baht)</i>	2017		2016	
		Number	Baht	Number	Baht
		<i>Thousand shares</i>	<i>Thousand Baht</i>	<i>Thousand shares</i>	<i>Thousand Baht</i>
Authorized					
ordinary shares					
As at 1 January	1	50,263,663	50,263,663	50,263,663	50,263,663
- Share decrease No.1	1	(18,097,401)	(18,097,401)		
- Share decrease No.2	1	(31,053,243)	(31,053,243)	-	-
- Share increase	1	10,000,000)	10,000,000)		
As at 31 December	1	<u>11,113,019</u>	<u>11,113,019</u>	<u>50,263,663</u>	<u>50,263,663</u>
Issued and paid-up					
ordinary shares					
As at 1 January		32,166,262	32,166,262	32,166,262	32,166,262
- Share decrease No.2	1	(31,053,243)	(31,053,243)	-	-
As at 31 December	1	<u>1,113,019</u>	<u>1,113,019</u>	<u>32,166,262</u>	<u>32,166,262</u>

Decrease the unissued ordinary shares

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.

Decrease in ordinary shares

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.

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.

22 Segment reporting

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 2017 and 2016 are as follows:

Unit: Million Baht

	Manufacture of hot rolled coils		Maintenance services		Deep-sea port services		Elimination		Total segment	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
External revenue	24,975,852	19,454,447	177,338	153,974	178,383	215,738	-	-	25,331,573	19,824,159
Inter-segment revenue	-	-	370,679	191,687	60,003	66,648	(430,682)	(258,335)	-	-
Segment profit (loss) before income tax	4,443,865	(2,888,857)	87,044	6,808	54,955	88,441	(50,160)	(39,806)	4,535,704	(2,833,414)
Reportable segment assets as at 31 December	24,665,215	22,843,838	335,255	307,478	1,392,641	1,463,523	(855,357)	(386,964)	25,537,754	24,227,875
Reportable segment liabilities as at 31 December	64,235,405	67,343,088	247,047	295,320	59,321	72,325	(67,886)	(43,398)	64,473,887	67,667,335

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	
	2017	2016
Income		
Domestic	25,286,629	19,786,704
Overseas	44,945	37,455
Total	25,331,574	19,824,159

Major customer

Revenues from 3 customers of the Group's segment 1 represent approximately Baht 10,319 million (2016: 2 customers Baht 6,368 million).

23 Expenses by nature

	Unit : Thousand Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Changes in inventories of finished goods and work in progress	(515,461)	(259,240)	(523,091)	(237,544)
Raw materials and consumables used	20,421,843	13,933,384	20,645,898	14,083,206
Employee benefit expenses	835,814	722,914	625,754	613,226
Fuel oil and electrical expenses	597,271	591,598	592,614	585,168
Depreciation and Amortization expenses	502,705	490,260	401,219	394,502
Maintenance expenses	240,036	188,245	240,506	184,869
Transportation expenses	380,449	335,829	380,449	335,829
Reversal of loss on decline in value of inventories	(74,163)	(336,749)	(74,067)	(336,749)
Professional fee	150,787	160,473	127,671	151,435
Minimum lease payments recognized as an operating lease expenses	28,034	23,794	25,486	23,794
Bad debt and doubtful expenses	8,032	2,677,309	8,032	2,677,309
Advertising and public relation expenses	6,400	4,329	6,400	3,933
Penalties	12,414	16,297	12,414	16,297

24 Effects from flood

The Group and the Company's operations at Amphur Bangsapan, Prachuapkhiri Khan 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	
	2017	2016	2017	2016
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 period	364,888	-	246,362	-
Accrued indemnity	-	-	-	-

25 Income tax expenses

Income tax recognized in profit or loss

Unit : Thousand Baht

	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Current tax expense				
Current year	-	13,924	-	-
Deferred tax expense				
Movements in temporary differences	21,212	(12,856)	31,859	(27,840)
Total	21,212	1,068	31,859	(27,840)

Income tax recognized in other comprehensive income

Unit : Thousand Baht

	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
<i>Actuarial loss on defined employee benefit plan</i>				
Before income tax expense	331	56,226	-	29,680
Tax income (expense)	-	(6,165)	-	(2,744)
Net of tax	331	50,061	-	26,936

