



SAHAVIRIYA STEEL INDUSTRIES PUBLIC COMPANY LIMITED



innovate • strength



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Investors may find additional information of Sahaviriya Steel Industries Public Company Limited from the Form 56-1 available at www.sec.or.th or the Company's website at <http://www.ssi-steel.com>



Vision, Mission and Values

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

Values (iFacts)

i

integrity

"We do what we say"

F

Fighting spirit

"Never give up"

a

aim for excellence

"The best is yet to be"

C

can change

"Be the leader of change"

t

teamwork

"One for all, all for one"

S

service-mind

"Deliver more than expected"

Performance Highlights

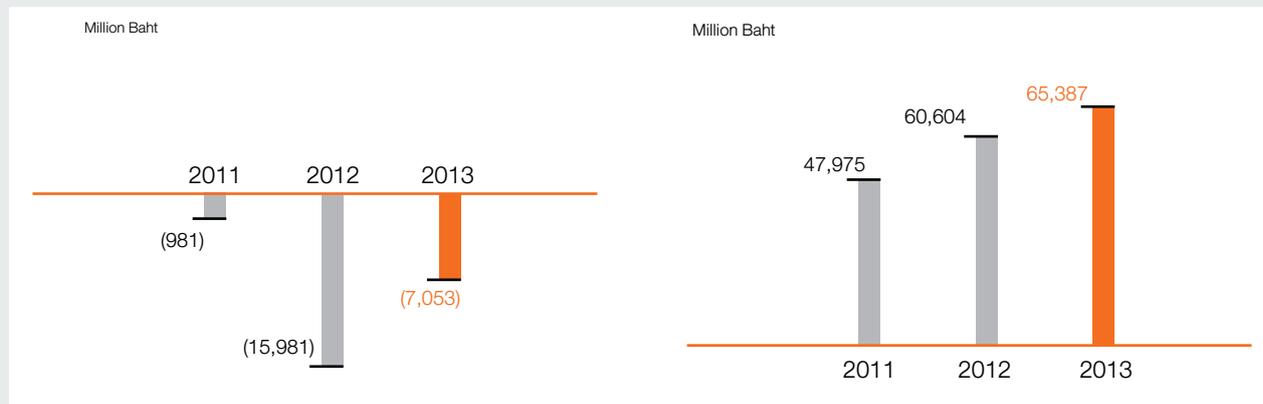
Financial Highlights		2013	2012	2011
Sales and Services Revenues	Million Baht	65,387	60,604	47,975
Total Revenue	Million Baht	65,892	61,911	53,307
Gross Profit (Loss)	Million Baht	(4,863)	(12,068)	(1,755)
Profit (Loss) Attributeable to Owners of the Company	Million Baht	(7,053)	(15,918)	(981)
Total Assets	Million Baht	84,726	88,520	86,364
Total Liabilities	Million Baht	74,116	74,910	61,416
Total Equity	Million Baht	10,610	13,610	24,948
Equity Attributable to Owners of the Company	Million Baht	9,794	12,766	24,096
Net Profit (Loss)	%	(10.79)	(26.27)	(2.04)
Return on Equity	%	(62.52)	(86.37)	(4.55)
Return on Assets	%	(8.14)	(18.20)	(1.52)
Interest Bearing Debt to Equity Ratio	Times	4.89	3.81	1.82
Earning (Loss) per Share	Baht	(0.24)	(0.84)	(0.06)
Book Value per Share	Baht	0.30	0.47	1.33

Key Data of "SSI" Share		2013	2012	2011
Closing Price ¹⁾	Baht	0.30	0.59	0.71
High Price	Baht	0.72	0.86	1.52
Low Price	Baht	0.30	0.52	0.56
Average Price	Baht	0.55	0.69	1.11
Number of Shares	Million Shares	32,166	27,081	18,184
Par Value	Baht	1.00	1.00	1.00
Average Daily Trading Volume	Million Shares	85.80	47.58	65.17
Average Daily Trading Value	Million Baht	46.98	32.77	72.17
Market Capitalisation ¹⁾	Million Baht	9,650	15,978	12,911
Foreign Limit	%	49.00	49.00	49.00
Foreign Ownership ²⁾	%	30.31	37.78	28.22
Minority Shareholders ²⁾	%	48.45	45.72	27.17
P/E Ratio ¹⁾	Times	N.A.	N.A.	N.A.
Dividend per Share	Baht	-	-	-
Dividend Yield	%	-	-	-

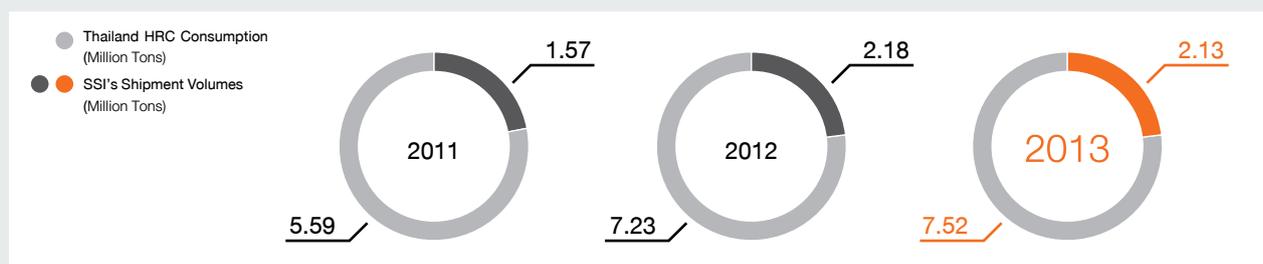
¹⁾ As at the last business day in December

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

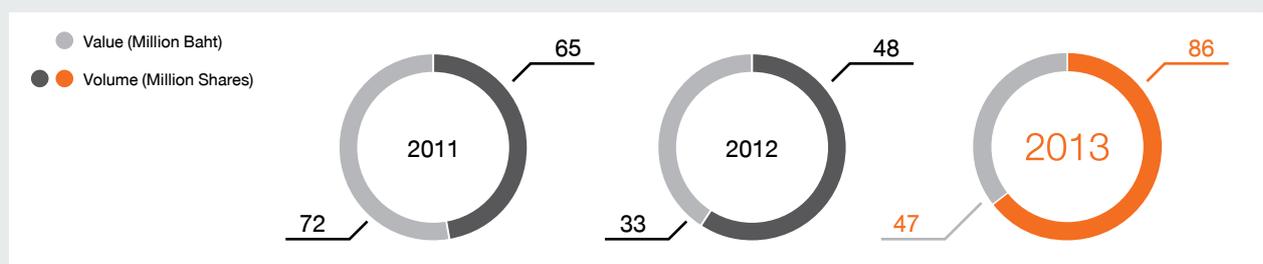
Net Profit (Loss) Sale and Service Revenues



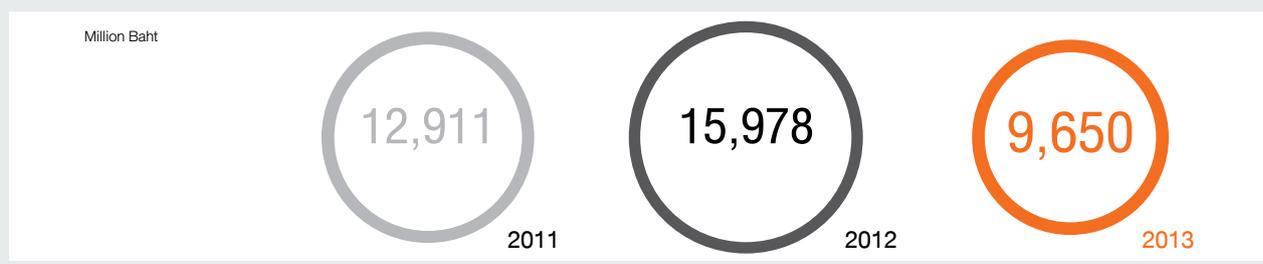
Thailand HRC Consumption and SSI's Shipment Volumes

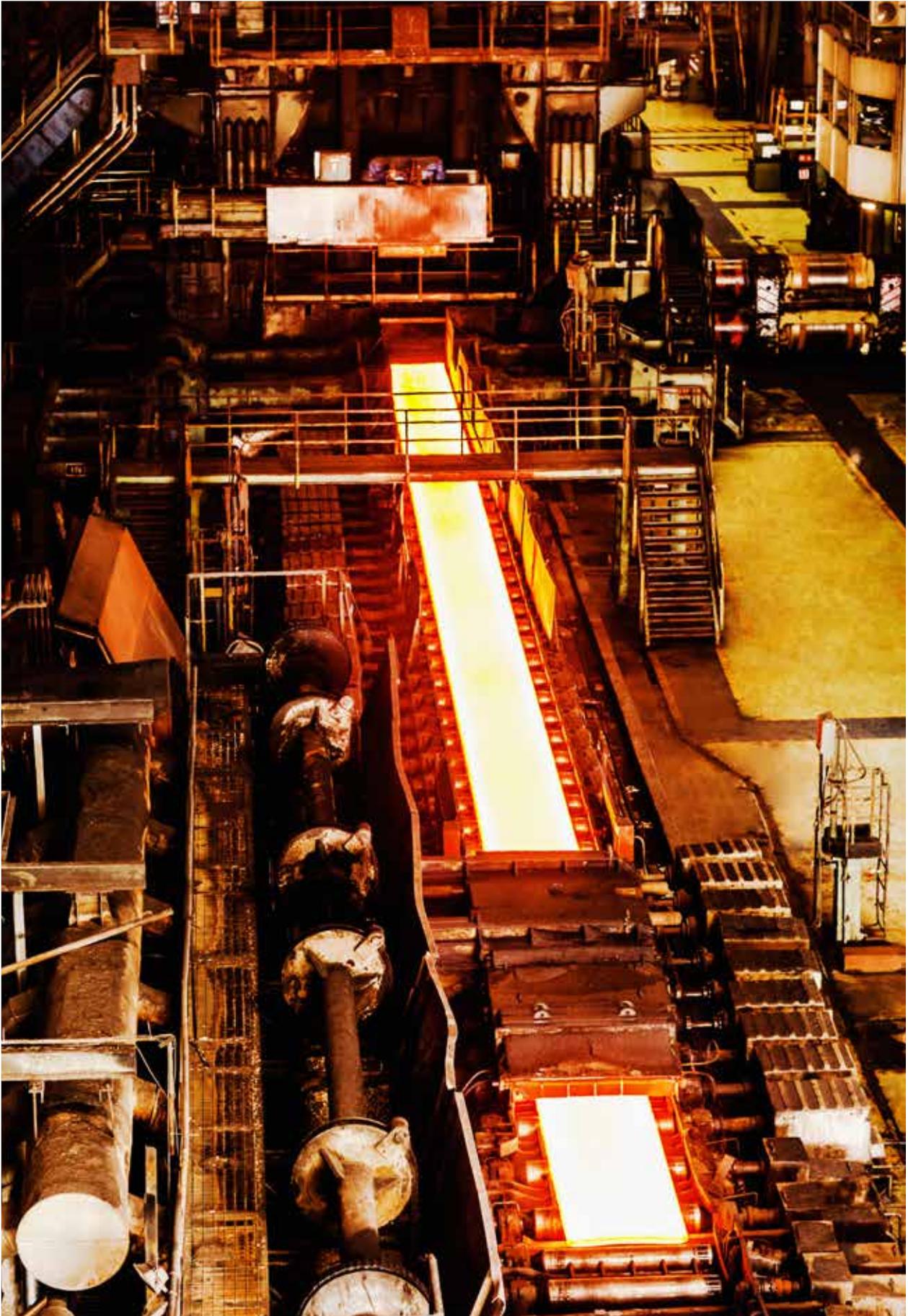


Average Daily Trading Value



Market Capitalisation





Message from the Chairman



Dear Shareholders,

The year 2013 marks the testing time for SSI in its transformation from a mid-stream steel producer to a fully-integrated steel producer. This was achieved amidst economic uncertainty, both domestically and globally; political instability; and unachieved government investment program. Furthermore, measures to promote domestic consumption ceased during the year. All of the above affected steel-related industries; particularly the automobile and electrical equipment industries. Moreover, fluctuations in the steel market meant narrower price margin.

The Board of Directors has devoted themselves to governing and ensuring that the Management Committee executes our two-pronged strategy to innovate premium value steel products and to integrate world-class steel business. The Board of Directors firmly believes that the approach reduce business risks and generate consistent profit and sustainable value in the long term. This is starting to show results as the Company financial outcome has shown reduction in losses from 15,918 million Baht in 2012

to 7,053 million Baht in 2013, with a net loss per share of 0.24 Baht, in comparison with 0.84 Baht per share in 2012.

With regard to the Comprehensive Financial Plan, which ended in October 2013, with support from the shareholders and business partners, the Company successfully raised funds from capital increase and asset sale. At the end of the project, 10,973.3 million Baht was raised and wholly injected into SSI UK to raise its paid-up capital from US\$473 million to US\$895.6 million, as additional working capital for the business to turn around and grow.

The Board of Directors is committed to sustainable development and is determined to conduct business under the principle of good governance and social responsibility. They also view corruption as a risk to business and the country as a whole. The Board of Directors therefore decided, in their 13th session held on 14 November 2013, that the Company is to join the declaration of determination of the Thai private sector campaign against consumption. This will eventually lead to an admission process to become an active member, while setting up our own anti-corruption plan in 2014.

As for CSR, the Company has diligently focused our social responsibility both in-process and after-process. The Company highly values its engagement with stakeholders, which allows us to understand their arising concerns. These concerns are inputs for us to frame our CSR activities in order to more accurately target at stakeholders' rising needs amidst the changing world in all economic, social and environmental dimensions. We also ensure that this framework of CSR conducts is extended to all parts of the group in the same manner under close supervision from the Board of Directors.

The year 2013 has witnessed continuous CSR activities in various areas such as risk management; safety, occupational health and environment measures; climate-change initiatives; Shared Value Program with customers and fair business practices; innovation and research and development; human resource development and human rights; and social and community development.

Proudly, the Stock Exchange of Thailand and Finance and Banking Magazine awarded the Company the 2013 SET Awards for Outstanding Corporate Social Responsibility in the group of Thai listed companies with market capitalization between 10,000-20,000 million Baht Fund Category. Moreover, the Company has received the National Prestigious Industrial Establishment Award for Outstanding Labour Welfare/ Relations Category for 10 consecutive years (2004-2013)

with no labour union type for two consecutive years. The other awards include Bronze Awards for “Zero Accident Campaign 2013,” Outstanding Accomplishment under the Quality of Annual General Meeting (AGM) Project 2013, Excellent Accomplishment in Corporate Governance Report of Thai Listed Companies 2013, and Thailand Outstanding Company Award for Safety, Occupational Health and Working Environment 2013 (2nd consecutive year).

I would like to thank shareholders, investors, customers, business partners, financial institutes, regulators, the community, the management and the workforce. The Board of Directors and I are confident that, our strategy is the right path towards turning losses to profits and generating sustainable value for all stakeholders.



Mr. Wit Viriyaprapaikit

Chairman of the Board of Directors

Message from Group CEO and President



Dear Shareholders,

Your company had a much better year in 2013 than in 2012. Record steel sales volume 3.24 million ton (+31% growth), record group revenue 65.4 billion baht (+8% growth), lower EBITDA loss -2.9 billion baht (73% reduction), and lower net loss -7.1 billion baht (56% reduction).

The Transformation of SSI and Upstream Business Integration

Three years ago, we began a journey to transform SSI from a domestically-focused midstream steel producer to an internationally-focused fully integrated steel producer. In March 2011, we took a big step forward with the acquisition of an upstream iron and steel making asset in Teesside, northeast of UK. The steelworks, rebranded as SSI Teesside Steelworks, is a unique coastal steel plant with world-class infrastructure and economy of scale. The business is now branded as the *Upstream Business*.

Combined with our existing businesses, our upstream-to-downstream integrated platform is stronger, more flexible and presents more opportunities to grow. Our *Upstream Business* will source steelmaking raw materials mainly in the Atlantic Basin where supply is abundant and of wide variety;

harness the skills and expertise accumulated from Teesside's 170 years steelmaking heritage; maximize the utilization of the site's world-class infrastructure particularly the inbound and outbound ports; produce premium grade steel slabs focusing on the premium customers in Europe, America and the Mediterranean as well as supplementing our midstream *HRC Business* in Thailand.

Our *HRC Business*, integrating with the *Upstream Business*, will have raw material supply security and a supply chain with shorter lead-time, more flexibility and lower risk. The business is already well positioned in Thailand – whose steel demand and quality requirement is highest in Southeast Asia; and is in the heart of Southeast Asia – whose steel demand is still at a low base and will see high growth in the next decades driven by income growth, population growth, urbanization and infrastructure investment. With its already strong franchise in Thailand market, it can robustly grow sales volume (with no additional capital investment necessary as there is surplus production capacity) and achieve higher market share in the premium grade market where product quality and reliability is key. Ultimately, we can achieve higher margin, lower cost, and higher return on asset. Our *Downstream, Engineering and Port Businesses* will similarly benefit and grow in business volume. The key theme and modus operandi will be to capture the most value in the full supply chain while maintaining sufficient flexibility to minimize risk.

Having two main businesses in two different continents presents its sets of challenges and opportunities. First, the obvious, is about the locations and the distance between. While SSI Teesside Steelworks is physically at the doorsteps of the European and East Coast American customers giving it a competitive advantage there, it is quite a distance away from Thailand. We overcome that and link the two businesses by utilizing the two large deep-sea ports on two sides and shipping the steel slabs in large bulk vessels, keeping the transportation cost low at a very competitive level. The opportunity, which we call geographical market diversity, is we now have direct access to the European, American and Mediterranean markets in addition to our traditional Southeast Asian market – giving us

the ability to flexibly shift our sales to better performing markets and not be dependent on any single market.

Second is about our people and the two different cultures. The obstacles to overcome are many: language, culture, behavior, values, etc. The opportunity to capitalize on is equally tremendous: a wider and deeper talent pool, sharing scarce world-class talents group-wide, and the wider exposure and the opportunity for our people to grow.

2013 Performance

Let me report to you how your company did in 2013.

Starting from the *Upstream Business*, the first two years since acquisition had been acutely painful financially, as we spent the entire first year reinstating the asset and the second year in the production start-up. 2013, the first year of full production at our *Upstream Business*, we produced 2.77 million ton. The year had seen daily output record broken multiple times as our people became proficient with our assets and continually gained productivity. The run rate towards the year-end was at 3.0 million ton on an annualized basis (80% capacity utilization), which is 10% better than what this steelworks used to produce pre-acquisition. This continuous improvement will continue on the upward trajectory.

A key milestone was the commissioning of the Pulverized Coal Injection (PCI) technology in July 2013. It is a plant that grinds coal into fine powder which can then be directly injected as fuel into the blast furnace, replacing partially the consumption of coke (a much more expensive fuel). This technology gives us two major benefits: lower energy cost and higher output volume. As I write, the plant is still in ramp-up mode (currently 75% utilization) and we shall see higher utilization and more benefit still.

On the product and market front, we had major achievements. New customers were acquired; many became repeat customers and want to do long-term business. Steel Slab Sales Volume to 3rd party customers grew 278% from 294 thousand tons (18% of the total) to 1,110 thousand tons (40% of the total). We are proud to say that our product and service quality is

world class (we know, as the *HRC Business* is itself a customer to this business), and the business has developed a fine reputation in the global market and has a strong and high-quality clientele. This strength allowed us to capitalize on the opportunity in the North American market (traditionally the world's biggest importer of steel slabs) riding along the US economic recovery. We achieved our first sale there in Q4 and expect much more in 2014 as the US economy gains momentum.

Though the business lost money in the year, we had better cost absorption due to higher production volume and lower energy cost thanks to PCI technology, resulting in much lower loss as aforementioned. This loss will continue to reduce as we gradually improve, a subject I will further elaborate on in the later part of this letter.

HRC Business started the year strong in Q1 with record HRC Sales Volume (707 thousand tons) and good margin. While Q3 sales volume was also moderately high, two major risks which I outlined in last year's letter hit home – Fed's QE Tapering signal in Q2 and Thailand political problem resurface in Q4 – resulting in low sales volume in those two quarters. Though quarter-on-quarter sales volume was a roller coaster ride, we finished the year with sales volume at 2,134 thousand tons which is just shy of our record 2,241 thousands ton.

Despite the disappointment of failing to achieve record sales volume and better result in 2013, the outcome vindicated two key features in our business platform. One – short lead-time supply chain – when market condition is good, we can respond spontaneously and achieve high sales volume. Two – geographical market diversity – when our key Thailand market suffers temporary volatility (which happens from time to time), we can manage such risk better and dilute the impact by flexibly diverting sales volume to other performing markets. *HRC Business* is stronger and more robust thus.

Though Premium Value Products (PVP) ratio fell from 37% to 34%, we had been diligently working on developing our franchise - promoting our own steel (from upstream to downstream) which we can give customers full quality

assurance. In 2013, we achieved to place our products with major automobile and machinery customers and expect to see sales gain momentum rapidly.

The big turn-around is in the profitability. In 2013, we achieved 6.5% EBITDA margin (versus 2.3% in 2012) and 2,967 million baht EBITDA. This is a major turn-around from the loss-making 2011 and 2012. The *HRC Business* had traditionally been profitable and we will make it more so under this enhanced platform.

Downstream Business made a moderate profit, maintaining its automobile franchise despite low volume. *Port Business* delivered as expected. *Engineering Business* grew its revenue 33%, remarkably in the EPC (Engineering, Procurement and Construction) Business to 3rd party customers.

2014 Trends

In 2014, world economy looks to be on better fundamentals than in the last few years. US recovery seems strong and still in positive momentum, EU seems to have come out from the bottom, Japan seems to be on a roll, though Emerging Markets seem somewhat dismayed by the reverse fund-flow due to QE tapering. The biggest wild card is China, with concerns about its debt problem and growing social issues. The other wild card is geopolitics, particularly the tension around the situation in Ukraine.

Thailand political situation, though violence has been subdued, is yet unresolved. Latest 2014 GDP growth forecast shows 2.6%, less robust than in the recent years. But the economy base is broad and the fundamentals are strong – consumption has become another key economic driver, alongside FDI, manufacturing and export.

What do all these mean to the steel industry and to your company in particular ?

We think that global steel consumption will grow modestly this year. As no new capacity has been added in the world recently (other than in China), that is a positive both in terms

of capacity utilization and pricing power. China is managing its over-capacity and pollution problem proactively but the outcome is yet to be determined, so that is a risk. The worst-case scenario will be a China debt meltdown (Lehman moment), but with its levers and ammunitions one would think soft-landing the more likely scenario. Thailand steel consumption will continue to grow, albeit at a smaller rate.

Another situation to watch, which is specific to steelmakers like us, is in the steelmaking raw materials. After many years of high ore and coal prices, the flood of investment capital in both expanding brownfield and developing new greenfield mines is finally taking its toll. Ore and coal over-supply is the new reality. That means less pressure, lower risk and better margin for the steel industry going forward. It will also be a positive counter-balance in the above-mentioned China worst-case scenario, in the sense that ore and coal price should also collapse following China to give steelmakers some cushion.

All in all, though there will be some risks, we see a better year for steelmakers in general. Those with strong niche – whether in technology, product, market, franchise, etc. – should do well. This is what we strive to be.