Reconciliation of effective tax rate

Unit : Thousand Baht

	Consolidated financial statements			
	2017		2016	
	Tax Rate	Amount	Tax Rate	Amount
	(%)		(%)	
Loss before income tax expense		<u>4,538,886</u>		<u>(2,833,413)</u>
Income tax using the Thai corporation tax rate	20	907,777	20	(566,683)
Income not subject to tax		(74,268)		(45,171)
Expenses not deductible for tax purposes		8,082		14,096
Current year losses for which no deferred tax liabilities during the year		-		106,057
Unrecognise deferred tax assets and deferred tax liabilities during the year		27,851		480,665
Under tax provided in prior year		-		12,104
Tax loss		(848,230)		-
Total	-	<u>21,212</u>	-	<u>1,068</u>

Unit : Thousand Baht

	Separate financial statements			
	2017		2016	
	Tax Rate	Amount	Tax Rate	Amount
	(%)		(%)	
Loss before income tax expense		<u>4,443,865</u>		<u>(3,056,665)</u>
Income tax using the Thai corporation tax rate	20	888,773	20	(611,333)
Income not subject to tax		(61,813)		(3,060)
Expenses not deductible for tax purposes		3,403		4,616
Recognition of previously unrecognized tax losses		-		106,057
Unrecognized deferred tax assets and deferred tax liabilities during the year		31,859		475,880
Under tax provided in prior year		-		(27,840)
Tax loss		(830,363)		-
Total	-	<u>31,859</u>	-	<u>(3,056,665)</u>

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.

26 Earnings 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 2016, basic earnings (loss) per share are recalculated by the weighted average number of the decreasing ordinary shares which the potential that the decrease of ordinary shares incurred since the beginning date of the first period of reports.

For the year ended 31 December 2017 and 2016 as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Profit (Loss) for the period attributable to ordinary shareholders of the Company (Thousand Baht)	4,534,665	(2,869,108)	4,475,724	(3,028,826)
Weighted average number of ordinary shares outstanding (basic) (Thousand shares)	1,113,018	1,113,018	1,113,018	1,113,018
Basic earnings (loss) per share(Baht)	<u>4.07</u>	<u>(2.58)</u>	<u>4.02</u>	<u>(2.72)</u>

27 Promotional privileges

By virtue of the provisions of the Industrial Investment Promotion Act of B.E. 2520, the Group has been granted privileges by the Board of Investment relating to (1) the manufacture of hot rolled coils and hot rolled pickled and oiled coils (2) the provision of marine shipping services (3) the provision of high-powered tug boat services (4) the manufacture of industrial machinery and equipment, mechanical parts, and the repair and improvement of industrial machinery and equipment and steel structures for industrial use.

The privileges granted include:

- (a) exemption from payment of import duty on machinery approved by the Board;
- (b) exemption from payment of import duty on essential raw materials and supplies imported;
- (c) exemption from payment of income tax for sales of hot rolled coils and hot rolled pickled and oiled coils, to the extent that the amount sold does not exceed 1.6 million tons a year, for a period of 8 years from the date on which the income is first derived from such operations (13 May 2004);
- (d) exemption from payment of income tax on net income from the provision of marine shipping services, for a period of 8 years from the date on which the income is first derived from such operations (14 November 2006) to the extent that the amount of tax exempted does not exceed 100 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 2017 and 2016:

Unit : Thousand Baht

	Consolidated financial statements					
	2017			2016		
	Promoted Businesses	Businesses	Total	Promoted Businesses	Non-promoted Businesses	Total
Export sales and services	-	44,945	44,945	-	37,455	37,455
Local sales and services	2,084	25,715,239	25,717,323	1,227	20,043,812	20,045,039
Eliminations	-	(430,694)	(430,694)	-	(258,335)	(258,335)
Total Revenue	2,084	25,329,490	25,331,574	1,227	19,822,932	19,824,159

Unit : Thousand Baht

	Separate financial statements					
	2017			2016		
	Promoted Businesses	Businesses	Total	Promoted Businesses	Non-promoted Businesses	Total
Export sales	-	30,837	30,837	-	30,587	30,587
Local sales and services	-	24,945,015	24,945,015	-	19,423,860	19,423,860
Total Revenue	-	24,975,852	24,975,852	-	19,454,447	19,454,447

28 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 15 and 18). 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