2014 Priorities

First, we intend to deliver on operational excellence.

The Upstream Business will produce more tons, optimize its operations, lower its cost and increase its margin. The first goal is to achieve break-even point (at EBITDA level), which we estimate would be at around 90% capacity utilization (we have achieved that, but not yet consistently). The second goal is to go beyond that, maxing out production, and make profit.

The HRC Business will stay on course in its strategy to expand sales volume and gain market share in the premium grade market. In the same breath, it will supplement and grow the *Downstream Business* and the *Port Business*. The *Engineering Business* will build on its success on 3rd parties business and grow there where the opportunity is.

It is all about achieving economy of scale and be more cost competitive. It is all about growing higher revenue from our existing asset base and achieving higher return on asset. It is all about discipline: “execution, execution, execution.”

Second, we intend to start to capitalize on the opportunities. I mentioned about your company’s integrated platform presenting more opportunities to grow. *The Upstream Business* in particular has many opportunities – in projects around cost reduction, yield improvement, productivity improvement, technology modernization, new capability, energy optimization, electricity generation, by-products, debottlenecking, and expansion. There are many projects on the table, from small to large, with high return and limited risk. Similar to the PCI Project we recently commissioned, we are not reinventing the wheel but only fixing what was broken or using proven methods/technologies.

We are putting our best people on the projects and are developing a Projects Pipeline to fuel our revenue and profitability growth for the next couple of years. The Projects Pipeline is about managing the projects from idea initiation and conceptualization, to scope definition and detail design, and to execution and post-commissioning evaluation – to produce an endless stream of high-return projects being delivered. We will prioritize the projects according to rate of return, certainty of return, amount of resource and capital required, ease and time of delivery, and risk level. We called the best ones “AAA Projects”. We will show samples of these to you going forward.

In 2014, for example, we are focusing on delivering smaller projects that take only months to deliver, with low technology and market risk, and require small amounts of capital but give quickest and proportionately highest payback. And there will be bigger and more projects to come in the following years.

Ultimately, the goal is to turn around and make profit. And to continually make profit to generate attractive return for you.

I am proud of this company and our people. The last three years had been extreme in all aspects of difficulties, achievements, stress and perseverance. What our people had accomplished is nothing but ordinary, and thinking of what can yet be achieved their passion for your company is burning like never before.

I have no doubt in our people’s ability to deliver the stated strategic priorities. We will need your and all our stakeholders’ continuous support, which is most crucial for us to complete this transformation and break through to profitability. Thank you.

As usual, please allow me to leave you with this:

“What the caterpillar calls the end of the world, the master calls a butterfly.” ~ Richard Bach



Win Viriyaprapaikit

Group CEO and President



Steel Industry and Market Overview

World Steel Industry in Year 2013

World Steel Association (“WSA”) reported an estimated figure of Global Apparent Steel Use of approximately 1,475 million tons, an annual increase of 3.1%. This is higher growth than experienced in 2012 when there was a 2.0% annual increase. Crude Steel Production in 2013 was approximately 1,573 million tons, an annual increase of 4.1%. China contributed 49% of world crude steel production and maintained its position as the production leader with 775 million tons, an annual increase of 9.1%.

Although Global Apparent Steel Use rose, the growth was less than WSA’s earlier expectation due to the slowdown of the global economy impacted by the U.S. government’s spending cut (Sequestration), resulting in the temporary closure of government agencies (Government Shutdown). This led to higher unemployment in the U.S. and also affected Asian countries. Moreover, the ongoing slowdown of the European economies caused by the EU debt crisis; the slowdown of the Chinese economy due to the government’s Restructuring and Rebalancing Policy to rebalance its economy; and the slowdown of investment in Emerging Markets were additional reasons of the restraint. Conversely, the Japanese economy gained more confidence through government stimulus measures (Abenomics), including additional quantitative easing implemented by the Bank of Japan.

In term of steel prices in 2013, slab prices (CFR East Asia Import) decreased from the range of USD520-547 per ton in Q1/2013 to the range of USD468-480 per ton in Q2/2013, then slightly went up to the range of USD482-498 per ton and the range of USD500-508 per ton in Q3/2013 and Q4/2013 respectively. Meanwhile, HRC prices (CFR East Asia Import) dropped early of the year from the range of USD608-634 per ton in Q1/2013 to the range of USD533-583 per ton in Q2/2013, then climbed up to the range of USD541-571 per ton in Q3/2013, and dropped again to the range of USD537-567 per ton in Q4/2013. Iron ore prices (IODEX 62% Fe CFR North China) declined from the range of USD133-166 per ton in

Q1/2013 to the range of USD110-142 per ton in Q2/2013, then increased to the range of USD123-141 per ton and USD131-139 per ton in Q3/2013 and Q4/2013, respectively.

Thailand Steel Industry in Year 2013

Thailand steel industry in 2013 increased from previous year with Apparent Steel Supply of 17.6 million tons, an annual increase of 5.7%. This was lower growth than experienced in 2012 when there was an annual increase of 12.2% (Source: Iron and steel Institute of Thailand, ISIT). Long steel consumption grew by 8.4% YoY driven by the construction sector growth during the first half of year 2013. Flat steel consumption grew by 4.4% YoY encouraged by the growth in automotive and electric sector during the first half of 2013 also.

In 2013, domestic crude steel production increased slightly by 0.1% YoY, improving from 2012 when there was an annual decrease of 3.1%. This has been supported by the weakening Thai Baht enabling local manufacturers to compete with imported products. Conversely, export volume of steel products dropped by 0.5% YoY compared to 9.2% annual growth in 2012 since downstream industries using steel as raw materials were impacted from the economic slowdown.

Import volume of steel products increased by 8.2% YoY; this is lower growth than experienced in 2012 of 23.6%. The declining 2013 growth was caused by the announcement of trade remedy measures, including Anti-dumping Measure and Safeguard Measure. The details are as follows:

Anti-dumping Measure

1. For the case of request for review of anti-dumping duty rate of hot-rolled flat steel in coils and not in coils imported from South Korea, the Committee on Dumping and Subsidy, Department of Foreign Trade announced its final determination in the Royal Gazette on 7 August 2013 imposing the anti-dumping rates ranging from 13.58% to 58.85% of CIF value effective from 8 August 2013 to 22 May 2014.



2. For the case of cold-rolled flat steel in coils and not in coils imported from China, Vietnam and Taiwan, the Committee on Dumping and Subsidy, Department of Foreign Trade announced the Emergency Measure in the Royal Gazette on 21 May 2013, which is effective for 81 days (from 22 May 2013 to 10 August 2013) empowering Customs Department to collect the collateral of import duty from importers in form of bank guarantee in the rates as follows:

- 1) 11.76% of CIF price for products imported from China
- 2) 11.86% of CIF price for products imported from Vietnam
- 3) 8.76% of CIF price for products imported from Taiwan

Later, the Committee on Dumping and Subsidy had final determination on 22 January 2014, and announced in the Royal Gazette on 5 February 2014, which is effective for 5 years (from 6 February 2014 to 5 February 2019), with these following revised duty rates:

- 1) 9.24% to 20.11% of CIF price for products imported from China
- 2) 14.35% of CIF price for products imported from Vietnam
- 3) 4.22% to 17.47% of CIF price for products imported from Taiwan

Safeguard Measure

1. For the case of imported hot-rolled flat steel with other element added (Boron, Chromium, etc.) in coils and not in coils, the Committee on Safeguard Measure, Department of Foreign Trade announced its final determination in the Royal Gazette on 13 September 2013 effective from 15 September 2013 to 26 February 2016 with the imposition of safeguard duties as follows:

- 1) 44.20% of CIF price for products imported from 15 September 2013 to 26 February 2014
- 2) 43.57% of CIF price for products imported from 27 February 2014 to 26 February 2015
- 3) 42.95% of CIF price for products imported from 27 February 2015 to 26 February 2016

Nonetheless, safeguard duty exemption is granted for imported products to be used in 1) cold rolling process 2) automotive manufacturing 3) heat treatment processes 4) re-export 5) certain grades of special steel; and 6) imported products originated from developing countries as listed in the attachment of the Announcement dubbed "Bunchee Gor".

2. For the case of imported hot-rolled flat steel without other element added (thickness 0.9 - 50 mm. and width 600 - 3,048 mm.) in coils and not in coils, the Department of Foreign Trade announced the Notification for an investigation in the Royal Gazette on 29 January 2014, and the Public Consultation/Hearing was held on 27 February 2014.

Outlook on World Steel Industry in 2014

World Steel Association (“WSA”) has estimated Global Apparent Steel Use to increase annually by 3.3% to 1,523 million tons in 2014. This is mainly encouraged by developed countries, especially an improvement in the US and EU economy. On the other hand, the Japanese economy may slow down slightly due to the consumption tax hike under the fiscal stimulus. Meanwhile, China’s Restructuring and Rebalancing policy will maintain stability of the economy, thus China’s economic growth is expected to be at the same level as 2013. WSA also anticipates that in 2014, China is to continue as the largest steel production with the growth of Apparent Steel Use by 3.0% YoY, lower growth than the 6.0% experienced in 2013. This is mainly due to the Restructuring and Rebalancing policy. On the other hand, Apparent Steel Use of India in 2014 is expected to have an annual increase of 5.6%. Apparent Steel Use of other major steel producers,

such as the U.S., Brazil, and EU, are expected to have annual growth rates of 3.0%, 3.8% and 2.1% respectively. Steel prices in 2014 are anticipated to improve. Iron ore prices (IODEX 62% Fe CFR North China) are projected within the range of USD123 -125 per ton, whereas slab and HRC prices (CFR East Asia Import) are likely to be in the range of USD530–550 per ton and USD 540 - 570 per ton respectively.

For the domestic steel industry, ISIT has anticipated that domestic demand for steel would increase by 2.5 % YoY to 18 million tons in 2014; however, we still need to monitor the impact of the economic slowdown due to the political uncertainty. The HRC Apparent Steel Supply in 2014 is expected to be approximately 6.6 million tons. The Office of Industrial Economics (“OIE”) anticipated that domestic steel demand in 2014 would be likely to fluctuate following the macroeconomic conditions and market situation in the downstream steel industry. Industries such as construction, automobile and electric, could grow immensely with support from the government’s investment projects. However, ISIT has expected that the Thai economy would improve following the recovery of the global economy, resulting in the recovery of the export sector and higher exported tonnages especially to G3 countries including the U.S., EU, and Japan. This will also result in an improvement in household consumption and additional investment.

Business's Strategy and Overview

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

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

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



All SSI group plants in Thailand are located on the western coast of the Gulf of Thailand in Bangsaphan District, Prachuap Khirikhan 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 2013, SSI group employed 4,231 employees – 2,409 in Thailand and 1,822 in the United Kingdom. SSI group continued its policy to recruit locally; the ratio of local recruitment was 85% at Bangsaphan Steelworks. Moreover, in 2013 SSI opened doors for Thai and UK employees to fully work

together in order to connect the human resources system and the culture of both countries. This was a crucial opportunity for SSI group employees to gain cross-cultural exposure, grow professionally, and to contribute greater benefits to the SSI group.

Steel Business

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

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

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

Port Business

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

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

Engineering Business

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

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



Significant Changes and Development in 2013

1 February 2013

SSI executed the sale of its shares in TCRSS, an existing joint venture of the Company, to JFE Steel Corporation (“JFE”) and Marubeni - Itochu Steel Inc. (“MISI”), and received the proceeds of approximately Baht 1,568.25 million. Following the transaction, the Company’s shareholding in TCRSS became 35.19%. The Company used part of such proceeds of approximately USD 50 million to additionally invest in SSI UK by subscribing for the newly issued ordinary shares.

8 February 2013

The Company issued and offered 350.71 million ordinary shares, amounting Baht 238.48 million to its major shareholder, Sahaviriya Group Corporation Limited (“SVG”), and used the proceeds of approximately USD 8 million to additionally invest in SSI UK by subscribing for the newly issued ordinary shares.

21 February 2013

Hot Strip Mill (HSM) of the Company achieved the highest daily production by producing 13,021 tons of hot rolled coils (HRC) compared to the previous record of 12,553 tons on 20 January 2013.

12 April 2013

The Company reached the conclusion on loan rescheduling with all of eight short-term and long-term lenders. The key points of loan rescheduling are as follows: 1) Five short-term lenders with combined debt outstanding of approximately Baht 4,486.37 million agreed to change the status of loan from working capital loan to three-year amortising long-term loan with quarterly repayment starting from June 2013 and ending December 2015, and 2) Three long-term lenders with combined debt outstanding of approximately Baht 10,214.82 million agreed to extend the repayment period of a long term loan. The first portion has approximately Baht 6,105.63 million outstanding and the last payment period was extended from ending in March 2018 to March 2021. The second portion has approximately Baht 4,109.19 million outstanding and the last payment period was extended from ending in March 2018 to March 2020.

23-31 May 2013

The Company has issued and offered 665.06 million ordinary shares, amounting Baht 452.24 million to SVG, and used proceeds of approximately USD 15 million to additionally invest in SSI UK by subscribing for the newly issued ordinary shares.

21 June 2013

The Company issued and offered 91.85 million ordinary shares, amounting Baht 62.46 million to SVG, and used the proceeds of approximately USD 2 million to additionally invest in SSI UK by subscribing for the newly issued ordinary shares.

5 July 2013

The Company received the Outstanding Award for Safety, Occupational Health and Work Environment 2012, plus the award for Outstanding Safety, Occupational Health and Working Environment Committee.

9 July 2013

SSI UK started the operation of the Pulverised Coal Injection (PCI) plant, which is worth USD 65 million, marking a major milestone and turning point for its Upstream Business. The Company expected to elevate the furnace performance to the world-class competitiveness and also significantly increase the hot metal output from 8,500 tons per day to 10,000 tons per day.

18 July 2013

The Company issued and offered 1,872.9 million ordinary shares, amounting Baht 1,273.6 million to Sahaviriya Inter Steel Holdings Company Limited (“SISH”) in order to use the proceeds therefrom for buying back the rest of subordinated convertible debentures No.1/2012 of the Company.

19 July 2013

The Company bought back 1,492,000 units of subordinated convertible debentures No.1/2012 from SISH, totaling the net buy-back amount of Baht 1,223.44 million.



25 July 2013

The Company had produced in total 29 million tons of hot rolled coils.

6 August 2013

SSI UK achieved its best daily output, when it produced 11,432 tons of steel slabs, outperforming its previous record of 10,168 tons on 7 May 2013.

7 August 2013

The Ministry of Commerce announced the final determination of Anti-dumping Measure for the case of hot-rolled flat steel sheets in coils and not in coils imported from South Korea, effective from 8 August 2013 to 22 May 2014, with duty rates of 13.58% to 58.85%.

13 September 2013

The Company received the National Prestigious Industrial Establishment Award for Outstanding Labor Welfare/Relations Category for 10 consecutive years (2004-2013) with no labor union type.

13 September 2013

The Ministry of Commerce announced the final determination of Safeguard Measure for the case of hot-rolled flat steel sheet with other element added (boron, chromium, etc.) in coils and not in coils, effective from 15 September 2013 to 26 February 2016.

25-30 September 2013

The Company issued and offered 544.59 million ordinary shares, amounting Baht 370.32 million to SVG, and used the proceeds of approximately USD 12 million to additionally invest in SSI UK by subscribing for the newly issued ordinary shares.

1-10 October 2013

The Company issued and offered 1,560.47 million ordinary shares, amounting Baht 1,061.12 million to SVG, and used the proceeds of approximately USD 34 million to additionally invest in SSI UK by subscribing for the newly issued ordinary shares.

As of 10 October 2013, the Company's registered and paid-up capital was increased to Baht 32,166.26 million, consisting of 32,166.26 shares, at a par value of Baht 1 per share, in accordance with the Comprehensive Financial Plan approved by the Extraordinary General Meeting of Shareholders No. 2/2012. In summary, the Company has issued and offered 8,743.93 million ordinary shares totaling Baht 5,945.87 million in 2012 and 5,085.63 million ordinary shares totaling Baht 3,458.23 million in 2013.

SSI UK's registered and paid-up capital was increased to USD 895.6 million from the Company's additional investment of USD 422.6 million in SSI UK.

16 October 2013

The Company bought back 5,126 units of the Subordinated Convertible Debentures No. 1/2012, totaling the buy-back amount of Baht 5.126 million. The remaining of 279 units, totaling Baht 279,000 would be bought back by the Company later.



19 October 2013

The Company received the 1) Outstanding Accomplishment under the Quality of Annual General Meeting (AGM) project 2013 from the Securities and Exchange Commission (SEC) in cooperation with the Thai Investors Association (TIA) and the Thai Listed Companies Association; and 2) Excellent Accomplishment of Corporate Governance of Thai Listed Companies project 2013 from the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET) in cooperation with the Thai Institute of Directors (IOD). The accomplishment was aimed at keeping track of the growth of listed companies and support good corporate governance among the companies.

14 November 2013

The Board of Directors meeting No.13/2013 on 14 November 2013 approved the Company's Declaration of Intent to join Thailand's Private Sector Collective Action Coalition Against Corruption, and prepare for the Certification Process.

20 November 2013

The Company received SET Awards 2013 for Outstanding Corporate Social Responsibility in the category of Thai listed companies with market capitalisation between Baht 10,000-20,000 million.

Up to present

On 5 February 2014, The Ministry of Commerce announced the final determination of Anti-dumping Measure for the case of cold-rolled flat steel sheet in coils and not in coils imported from China, Vietnam and Taiwan, effective for 5 years (from 6 February 2014 to 5 February 2019).

SSI Group Structure

100 %

Upstream Business



Sahaviriya Steel Industries UK Limited

- Manufacturer of slab



Support core business



Sahaviriya Steel Industries Public Company Limited

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



Core business

35.19%

Cold Rolled Coil Business



Thai Cold Rolled Steel Sheet Public Company Limited

- Manufacturer of cold-rolled steel sheet



Increase revenues and enhance sustainable growth

3.7%

Coated Steel Sheet Business



Thai Coated Steel Sheet Company Limited

- Manufacturer of electro-galvanised steel sheet

51%

Port Business



Prachuap Port Company Limited

- Provider of deep-sea port

99.99%

Engineering Business



West Coast Engineering Company Limited

- Provider of engineering services



Increase revenues and enhance sustainable growth



Reduce costs and increase revenues



Reduce costs and increase revenues

Relationship with Major Shareholder's Group of Business

The Company and its subsidiaries are part of Sahaviriya Group Corporation Limited's group of business which is also the Company's major shareholder. Sahaviriya Group Corporation Limited is engaged in manufacturing and distributing of steel-product. The details has been disclosed in related party transactions caption.

The Company has relationship to the major shareholder's group of business in term of business partner. The Company predominantly sells wholesale products to both domestic and overseas customers. Not all of the domestic customers are related parties of the Company, they consist of end-users, distributors and trade and coil centres. The Company's strategy is not to increase sales to retailers or further increase its shareholdings with distributors and trade & coil centres

because of the associated credit risk. One of the Company's major customers is a related party that was established before the Company was a hot rolled coil and steel-product distributor. Although a high proportion of the overall sales are made to this related party, all transactions are in the ordinary course of business. It is considered normal business practice for the manufacturer and distributor to be separate legal entities.

The shareholders right protection mechanism exists within the Company, as a hot rolled coil manufacturer, the Company has applied the same pricing policy to both related parties and non-related parties. The pricing policy is determined from the quantity and ordering frequency. For any related party transaction, the Company 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, pipe, gas cylinder, automotive, electric appliance, steel fabrication, container, cold re-rolling, pressure vessel, shipbuilding and coil service centre.

Hot-rolled steel sheet in coil includes

- Hot-rolled steel sheet in coil for domestic use according to TIS standard and international standards including Japanese, American, DIN and British with width between 750 and 1,550 mm and thickness between 0.9 and 20.0 mm. The hot-rolled coil capacity expansion project, to expand production capacity to 4 million tons per annum, was completed in February 2005.

The production capability has been improved to produce hot-rolled coils with thickness ranging from 0.9 mm to 20.0 mm with continuous improvement and reduced cost. SSI was one of a few mills which could produce commercial hot-rolled steel sheet in coil at 0.9 mm in thickness in 2008 and achieved production at 0.8 mm in thickness recently.

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

SSI adheres to product development to improve quality to meet customer demand and to take our place as a leader in the high quality hot-rolled coil market. We focus on innovation of Premium Value 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 make competitiveness over import steel product. SSI also maximises its market share by developing competitive pricing and customer service strategies.

In addition, SSI expands into the high-end market by producing a premium quality of hot-rolled steel. Furthermore, when the Company has sufficient capacity, it will be able to take further advantage of the current favorable market situation.

Target Customers

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



Types of Customer, Pricing Policies and Distribution Channels

SSI clients are divided into 4 groups as follows:

1. Domestic Market A1 includes cold-rolled steel manufacturers and manufacturers of gas cylinders. There are 4 cold-rolled steel manufacturers in Thailand whose cold-rolled steels are used as raw materials for the coated steel industry. This customer group requires an emphasis on surface quality, on-time delivery and price stability. Sales/purchase agreements are on quarterly/monthly basis in US dollar and/or Thai Baht depending on the agreement.
2. Domestic Market A2 includes hot-rolled steel sheet pickled and oiled coils and the high grade hot-rolled steel market. End users are automotive and parts makers, electrical appliance producers, as well as furniture and container manufacturers. Steel processing is provided by the Service Centre. Sales and purchasing agreements are completed

through trading companies, with an importance being placed on the quality of the steel product, particularly its mechanical properties and the steel surface. Price stability and on-time delivery are also required by this group of customers which leads to sales/purchase agreements being made on a quarterly/monthly basis in Thai Baht.

3. Domestic Market B includes pipe makers and general users. This group of customers is price sensitive and speculators, SSI is therefore required to compete with importing companies. Sales takes place on a spot basis by direct users, trading firms and service centres.
4. Export Market includes cold-rolled steel manufacturers and general users requiring thin gauge coils thickness less than 2.0 mm. Sales takes place on a spot basis and depend on the global market situation and US dollar or Euro currency rates. Normally, the Company sets up the pricing for exports according to the domestic market price with most sales being made through foreign trading companies.

The Percentage of Hot-Rolled Steel Products by Market (%)

Year	A1	A2	B	Export	Total
2011	13.8	7.7	77.5	0.9	100
2012	10.9	7.0	81.7	0.4	100
2013	8.9	7.9	81.8	1.4	100

In addition, SSI also plans to continuously increase the proportion of premium value products (PVPs). In 2013, the PVPs sales volume was 723,960 tons, decreasing 10 percent compared to the year 2012. However, the proportion of PVPs

to total sales volume is approximately 34 %, slightly down compared to the year 2012 due to increased sales volume in the commercial product group.