	Effective interest rate (% per annum)	Consolidated financial statements			
		Within 1 year	Over 1 year to 5 years	Over 5 years	Total
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
liabilities under hire purchase agreements	0.39-6.69	-	-	-	-
Provision made for loss on guarantee	1.00	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	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)	Consolidated financial statements			
		Within 1 year	Over 1 year to 5 years	Over 5 years	Total
2016					
Current					
Other payables under the Plan					
- Unsecured	1.00-7.50	23,470	-	-	23,470
Short-term borrowings from financial institution					
- Secured	MOR	112,362	-	-	112,362
Long-term borrowings from financial institution					
-Secured	MLR	771,677	-	-	771,677
-Unsecured	1.00-28.00	241,942	-	-	241,942
Finance lease liabilities	6.50-7.56	48,705	-	-	48,705
liabilities under hire purchase agreements	0.39-6.69	1,000	-	-	1,000
Provision made for loss on guarantee	LIBOR+4.50	455,667	-	-	455,667
Non-current					
Other payables under the Plan –					
Unsecured	1.00-7.50	-	114,722	1,453,382	1,568,104
Long-term borrowings from financial institution					
-Secured	MLR	-	3,086,709	5,401,740	8,488,449
-Unsecured	1.00-28.00	-	1,183,358	14,927,620	16,110,978
Finance lease liabilities	6.50-7.56	-	37,111	-	37,111
Provision made for loss on Guarantee	LIBOR+4.50	-	2,191,899	26,297,730	28,489,629
Total		1,654,823	6,613,799	48,080,472	56,349,094

Unit : Thousand Baht

	Effective interest rate (% per annum)	Separate financial statements			
		Within 1 year	Over 1 year to 5 years	Over 5 years	Total
2017					
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	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	MLR	-	2,266,871	23,210,039	25,476,910
Total		1,562,911	6,699,350	43,627,640	51,889,901

Unit : Thousand Baht

	Effective interest rate (% per annum)	Separate financial statements			
		Within 1 year	Over 1 year to 5 years	Over 5 years	Total
2016					
Current					
Other payables under the Plan					
– Unsecured	1.00-7.50	23,470	-	-	23,470
Long-term borrowings from financial institution					
-Secured	MLR	771,677	-	-	771,677
-Unsecured	1.00-28.00	241,942	-	-	241,942
liabilities under hire purchase agreements	4.76-6.69	840	-	-	840
Provision made for loss on guarantee	LIBOR+4.50	455,667	-	-	455,667
Non-current					
Other payables under the Plan					
– Unsecured	1.00-7.50	-	114,722	1,453,382	1,568,104
Long-term borrowings from financial institution					
-Secured	MLR	-	3,086,709	5,401,740	8,488,449
-Unsecured	1.00-2.80	-	1,183,358	14,927,620	16,110,978
Provision made for loss on guarantee	LIBOR+4.50	-	2,191,899	26,297,730	28,489,629
Total		1,493,596	6,576,688	48,080,472	56,150,756

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	
	2017	2016	2017	2016
<i>United States Dollars</i>				
Cash and cash equivalents	120,446	23	120,446	23
Trade accounts receivable	186	-	-	-
Trade accounts payable	(2,928,296)	(1,905,141)	(2,918,545)	(1,895,211)
Provisions under guarantee agreement and others	(25,515,525)	(28,384,212)	(25,515,525)	(28,384,212)
Other payables	(1,386)	-	(1,386)	-
Gross balance sheet exposure	(28,324,575)	(30,289,330)	(28,315,010)	(30,279,400)
Forward contracts	(503,966)	(5,632)	(503,966)	-
Net exposure	(28,828,541)	(30,283,698)	(28,818,976)	(30,279,400)
<i>(GBP) Great Britain Pound Sterling</i>				
Trade accounts receivable	449	-	449	-
Interest-bearing liabilities	-	(46,237)	-	(46,237)
Other payables	(7,312)	(3,121)	(7,312)	(3,121)
Gross balance sheet exposure	(6,863)	(49,358)	(6,863)	(49,358)
Forward contracts	-	-	-	-
Net exposure	(6,863)	(49,358)	(6,863)	(49,358)
<i>Euro</i>				
Cash and cash equivalents	280,949	-	280,949	-
Trade accounts receivable	1,433	449	-	-
Trade accounts payable	(7,081)	(113,001)	(7,081)	(113,001)
Other payables	(4,727)	(5,721)	(4,727)	(5,721)
Gross balance sheet exposure	(270,574)	(118,273)	(269,141)	(118,722)
Forward contracts	-	-	-	-
Net exposure	(270,574)	(118,273)	(269,141)	(118,722)
<i>Japanese YEN</i>				
Trade accounts payable	(310)	(328)	(282)	(299)
Gross balance sheet exposure	(310)	(328)	(282)	(299)
Forward contracts	-	-	-	-
Net exposure	(310)	(328)	(282)	(299)