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

Product type	2011	2012	2013
Premium Value Products	39	37	34
Commercial Products	61	63	66

Hot-Rolled Steel Industry in Thailand

Historically hot-rolled steel had to be imported from abroad until SSI opened the first hot strip mill in Thailand in

1994. Currently, there are 5 hot-rolled steel manufacturers in Thailand.

Hot-Rolled Steel Manufacturers in Thailand

Hot-rolled steel manufacturers	Maximum capacity (Tons/year)	Production began	Product
1) SSI	4,000,000	February, 1994	Hot-rolled steel coil
2) G Steel	1,800,000	End of 1999	Hot-rolled steel coil
3) GJ Steel	1,500,000	4 th Quarter, 1997	Hot-rolled steel coil
4) Sahaviriya Plate Mill	1,000,000	1996	Hot rolled steel plate
5) LPN Plate Mill	500,000	1996	Hot rolled steel plate

According to Apparent Thailand HR Sheet Consumption Statistics provided by the Iron and Steel Institute of Thailand (ISIT), in 2013 SSI had 29% of the approximate hot-rolled steel demand market share, decreasing from 30% in 2012. Imports had 62% of the market share; increasing from 60%

a year earlier and 4 others domestic manufacturers had 9% in total. If focusing only the hot-rolled steel coil market, SSI's share is 31%, a decrease from 33% in the previous year. Imports market share was 64%, an increase from 62% a year earlier and others domestic manufacturers would share 5%.

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 Prachuab Khiri Khan Province.

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

Raw Material

The Company uses slab raw material for the rolling process which is imported from abroad.

Slab is a flat steel semi-finished product produced from the iron and steel making process then after pass casting process; it will be slab which has a 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; it is up to 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 requirement.



Sources and Suppliers

The company imports slab from abroad. There are many slab manufacturing countries including China, Russia, South Korea, Japan, South America, Australia and several European countries. In 2013, the Company purchased raw materials from 7 manufacturers from 4 countries: United Kingdom, Russia, Japan, and Australia. SSI purchases quarterly on the spot market through third party distributors; there is no obligation for these purchases. The Company will notify the supplier 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 (%)	2013		2012		2011	
			Revenue (Million Baht)	%	Revenue (Million Baht)	%	Revenue (Million Baht)	%
HRC Business	Sahaviriya Steel Industries Plc.	-	45,599 ¹⁾	69.20	48,470 ¹⁾	78.29	37,699 ¹⁾	70.72
Engineering Business	West Coast Engineering Co., Ltd.	99.99	487	0.74	277	0.45	204	0.38
Port Business	Prachuap Port Co., Ltd.	51.00	169	0.26	169	0.27	135	0.25
Upstream Business	Sahaviriya Steel Industries UK Ltd.	100.00	19,132	29.03	11,688	18.88	9,936	18.64
Other revenues	Sahaviriya Steel Industries Plc.		445	0.68	408	0.66	50	0.09
	Prachuap Port Co., Ltd.		3	0.00	3	-	3	0.01
	West Coast Engineering Co., Ltd.		2	0.00	-	-	5	0.02
	Sahaviriya Steel Industries UK Ltd.		55	0.08	896	1.45	5,274	9.89
			65,892	100.00	61,911	100.00	53,306	100.00

¹⁾ Including sales to Thai Cold Rolled Steel Sheet Plc. in amount of THB 2,569 million, THB 2,737 million, and BHT 3,828 million in 2013, 2012, and 2011 respectively.

Report of the Audit Committee for 2013

The Board of Directors' meeting No. 6/2013 held on 18 April 2013 appointed two independent directors, Mr. Somchai Sakulsurarat and Mr. Yarnsak Manomaiphiboon, in replacement of directors, Professor Emeritus Kesree Narongdej and Mr. Prateep Buphaintr, who retired by rotation. The new Audit Committee's term is from 30 April 2013 to 29 June 2014.

In 2013, the Committee held 10 meetings. The former Committee members' terms of office ended 30 April 2013, its members' attendance were as follows.

Audit Committee members	Number of Meetings Attended	Number of Meetings
1. Professor Emeritus Kesree Narongdej	Chairperson of the Audit Committee	4/4
2. Mr. Prateep Buphaintr	Audit Committee Member	4/4
3. Mr. Permpoon Krairiksh	Audit Committee Member	3/4
4. Mrs. Wannee Sirikanchana	Secretary to the Audit Committee	4/4

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

The Committee performed the following duties:

1. Reviewed the 2013 interim and annual financial statements as well as its consolidated financial statements together with the external auditors and the management, and submitted them to the Board of Directors for approval before disclosure to the Stock Exchange of Thailand (SET) and the Securities and Exchange Commission (SEC).
2. Approved the Internal Audit strategic plan, the annual audit plan as well as acknowledged the internal audit reports regarding the internal controls.
3. Reviewed the adequacy of the internal control system against the self-evaluation forms issued by the SEC and external auditors.
4. Reviewed the monthly tasks and activities report of Internal Audit.
5. Reviewed the qualifications, experience and training records of the Head of the Internal Audit Office.
6. Acknowledged reports on corporate compliance with laws pertaining to the Securities and Exchange Act as well as other laws concerning the Company's businesses, and monitored progress in litigation involving the Company.
7. 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.
8. Reviewed the quarterly Major Risk Management Report prepared by the Risk Management Committee.
9. Reviewed the Risk Management System and its process from the Risk Management Committee.

10. Considered, selected, and proposed the appointment of Miss Sureerat Thongarunsang and/or Mr. Winid Silamongkol and/or Mr. Charoen Phosamritlert of KPMG Phoomchai Audit Limited as the Company's auditors for fiscal year 2014, together with their fees.
11. Ensured the transactions between the Company and its related companies complied with the Securities and Exchange laws and laws concerning the Company's businesses.
12. Acknowledged reports from the Company Secretary to ensure compliance of conflicts of interest transactions as specified in the Company's policy and procedures, as requested by the SEC.
13. Advised the Board of Directors to sign "the Declaration of Intent in view of establishing Thailand's Private Sector Collective Action Coalition Against Corruption" and prepare for the Certification Process, to which the Board has already given its consent.
14. Reviewed the Company's Audit Committee charter (3rd edition).
15. Carried out a self-assessment for 2013 and submitted the results to the Board of Directors.
16. Reviewed the information disclosed to the SET and the SEC for publishing in the 2013 Company annual report (Form 56-2) and the annual information disclosure form ending 31 December 2013 (Form 56-1).
17. Reported to the Board of Directors on the Audit Committee's activities for year 2013.

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

1. The annual financial statements of the Company in 2013 are correct in accordance with generally accepted accounting principles and are reliable.
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 complied with relevant laws and regulations.
4. The Audit Committee concurred with reports from the Risk Management Committee and gave some additional recommendations. The Company has an appropriate Risk Management System in place.
5. The consideration of the external auditors and their fees are to be proposed to the Board of Directors for them to propose to their shareholder at the Annual General Meeting of Shareholders No.25 for their approval.



Mr. Somchai Sakulsurarat
Chairperson of the Audit Committee

27 February 2014

Report of the Nomination and Remuneration Committee

To the Board of Directors of Sahaviriya Steel Industries Public Company Limited:

The Nomination and Remuneration Committee hereby reports the assignments performed by the Nomination and Remuneration Committee for further consideration and presentation to the Annual General Meeting of Shareholders for the year 2014 as appropriate.

The meeting of the Board of Directors of Sahaviriya Steel Industries Public Company Limited No. 5/2011 held on 11 August 2011 resolved to approve the combination of the Nomination Committee and the Remuneration Committee to become the Nomination and Remuneration Committee. The committee comprises at least 3 directors of the Company as members which at least 1 member has to be an independent director with the Vice President of Human Resources and Administration Division as the secretary to the committee. The term of office is from 1 September 2011 to 31 August 2014. 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 for senior executives of the Company based on fair and reasonable criteria or procedure and remuneration structure.

Existing members of the Nomination and Remuneration Committee are as follows

- | | |
|--------------------------------|--|
| 1. Mr. Siripol Yodmuangchareon | Chairman of the Nomination and Remuneration Committee |
| 2. Mr. Somchai Pipitvijitkorn | Nomination and Remuneration Committee Member |
| 3. Mr. Piya Viriyaprapaikit | Nomination and Remuneration Committee Member |
| 4. Mr. 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 2 meetings in 2013 to consider the following matters:

1.1 The meeting of the Nomination and Remuneration Committee held on 18 April 2013 considered an adjustment of the President's salary consisting the overall performance of the company in 2012 as a key criteria which the Company incurred operating loss and considering other factor such as the historical of adjustment salary to the President and salary adjustment of others company in steel industries consequently, the committee unanimously resolved to increase the President's salary for the year 2013 at the same rate as that applied to the executive and employees attaining medium level performance.

1.2 The meeting of the Nomination and Remuneration Committee held on 23 December 2013 considered the bonus payment to the President for the operating performance in 2013.

The Nomination and Remuneration committee considered bonus payment for the president bonus payment in 2013 for remuneration criteria as consisting the overall performance of the company, others key performance appraisal and contribute benefit to company and shareholder in long term period. Additional comparing with bonus payment of others companies in the steel industry, So the committee considered bonus payment to president at the same rate as that applied to the executive and employees which approved by the Board of Directors and proposing to the Board of Directors considered

Therefore the President expressed their intention to take responsibilities on the performance of the company by not receiving the bonus payment the Board of Director unanimously resolved to approve as proposed.

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

The meeting of the Nomination and Remuneration Committee on 26 February 2014 considered various issues as follows:

2.1 The committee stipulated the director remuneration. As the committee considered that the existing rate was appropriate given the current economic condition, the committee therefore resolved to maintain the remuneration payment determination from 1 to 6 unless resolved to change by the shareholders' meeting. The 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 being 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 insurer 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 responsible for directly covering all such directors refused by the insurance company in the coverage amount equal to the insurance coverage and/or the benefits which the life, health and accident insurance company covers the directors in accordance with the premium rate approved by the shareholders' meeting.

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

- (6.1) Director's annual payment is to be paid when dividend is distributed to the shareholders. In any year the Company does not pay dividend to the shareholders, directors will not receive the annual payment in that year.
- (6.2) The rate of annual payment, as approved by the meeting of shareholders, is in range of 0.25 percent to 0.50 percent of dividend paid to the shareholders. The annual payment for the Chairman and the Deputy Chairman of the Board of Directors are 10 percent and 5 percent higher than the rate paid to directors, respectively.
- (6.3) In case any director is in the position for less than 1 year, the annual payment will be proportionately paid according to the period of position taken.

2.2 Nominated qualified candidates to be the Company's directors replacing 4 directors retiring by rotation in the Annual General Meeting of Shareholders for the year 2014

- | | |
|--------------------------------|--|
| (1) Mr. Thongchat Hongladaromp | Independent Director and Chairman of Risk Management Committee |
| (2) Mr. Somchai Pipitvijitkorn | Director, Member of Nomination and Remuneration Committee, and Member of Risk Management Committee |
| (3) Mr. Permpoon Krairiksh | Independent Director and Member Audit Committee, Member of Risk Management Committee and Member of Good Corporate Governance Committee |
| (4) Mr. Phichai Eusirisub | Independent Director and Member of Good Corporate Governance Committee |

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

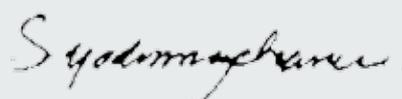
The Nomination and Remuneration Committee considered selecting qualified candidates to replace the directors retiring by rotation in accordance with the following procedures:

- (1) The Nomination and Remuneration Committee to acknowledge the list of directors who will retire by rotation and the list of outside persons nominated to be candidates for the position of the Company's directors either by the shareholders or the Company's directors.
- (2) The Nomination and Remuneration Committee to consider the list of candidates to be the Company's directors concerning the qualifications and disqualifications as stipulated by the public limited company laws.
- (3) The Nomination and Remuneration Committee to approve the list of qualified candidates to be the Company's directors.
- (4) The Nomination and Remuneration Committee to nominate the qualified candidates to replace the directors retiring by rotation to the Board of Directors' meeting for considering and further proposing to the Annual General Meeting of Shareholders.

For the coming Annual General Meeting of Shareholders for the year 2014, the company distributed the invitation letter to the shareholders via the Company's website and electronic media of the Stock Exchange of Thailand to allow the shareholders to propose qualified candidates to be the Company's directors during the period from 29 August 2013 to 31 January 2014. However, after the specified due date, there was no shareholder proposing any candidate for the director election.

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

Nevertheless, in the Nomination and Remuneration Committee's meeting to consider proposing qualified candidates to replace the directors retiring by rotation, Somchai Pipitvijitkorn the Nomination and Remuneration Committee Member, was one of the directors to retire by rotation and as such considered a person having conflict of interest. Somchai Pipitvijitkorn therefore was absent from the agenda and abstained his vote.



Mr. Siripol Yodmuangchareon

Chairman of the Nomination and Remuneration Committee

27 February 2013

Good Corporate Governance Committee's Report for 2013

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 2013, the Committee held four meetings to carry out its allotted duties and submitted a summary of reports to the Company's Board of Directors as follows:

1. Revision of the determination of a significant amount of commercial or business transactions between the Company, its subsidiaries and their customers, suppliers, debtors and creditors. This was then used to establish the criteria of reporting the interests of the Company's directors and executive officers in 2013.

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 effective from 1 July 2009.

2. Revision of the amendment of the Good Corporate Governance Committee Charter (Revision No. 2) effective from 22 October 2013, replacing the previous version which was effective from 9 August 2010. The amendment was made to provide additional rules for: 1) Committee members who are not the group's CEO - this was extended in the amendment to also include the chairman of the Board of Directors or the president. The change was made to conform with the current organisation's structure. 2) Clarification of the number of meetings and voting restrictions of directors who have an interest in any matter.

3. Revision of the amendment of the Board of Directors' guidelines regarding the use and protection of inside information for trading of the Company's securities (Amendment No. 3) effective from 22 October 2013, replacing the previous version which was effective from 9 August 2010. The procedures on unpublicised information regarding insider trading were clarified by adding requirements that: 1) Section managers or those of higher (or equivalent) positions within the Investor Relations Department, must report their holdings and any change of holdings of the Company's securities. 2) Spouses and children who are minors of directors, executive officers and concerned employees of the Investor Relations Department are also required to report their holdings and any change of holdings of the Company's securities. 3) Directors and executive officers are prohibited from trading or transferring the Company's securities for a period of 14 days prior to the public disclosure of the Company's financial statements.

4. Proposal of the new Board of Directors' policy and guidelines regarding anti-corruption, which was then finalised and approved.

5. Proposal of revisions of the amendment of Board of Directors' guidelines regarding Whistle Blowing, which took effect from 11 August 2008 by adding the protection of the informants or whistleblowers to conform with the anti-corruption policy and guidelines.

6. Intensive supervision of the corporate social and environmental responsibility activities conducted by the officers of the Public and Community Relations Office and the Safety and Environment Office. These two areas of the Company had 35 projects with a total budget of 6,582,100 Baht. There were 8,361 beneficiaries and another 10,393 people attended the activities.

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

- 7.1 Report on significant changes in shareholding and securities trading status of the Company's executive officers including Vice Presidents, Assistant Vice Presidents, managers of the Finance & Accounting Division and the section manager of the Group Investor Relations Department. This was undertaken in order to prevent any insider trading of the Company's securities.
- 7.2 Report on the interests of the Company directors and executive officers including the President, Vice Presidents and Assistant Vice Presidents.
- 7.3 Report on the results of the Company's self assessment on Good Corporate Governance for 2012-2013 in compliance with "The Principles of Good Corporate Governance for Listed Companies 2012 with Recommended Best Practices".

8. Acknowledgement of an "Excellent" result in the quality evaluation at the Annual General Meeting of Shareholders for the year 2013 with an over 90 % score. The evaluation was organised by the Securities and Exchange Commission in cooperation with the Thai Investors Association and Thai Listed Companies Association.

9. Other

- 9.1 Regular monitoring of the progress and results from the implementation of the resolutions of the Committee.
- 9.2 Revision of the information disclosed to the SET and the SEC, as published in the Annual Information Disclosure form ending 31 December 2013 (Form 56-1) and in the 2013 Company Annual Report (Form 56-2) regarding the good corporate governance report. In 2013, the Company also disclosed a report on anti-corruption practices in the Corporate Social Responsibility Report.
- 9.3 Report to the Board of Directors on the Committee's activities for year 2013.

The Board of Directors and the Good Corporate Governance Committee are committed to raise 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

18 February 2014

Report of the Risk Management Committee for 2013

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 be comprised 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.

During 2013, there was change in the membership of the Committee from the former Committee that consisted of

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

On the 18 April 2013, the Board appointed Mr. Permpoon Krairiksh to replace Mr. Taweesak Senanarong who resigned from his office. All members of the Committee, whose terms would expire on the 3 December 2013, were reappointed on the 14 November 2013 to serve a term of three years from 4 December 2013 to 3 December 2016. Members of the Committee are now listed as follows:

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

2. 2.1 The Committee is charged with the responsibility of overseeing the Company’s management of key risks. To perform its duties, the Committee regularly reviewed risk management reports in order to monitor the effectiveness of the management of the Company’s risk exposures. The Committee also advised the Board on risk management policy and strategy as well as expressed its thought on the problems and obstacles encountered in the development of the Company’s risk management system to assist the Board in oversight of the Company’s enterprise risk management.

During 2013, the Committee had reviewed and provided recommendations to management in the quarterly Risk Management Committee meetings held in January, April, July, and October. In the meetings, the risk management results of the 4th quarter of 2012, and the 1st, 2nd, and 3rd quarters of 2013 were monitored. In addition, the risk exposures and measurement of the 2nd, 3rd, and 4th quarters of 2013 and the 1st quarter of 2014 were reviewed to ensure the systematic implementation of the risk management processes. This ensures the Committee is prepared for any event that may occur that has an impact on the Company.

2.2 In 2013, the Committee assessed the major risks that the Company may be exposed to. Consideration was given, precisely, to the Market risks, Production risks, Financial risks, as well as the major risk exposures associated with the operations of Sahaviriya Steel Industries UK Limited (“SSI UK”). In relation to the Market risk, the Committee considered all risk factors which may result in the Company being unable to achieve its targets and suggested that the risks of each market should be assessed separately. The individual areas for example, domestic, export, high quality markets etc., were reviewed before the Committee concluded on the overall Market risk. Production risks were assessed as significant to the Company’s business, the Committee therefore ensured that the Company had regularly conducted control measures for preventive maintenance. The Financial risk of the Company was addressed by the Committee as they provided suggestions to management on the appropriate capital structure to deal with the liquidity of the Company.

The Committee also expressed its opinion and made recommendations in relation to SSI UK, which operates an upstream business producing steel slabs. The Committee viewed the market conditions in 2013 as a major factor for driving product prices and raw material costs of SSI UK which affected its performance. In addition, they reviewed the Pulverized Coal Injection Unit (PCI) project which is expected to significantly reduce production costs of SSI UK. The PCI project will be a measure of enhancing SSI UK’s ability to produce high quality raw material in sufficient quantities at reasonable prices, building long-term strength to the Company’s hot-rolled steel business as stated in the long-term strategic plan.



Dr. Tongchat Hongladaromp

Chairman of the Risk Management Committee

February 2014

Risk Factors

Risk management is performed in a systematic manner through quarterly risk monitoring and evaluation across all major business units. Throughout 2013, the Risk Management Working Committee considered the main risks identified by management under the Company's Risk Management Framework. A quarterly report is submitted to the Risk Management Committee who are responsible for giving opinions and suggestions on the Company's risk management arrangements. In addition, the Audit Committee may make further comments or observations before the report is proposed to the Board of Directors for acknowledgement. The major risks and key risk management measures of the Company in 2013 can be summarized as follows:

Corporate Risk

Market Risk

- **Risk from fluctuation of Prices and Steel Product Demand**

Global steel consumption continued to expand in 2013. Based on the information released by the World Steel Association (WSA), world crude steel production in 2013 was 1,573 million tons, representing a 4.1% increase from 2012.

For the business operations of the Company the major risk factors which impact upon the Company's selling prices, sales volume and metal spread are summarized below:

- 1) Price fluctuation due to domestic and overseas economic factors causing actual shipment volume and selling prices to differ from plan
- 2) Import products and sales volume of domestic competitors may affect the Company's sales
- 3) Unexpected slab prices and the inability to control the cost of slab in each market resulting in uncontrollable Metal spread
- 4) Shipment of raw material from suppliers made in accordance with market demand may change over time depending on market conditions
- 5) Import of Hot-rolled Steel, non alloy, width > 1,550 mm., that is not in the product range of the Anti-dumping measure for 14 countries

In response to the fluctuation of prices and steel demand which is driven from the factors mentioned above, the Company evaluated the risks and employed various measures to mitigate those which were within their control. Measures to mitigate the risks include the following:

- (1) Carefully manage the procurement of raw materials to ensure the Company will achieve the required spread between the selling price and the raw material price based on the expected sales volume. In a normal course of business, it is necessary for the Company to maintain inventories of raw materials and finished goods in an appropriate quantity to allow sales and production to run efficiently as well as to reduce price volatility whilst ensuring they are not carrying excess costs, particularly as an interest expense.
- (2) Increase the focus on premium value products which achieve value added and lower price fluctuations.
- (3) Closely monitor domestic and overseas markets in order to analyze and consider product sales. This allows the Company to respond to the order and import of slabs from foreign countries as well as searching for more raw material sources to provide high quality, low cost, adequate quantity and short delivery timescales.
- (4) Control an appropriate level of inventories for both slabs and finished goods. This allows the Company to meet sales projections and reduce raw material and inventory turnover periods which reduces the risk of negative price effects.
- (5) Ensure that the production and sales plans are aligned and shorten the delivery times of finished products.
- (6) Closely monitor the dumping situation of imported products and the government's price control policy in order to take proper and timely actions.

Production Risk

- **Production Process and Technology Risk**

In the production of hot-rolled coil, the Company is exposed to the risk of production incurred from machinery, production processes and production technology. Key risks related to the production process and technology includes the following:

- Risks of major machinery damage from normal use;
- Improper production process resulting in the products that are unable to meet the customer requirements;
- Inability to produce certain grades of products;
- Significant yield losses in production; and
- Unusable machinery due to obsolete parts.

These may affect hot-rolled coil production or may lead to production suspension which will impact product delivery to customers.

To prevent the production risks, the Company has implemented the following 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;
- 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;
- 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;
- Encouraged setting up a working group for the development of the production processes with the aim to provide solutions for particular problems. The working group is responsible for analysis, improvement planning and implementation of various projects as follows: 1. Zero Scrap Project, 2. Furnace Temperature Reduction Project, 3. Reduction in Work-roll Consumption of Finishing Mill Stands project, 4. In-house maintenance of Edge Induction Heater project, 5. Pinch roll Force & Position Hybrid control project, 6. Self Revamping and Migration Alpha Server to Itanium Server for Process

control project, 7. Increase productivity of pickling and oiling process project 8. Slab development cooperation project with SSI UK.

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

Natural Disaster

The Hot Strip Mill is located in a lowland area adjacent to the sea. In the monsoon season, natural disasters such as storms and floods frequently occur which may result in a loss in production and product delivery. The Company has realized the damage that may occur from this risk and managed to minimize the severity of the impact to the plant and employees. Flood barriers in the risky areas where machines were deteriorated by the flood in 2005 have now been built. The Company has also prepared its personnel to handle disasters with necessary equipment and practices in place for emergency incidents. A natural disaster handling plan is in place as well as an amateur radio station set up to gather outside news and information in case of failure in other communication networks.

Fire

The Hot Strip Mill is exposed to the risk of fire as a result of the production processes, repairs and maintenance work etc. A fire in the plant area may cause a loss in production and product delivery and may be so severe that it causes a risk of injury to employees.