Unit : Thousand Baht

	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
<i>Australian Dollars</i>				
Trade accounts receivable	-	600	-	-
Gross balance sheet exposure	-	600	-	-
Forward contracts	-	-	-	-
Net exposure	-	600	-	-

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 financial statements		Separate financial statements	
	Fair value	Carrying value	Fair value	Carrying value
2017				
Current				
Forward exchange contracts - liabilities	503,966	508,108	503,966	508,108
Total	503,966	508,108	503,966	508,108
2016				
Current				
Forward exchange contracts - liabilities	5,551	5,632	-	-
Total	5,551	5,632	-	-

29 Commitments and contingent liabilities

Unit: Million Baht

	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
<i>Capital commitments</i>				
<i>Contracted but not provided for</i>				
Machinery and equipment	76	7	75	7
Total	76	7	75	7

As at 31 December 2017, the Group had capital expenditures amount of Baht 28.8 million, US 0.1 million and EUR 1.1 million (2016: Baht 4.5 million, EUR 0.06 million) in relation to the acquisition and installation of machinery and equipment.

As at 31 December 2017, the Company had capital expenditures amount of Baht 27.6 million, USD 0.1 million and EUR 1.1 million (2016: Baht 4.5 million, EUR 0.06 million) in relation to the acquisition and installation of machinery and equipment.

Unit: Million Baht

	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
<i>Non-cancellable operating lease commitments</i>				
Within one year	9	8	8	5
After one year but within five years	9	1	8	1
Total	18	9	16	6
<i>Other commitments</i>				
Raw materials purchases	3,247	1,493	3,247	1,493
letter of credit	10	-	-	-
Other agreements	481	97	453	90
Total	3,738	1,590	3,700	1,583

As at 31 December 2017, the Group had other commitments in relation to purchase spare parts and equipment supplies, and to obtain maintenance services amounting to Baht 170 million, USD 4.8 million, EUR 3.7 million and JPY 11.3 million (2016: Baht 84 million, USD 0.3 million, EUR 0.1 million and JPY 0.1 million).

As at 31 December 2017, the Company had other commitments in relation to purchase spare parts and equipment supplies, and to obtain maintenance services amounting to Baht 142million, USD 4.8million, EUR 3.7million and JPY 11.3 million (2016: Baht 77 million, USD 0.3million, GBP 6.5 million and EUR 0.1 million).

Contingent liabilities

As at 31 December 2017 and 2016, the Group was liable to banks in respect to the following guarantees:

	Unit: Million Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Electricity supply	107	107	104	104
Performance guarantees	42	31	-	-
Others	16	12	5	1
Total	165	150	109	105

As at 31 December 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 (2016: amount of Baht 11 million);
- The contractual performance amounting to Baht 42 million (2016: amount Baht 298 million, GBP 0.02 million)
- Electricity usage amount of Baht 107 million (2016: amount of Baht 107 million).

Dispute

a) Land in Prachuapkhirikhan

On 9 July 2010, the Prachuabkirikhan Provincial Land Office, Bangsaphan Branch ("the Land Office") ordered the Company and a subsidiary to submit the Certificates of Utilisation (Nor. Sor. 3 Kor) ("the Certificates") for various plots of land, with an aggregate value of Baht 123.1 million for the Company and Baht 187.6 million for the subsidiary, for cancellation. Later, the Land Office announced that it was issuing replacement certificates for the Certificates. The Company and the subsidiary filed a lawsuit against the officers of the Land Office with the Central Administrative Court "CAC", petitioning the CAC to order the cancellation of the announcement of the Company and the subsidiary. The Company and the subsidiary also petitioned the CAC to identify measures to provide them with temporary relief. The Court accepted the lawsuit for consideration, and is currently deliberating. However, in preparing the financial statements, the Company and the subsidiary recorded full allowance since 2007 and 2008, respectively

On 1 September 2010, the Company and the subsidiary filed a lawsuit against the Director-General of the Department of Lands and the Deputy Permanent Secretary of the Ministry of Interior with the CAC, petitioning the court to order the revocation of the order of the Director-General of the Department of Lands issued on 5 January 2010, which ordered the revocation and recharting of the area under the Certificates, and the withdrawal of the appeal decision of the Deputy Permanent Secretary of the Ministry of Interior. Also, the Company and the subsidiary requested the court to suspend the execution of a sentence of the CAC. Presently, the court is in a process of submitting the deposition of the defendant to the Company and the subsidiary. In addition, the court ordered to combine this case with the case that the Company and the subsidiary filed a lawsuit against the Prachuabkirikhan Provincial Land Office, Bangsaphan Branch, discussed above

On 20 December 2010, the Bangsaphan Sheriff, as the official responsible for the oversight and care of the National Forest, Klong Mae-Rumphueng forest, Prachuabkirikhan province ("the Forest"), issued a written order for the Company and the subsidiary to vacate the land for which the Director-General of the Department of Lands ordered revocation of the Certificates and for which the Land Office issued replacement certificates for the Certificates within 30 January 2011.