The Company has managed to mitigate the risk of fire in the plant by establishing the Fire Protection and Emergency Rescue sub-committee, under supervision of the Safety, Occupational Health and the Working Environment Committee. The Fire Protection and Emergency Rescue sub-committee is responsible for supervising and conducting activities to reduce the risk of fire occurrence in the plant. Several activities have been undertaken including:

- Training programs to increase the number of trained personnel who can handle emergency incidents;
- Practices implemented to cope with the situation;
- The sub-committee have practiced the emergency plan across all areas to ensure readiness of personnel to control any fire incidents;

- Equipment inspections to ensure they're always in good condition and installed in the appropriate areas;
- The introduction of new fire safety technologies to reduce the severity and damage from the incident; and
- Insurance policies are in place to cover natural disasters from flood, storm, tsunami, thunderbolt, earthquake and landslides to relieve the cost of damages. The insurance coverage covers property damages, loss from business interruption, damages on goods and products caused by such incidents as well as loss in case of fire in all circumstances.

There were no fire incidents that caused damage to the production process, property or life of employees in 2013.

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

The Company has evaluated the risk relating to the impacts of production on the environment, society and the community. In order to reduce the potential impacts to the external community, the Company has operated under the Environmental Standard ISO14001:2004 and continually monitored changes in environmental laws. In addition, the Company has:

- Utilized fuel oil with less than 2% sulfur;
- Controlled and inspected the water and air treatment equipment to ensure it is always ready for use;
- Reused treated water without releasing wastewater to outside area;
- Ensured the results of water and air quality surveys comply with the standard imposed by the government agencies;
- Evaluated the waste management companies and used their services approved by the Department of Industrial Works; and
- Implemented practices of the Emergency Response Plan to relieve impacts from possible emergency situations.



Financial Risk

- **Exchange Rate Risk**

Most of the Company's revenues are denominated in Thai Baht, while the cost of imported slab is in US dollar. The Company is therefore exposed to foreign exchange rate risk which may result in a profit or loss from foreign exchange.

In 2013, the Company looked to manage the foreign exchange rate risk by regularly monitoring factors affecting the depreciation of Thai Baht such as QE tapering policy of the US Federal Reserve and the domestic Political situation that caused foreign investors to reduce their investment in Thailand. To further mitigate this risk, the Company had performed the following control activities:

1. Utilized a natural hedge tool to mitigate exchange rate risk by increasing export sales to strike a balance between foreign currency income and expenses. The total export sales in 2013 rose dramatically by over 378% to 628.69 million Baht, compared to 166.48 million Baht in 2012;
2. Bought forward contracts covering all purchases of slab matched with customer's orders in order to avoid the cost incurred from the different rates between the date of payment of raw material and the date of sales; and
3. Tracked foreign currency opening exposure and managed the limit stipulated by the Board of Directors to restrict the impacts from exchange rate movement.

- **Trade Credit Risk**

Trade credit risk is the risk incurred from the potential inability of counterparties of the Company to satisfy the terms and conditions stated in the sale and purchase agreement, resulting in the payment not being made on the due date.

In order to mitigate the risk, the Company has determined the guidelines and procedures of granting trade credit. The credit given to each customer is limited in accordance with analysis on product purchasing demand and payment ability. The credit line given to each customer must be approved in writing by the authorized executive. In addition, the Company has also consistently governed the risk management of trade credit risk by controlling the credit granted to all customers within the approved limits and closely monitoring payment records to assure the Company is getting paid on time and no payments are overdue. The management has to report to the Management Committee on a monthly basis concerning the quality of accounts receivable, particularly on the overdue accounts. The Company has stipulated the provisions for some customers to make a deposit payment at the average rate of 6 percent of purchasing value or to place collateral before product delivery.

At the end of 2013, the Company had accounts receivable in the amount of Baht 4,356 million, with Baht 385 million overdue receivables. However, the Company had controlled sales and monitored the payment of the overdue accounts to prevent any damage to the Company.

- **Liquidity Risk**

A liquidity risk is incurred when the Company is unable to satisfy its obligations as they fall due as a result of its inability to turn assets into cash or to manage its cashflow requirements.

In 2013, the Company had improved its liquidity, represented by the increase in the current ratio from 0.71 in 2012 to 0.84 at the end of 2013. The Company monitored its working capital closely through regular projections on cash inflow and outflows in order to be aware of future liquidity requirements. This allows sufficient preparation time to be in place to resolve any potential liquidity problems. In addition,

the Company had sought long-term financing sources to finance its operation in accordance with operational plans. In 2013, a capital injection was made of Baht 3,458.2 million obtained from selling of 5,085.6 million additional shares and Baht 1,568 million from selling TCRSS shares. All of the increased capital funded the steel making business due to the negative effect of the slab spread decline from the steel industry market fluctuations.

The Company has been monitoring and controlling financial ratios within stipulated limits in accordance with the agreements with the financial institutions that provide credit facilities. The applicable financial ratios calculated from the consolidated financial statements include (a) Interest-Bearing Debt to Equity Ratio of not greater than 1.5 times The actual ratio for 2013 exceeded the limit at 4.89 times at year end, (b) Debt Service Coverage Ratio of not less than 1.2 times, this was not achieved in 2013, with the actual ratio calculated being negative. In addition, as one of the conditions agreed with the financial institutions providing credit facilities to SSI UK, SSI UK has to maintain the current ratio of not less than 1 time while at the end of 2013, SSI UK reported the ratio at 0.5 time which was lower than the agreed rate.

However, the Company and SSI UK have been given a waiver for not maintaining the financial ratios as agreed as of 27 December 2013 and are able to draw the credit facilities as usual.

Risk from Operations of Sahaviriya Steel Industries UK Ltd.

On the 24 March 2011, SSI UK, a wholly owned subsidiary of the company was acquired. SSI UK is producer and exporter of steel slab located in the northeast of the United Kingdom. The investment was made to acquire a complementary business for the purpose of long term strength and stabilized raw material management.

SSI UK is a long-term investment and has required significant cash injections to return the plant to an efficient business. The results of its operations and financial position in the beginning of the start-up operation have been sensitive to the economic uncertainty, interest and exchange rate movements, fluctuation in the prices of commodities and raw materials as well as the demand in the world market during

the downturn of the economy. Furthermore, as the Teesside Plant is located in the United Kingdom, the impact of any different rules and regulations, and the UK government's policy may impact upon the Company.

In 2012, SSI UK developed the Pulverized Coal Injection Unit (PCI). The PCI project is a highly important project to assist SSI UK's competitive edge by reducing the production cost per ton of steel slab through increasing the efficiency and production volumes. The construction and installation of the project was completed and successfully utilized on 9 July 2013. The PCI technology replaces the use of coke with coal, a cheaper raw material. Average PCI injection rate in Q3/2013 was 66kg/thm, this increased to 112kg/thm in Q4 with a longer term goal to increase to 160kg.thm in 2014.

Risk of investment in SSI securities

The risk of the investment in SSI securities refers to the potential decrease in the value of the investment due to a decrease in the stock price. Investors may take risks that have an impact on the Company, the group or the investors directly. The following are considered:

1. Risk arising from the changes in prices of commodities (Commodity risk). Supply and demand of steel within the world market is a key driver to its selling price. The prices and its trend depend on world economy. Slowdown of the global economy may result in the decline of prices of securities of the global steel industry.

2. Risk arising from changes in domestic markets (Market risk). Sluggish domestic economies may result in a decrease in the price of securities.
3. Risk arising from political change (Political risk) i.e. protests, revolution or a state of political uncertainty may affect the investor sentiment of foreign investors which may result in slowing market conditions and a drop in prices of the securities in the market.

To mitigate the risks from investment in SSI securities, the Company has provided information of its financial results and business outlook to investors accurately, completely, transparently, and consistently on a quarterly basis in accordance with The Securities and Exchange Commission and The Stock Exchange of Thailand. The Investor Relation Unit of the Company is directly in charge of responding to investor's enquiries via telephone and e-mail so that the investors can access the information at any time to be able to understand and assess whether to invest in SSI securities. The trading price of SSI shares on 28 February 2014, the date of announcement of the Company's financial result for the year end 31 December 2013, was at Baht 0.30 with market capitalisation Baht 9,650 million which is less than book value at this date which was equivalent to Baht 9,794 million.

General Information and Other Key Information

Name	:	Sahaviriya Steel Industries Public Company Limited
Abbreviation	:	SSI
Company Registration No.	:	0107537000688
Website	:	http://www.ssi-steel.com
Type of business	:	The Company manufactures and distributes hot-rolled coils with a maximum production capacity of 4 million tons per annum and hot-rolled coils pickled and oiled with maximum production capacity of 1 million tons per annum. The Company endeavors to supply premium-grade steel sheets to cater to the region's growing demand in automobile, energy, transportation, and construction sector. In the upstream industry, the Company invests in the Upstream Business to manufacture and distribute high-grade steel slabs for use in the Company's production and to feed the world's growing demand with a maximum production capacity of 3.6 million tons per annum under operation of Sahaviriya Steel Industries UK Limited (SSI UK). In the downstream industry, the Company has investments in Cold Rolled Coil Business under operation of Thai Cold Rolled Steel Sheet Public Company Limited (TCRSS) and Coated Steel Sheet Business under operation of Thai Coated Steel Sheet Company Limited (TCS), and also has investments in related businesses including Engineering Business under operation of West Coast Engineering Company Limited (WCE) and Port Business under operation of Prachuab 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 Rumphueng, Bangsaphan, Prachuap Khirikhan 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 2013)

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

Name, Head office location, Type of business, and Number of Paid-up Shares of Companies in which shareholding by the Company is more than 10% of its Paid-up Shares as at 31 December 2013

Name and Head Office Location	Type of Business	Registered Capital (Baht)	Par Value (Baht)	Number of paid-up ordinary shares (Shares)	Shareholding (%)
West Coast Engineering Company Limited 6 th Floor, Prapawit Building, 28/1 Surasak Road, Silom, Bangrak, Bangkok 10500 Tel. 0-2238-3063-82 Fax. 0-2236-8890, 0-2236-8892	Engineering Business	75,000,000	10	7,500,000	99.99
Prachuap Port Company Limited 6 th Floor, Prapawit Building, 28/1 Surasak Road, Silom, Bangrak, Bangkok 10500 Tel. 0-2630-0323-32 Fax. 0-2236-7046, 0-2236-7057	Port Business	400,000,000	10	40,000,000	51
Thai Cold Rolled Steel Sheet Public Company Limited 5 th Floor, Prapawit Building, 28/1 Surasak Road, Silom, Bangrak, Bangkok 10500 Tel. 0-2630-0300 Fax. 0-2630-0320-2	Cold-rolled steel sheet Business	4,816,350,000	4.50	1,070,300,000	35.19
Sahaviriya Steel Industries UK Limited Steel House, Trunk Road, Redcar, TS10 5QW United Kingdom Tel. +4416 4240 8000 Fax. +4416 4240 4552	Upstream Business	556,999,000 GBP	1,000 GBP	556,999	100
Redcar Bulk Terminal Limited Steel House, Trunk Road, Redcar, TS10 5QW United Kingdom Tel. +4416 4240 5500	Port Business	26,502,718 GBP	1 GBP	26,502,718	50