On 30 March 2011, the Company and the subsidiary filed a lawsuit petitioning the CAC to order the cancellation of written order of the Bangsaphan Sheriff on 20 December 2010, for the Company and the subsidiary to vacate from the Forest and to undertake no activities on that land. These are currently being considered by the CAC.

On 6 August 2013, 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. However, the Company and subsidiary deems that the ultimate outcome will not be effected to the future operation of the Company and subsidiary.

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) Goods in-transit

On 15 August 2016 the Company has filed a petition requesting the Central Intellectual Property and International Trade Court to issue a warrant of arrest against a vessel called M.V. PANORMITIS. AV. on the grounds that the Company is entitled to file a claim following a failure to perform an obligation to deliver 38,016.95 metric tons steel slabs breach of an agreement on carriage of goods by sea regardless the facts that the petitioner is a consignee and a holder of bills of lading covering the afore-mentioned slabs which were carried by M.V. PANORMITIS. AV. The Company expected M.V. PANORMITIS. AV. to deliver the goods to Prachuap Port, Bangsaphan, Thailand, which is the port of destination.

On 15 August 2016 the Court has issued the warrant against M.V. PANORMITIS. AV., upon the condition that the Company shall deposit with the Court Baht 10 million as guarantee for loss or damage which may arise from issuing such order. The Court may release the vessel should any interested party deposit with the Court Baht 20 million as guarantee for repaying the debt to the Company. On 19 August 2016, an executing officer together with representatives of the Company has served the warrant to the master of the vessel. The vessel has been arrested and anchored in the area behind Sri Chang Island, Amphoe Sri Chang, Chonburi Province.

On 19 September 2016 the Company has filed a lawsuit against South Cape Navigation S.A. and Unibulk Shipping Enterprises S.A., which are the owner and manager of M.V. PANORMITIS. AV, and on 13 October 2016 the Company has filed a lawsuit against Mr. Sorin Iosif Oproiu, the master officers, and the crews, for their failure to deliver the steel slabs to the Company as obliged by the bills of lading and breach of the carriage of goods by sea agreement.

On 5 October 2016 the Company submitted a petition requesting the Court to issue a temporary injunction order before judgment in the charge of the Company sued the ship owner and manager and the Court arranged for investigating on 11 April 2017.

Subsequent on 7 July 2017, the Company and all accuse could negotiate to terminate inter-disputes by entering into the compromise agreement in presence of the Court, the accuse agreed to delivered the disputed steel to the Company immediately. On 13 July 2017, the Company has completely carried of steel goods from the vessel M.V. PANORMITIS. AV. At present, all goods still pending at the bonded warehouse, Prachuap Port, Bangsaphan, Prachuapkirikhan Province.

30 Reclassification of accounts

Certain accounts in 31 December 2016 financial statement have been reclassified to conform to the presentation in the 2017 financial statements as follow:

Unit: Thousand Baht

	Consolidated financial statements		
	Before		After
	Reclassified	Reclassified	Reclassified
<i>Statement of financial position</i>			
<i>as at 31 December 2016</i>			
Bank overdrafts, short-term borrowings from financial institutions and related parties	335,635,980	(335,635,980)	-
Short-term borrowings from financial institutions	-	112,361,675	112,361,675
Short-term borrowings from related parties	-	<u>223,274,305</u>	223,274,305
		<u>-</u>	

Unit: Thousand Baht

	Separate financial statements		
	Before		After
	Reclassified	Reclassified	Reclassified
<i>Statement of financial position</i>			
<i>as at 31 December 2016</i>			
Bank overdrafts, short-term borrowings from financial institutions and related parties	231,265,164	(231,265,164)	-
Short-term borrowings from related parties	-	<u>231,265,164</u>	231,265,164
		<u>-</u>	

31 APPROVAL OF INTERIM FINANCIAL STATEMENTS

These financial statements were approved and authorized for issue by the Company's Board of directors on 28 February 2018.





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