Name and Location of Other References

Share Registrar

Ordinary Shares	:	Thailand Securities Depository Co., Ltd. 62, The Stock Exchange of Thailand Building, Ratchadapisek Road, Klongtoey, Bangkok 10110 Tel. 0-2229-2800 TSD Call Center 0-2229-2888 Fax. 0-2359-1259
Convertible Debentures	:	Siam Commercial Bank Public Company Limited Markets Operations Division Building 2, 3 rd Floor 1060 Phetchaburi Road, Makkasan, Ratchathewi, Bangkok 10400 Tel. 0-2256-2323 Fax. 0-2256-2414
Convertible Debenture Holders' Representatives	:	Siam Commercial Bank Public Company Limited Chidlom Office, Building 2, 3 rd Floor, 1060 Phetchaburi Road, Makkasan, Ratchathewi, Bangkok 10400 Tel. 0-2256-2316 Fax. 0-2256-2401-2
Auditors	:	Miss Sureerat Thongarunsang C.P.A. Registration No.4409 Mr. Winid Silamongkol C.P.A. Registration No.3378 Mr. Charoen Phosamritlert C.P.A. Registration No.4068 KPMG Phoomchai Audit Limited Empire Tower, 50 th - 51 st Floors, 195 South Sathorn Road, Bangkok 10120 Tel 0-2677-2000 Fax 0-2677-2222
Corporate Secretary	:	Mr. Surasak Ngamsidhipongsa Assistant Vice President - Corporate Secretariat Office Tel 0-2238-3063 - 82 Fax 0-2236-8892 Email : surasakn@ssi-steel.com

Shareholding Structure

(1) Shareholders

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

Names	As of 25 March 2014	
	Number of Shares	Percentage of Shareholding
1. Sahaviriya Group	11,373,215,265	35.36
2. Vanomet Hholding AG	6,341,157,453	19.71
3. Marubeni-Itochu Steel Inc.	1,133,908,088	3.53
4. Jfe Steel Corporation	1,133,908,088	3.53
5. Mr. Komol Junggruengkit	806,942,300	2.51
6. The bank of New York (Nominees) Limited a/c 5100	761,624,600	2.37
7. Mr. Prateep Tungmatitham	300,013,780	0.93
8. Thai Nvdr Company Limited	259,259,108	0.81
9. Miss Sumal Limpiyachart	244,542,400	0.76
10. Mr. Vichit Ratanasirivilai	203,511,840	0.63
Thai Shareholders	22,415,560,943 shares	
Foreign Shareholders	9,750,697,181 shares	

Note:

Sahaviriya Group consists of:

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

The latest shareholding can be viewed via the company's website (<http://www.ssi-steel.com>) before the annual General Meeting of shareholders.

Foreign Limit

The Company's foreign shareholding was limited at 49% of the paid-up capital. As of 30 December 2013, the Company's foreign shareholding was 30.31% of the paid-up capital.

Dividend Policy

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

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

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

In 2013, the 24th Annual General Meeting of Shareholders held on 29 April 2013 considered and approved that no dividend payment shall be made for the operating results of the year 2012, as at 31 December 2012, the Company had retained deficit. Therefore, the Company was unable to allocate as dividend payment to shareholders.



The Board of Directors

1. Mr. Wit Viriyaprapaikit

Chairman of the Board of Directors

Age 78 years

Family Relationship with other directors :

Father of Mr. Win Viriyaprapaikit

Uncle of Mr. Piya Viriyaprapaikit

Servicing Period :

19 years (from 21 January 1994 to 31 December 2013)

% of shareholding :

0.00000031% (100 shares)

Education :

- Honorary B.A.
Rajamangala Institute of Technology

Director Training Program

None

Work Experience

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

Current Position in Other Organisation

in listed companies :

None

in non-listed Companies :

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

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

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

Meeting Attendance in year 2013 :

1. The Board of Directors Meeting	12/14	times
2. The Shareholders' Meeting in 2013	1/1	times

Criminal Record during the past 10 years :

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

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

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

2. Mr. Somchai Sakulsurarat

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

Age 65 years

Family Relationship with Other Directors :

None

- Director, Lenso Corporation Public Company Limited
- Chairman of the Board of Directors, SCJ & Associates Company Limited

Servicing Period :

3 years and 10 months (from 26 February 2010 to 31 December 2013)

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

None

% of shareholding :

None

Meeting Attendance in year 2013 :

1. The Board of Directors Meeting	14/14	times
2. The Independent Directors Meeting	4/4	times
3. The Audit Committee Meeting	6/6	times
4. The Shareholders' Meeting in 2013	1/1	times

Education :

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

Criminal Record during the past 10 years :

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

Director Training Program

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

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

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

Work Experience

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

Additional information on holding independent directors status :

1. Not be related to management or any other major shareholder of the Company and its subsidiaries.
2. Not be related to the Company, subsidiary companies, associated companies, or a juristic entity that may have conflict of interest at present or the past 2 years.
 - Not be an executive director, an employee, staff or advisor who receives full time salary.
 - Not be a professional advisor such as auditor or legal counsel.
 - Have no significant business relationship with other entities that may interfere with the independent judgment.

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

in non-listed companies :

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

3. Mr. Tongchat Hongladaromp

Director, Independent Director,
and Chairman of the Risk Management Committee
Age 75 years

Family Relationship with Other Directors :

None

Servicing Period :

18 years and 10 months (from 1 March 1994 to
31 December 2013)

% of shareholding :

None

Education :

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

Director Training Program

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

Work Experience

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

Current Position in Other Organisation

in listed companies :

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

in non-listed companies :

- Director, West Coast Engineering Company Limited
- Chairman of the Board of Directors,
Linde (Thailand) Public Company Limited

- Chairman of the Board of Directors,
C.T. Land Company Limited
- Chairman of the Board of Directors,
Chuchawal-Royal Haskoning Company Limited
- President of the University Council, King Mongkut's
University of Technology Thonburi

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

None

Meeting Attendance in year 2013 :

1. The Board of Directors Meeting	10/14	times
2. The Independent Directors Meeting	3/4	times
3. The Risk Management Committee Meeting	4/4	times
4. The Shareholders' Meeting in 2013	1/1	times

Criminal Record during the past 10 years :

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

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

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

Additional information on holding independent directors status :

1. Not be related to management or any other major shareholder of the Company and its subsidiaries.
2. Not be related to the Company, subsidiary companies, associated companies, or a juristic entity that may have conflict of interest at present or the past 2 years.
 - Not be an executive director, an employee, staff or advisor who receives full time salary.
 - Not be a professional advisor such as auditor or legal counsel.
 - Have no significant business relationship with other entities that may interfere with the independent judgment.

4. Mr. Siripol Yodmuangcharoen

Director, Independent Director,
and Chairman of the Nomination and Remuneration Committee

Age 65 years

Family Relationship with Other Directors :

None

Servicing Period :

3 years and 8 months (from 30 April 2010 to
31 December 2013)

% of shareholding :

None

Education :

- D.B.A., University of South Australia, Australia
- M.B.A., Thammasat University
- Bachelor of Economics, Thammasat University
- The National Defense College Regular Course
National Defense College

Director Training Program

- Director Certification Program (DCP 131/2010)
Thai Institute of Directors Association

Work Experience

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

Current Position in Other Organisation

in listed companies :

- Independent Director, Thai President Foods Public
Company Limited

in non-listed :

- Chairman of the Board of Executive Directors,
Gem and Jewelry Institute of Thailand (Public Organisation)

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

None

Meeting Attendance in year 2013 :

1. The Board of Directors Meeting	13/14	times
2. The Independent Directors Meeting	4/4	times
3. The Nomination and Remuneration Committee Meeting	5/5	times
4. The Shareholders' Meeting in 2013	1/1	times

Criminal Record during the past 10 years :

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

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

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

Additional information on holding independent directors status :

1. Not be related to management or any other major shareholder
of the Company and its subsidiaries.
2. Not be related to the Company, subsidiary companies,
associated companies, or a juristic entity that may have
conflict of interest at present or the past 2 years.
 - Not be an executive director, an employee, staff or advisor
who receives full time salary.
 - Not be a professional advisor such as auditor or legal
counsel.
 - Have no significant business relationship with other entities
that may interfere with the independent judgment.

5. Mr. Permpoon Krairiksh

Director, Independent Director,
Audit Committee Member and Risk Management Committee Member
Age 62 years

Family Relationship with Other Director :

None

Servicing Period :

13 years 1 month (from 8 December 1999 to 31 December 2013)

% of shareholding :

None

Education :

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

Director Training Program

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

Work Experience

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

Current Position in Other Organisation

in listed companies :

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

in non-listed companies :

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

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

None

Meeting Attendance in year 2013 :

1. The Board of Directors Meeting	12/14	times
2. The Independent Directors Meeting	4/4	times
3. The Audit Committee Meeting	9/10	times
4. The Risk Management Committee Meeting	3/3	times
5. The Shareholders' Meeting in 2013	1/1	times

Criminal Record during the past 10 years :

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

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

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

Additional information on holding independent directors status :

1. Not be related to management or any other major shareholder of the Company and its subsidiaries.
2. Not be related to the Company, subsidiary companies, associated companies, or a juristic entity that may have conflict of interest at present or the past 2 years.
 - Not be an executive director, an employee, staff or advisor who receives full time salary.
 - Not be a professional advisor such as auditor or legal counsel.
 - Have no significant business relationship with other entities that may interfere with the independent judgment.

6. Mr. Pichai Eursirisub

Director, Independent Director
 Good Corporate Governance Committee Member
 Age 55 years

Family Relationship with Other Director :

None

Servicing Period :

10 months (from 1 Mareh 2013 to 31 December 2013)

% of shareholding :

0.198% (63,640,600 Shares)

Education :

- Commerce, Bangkok Business College

Director Training Program

None

Work Experience

None

Current Position in Other Organisation

in listed companies :

None

in non-listed companies :

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

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

None

Meeting Attendance in year 2013 :

1. The Board of Directors Meeting	11/11	times
2. The Independent Directors Meeting	3/3	times
3. The Good Corporate Governance Committee Meeting	3/3	times
4. The Shareholders' Meeting in 2013	0/1	times

Criminal Record during the past 10 years :

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

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

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

Additional information on holding independent directors status :

1. Not be related to management or any other major shareholder of the Company and its subsidiaries.
2. Not be related to the Company, subsidiary companies, associated companies, or a juristic entity that may have conflict of interest at present or the past 2 years.
 - Not be an executive director, an employee, staff or advisor who receives full time salary.
 - Not be a professional advisor such as auditor or legal counsel.
 - Have no significant business relationship with other entities that may interfere with the independent judgment.

7. Mr. Yarnsak Manomaiphiboon

Director, Independent Director, Audit Committee Member
and Good Corporate Governance Committee Member
Age 50 years

Family Relationship with Other Director :

None

Servicing Period :

1 year 10 months (from 27 February 2012 to
31 December 2013)

% of shareholding :

None

Education :

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

Director Training Program

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

Work Experience

2011	Independent Director, Audit Committee Member and Risk Management Committee Member Krung Thai Bank Public Company Limited
2011	Chairman of the Board of Directors, KTB Leasing Company Limited
2010 - 2011	Director, Federation of Thai Capital Market Organizations
2009 - 2011	Independent 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 Organisation

in listed companies :

- Independent Director and Chairman of the 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 2013 :

1. The Board of Directors Meeting	12/14	times
2. The Independent Directors Meeting	3/4	times
3. The Audit Committee Meeting	6/6	times
4. The Good Corporate Governance Committee Meeting	3/3	times
5. The Shareholders' Meeting in 2013	1/1	times

Criminal Record during the past 10 years :

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

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

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

Additional information on holding independent directors status :

1. Not be related to management or any other major shareholder
of the Company and its subsidiaries.
2. Not be related to the Company, subsidiary companies,
associated companies, or a juristic entity that may have
conflict of interest at present or the past 2 years.
 - Not be an executive director, an employee, staff or advisor
who receives full time salary.
 - Not be a professional advisor such as auditor or legal
counsel.
 - Have no significant business relationship with other entities
that may interfere with the independent judgment.

8. Mr. Somchai Pipitvijitkorn

Director, Nomination and Remuneration Committee Member
and Risk Management Committee Member
Age 74 years

Family Relationship with Other Director :

None

Servicing Period :

10 years and 8 months (from 29 April 2003 to 31 December 2013)

% of shareholding :

None

Education :

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

Director Training Program

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

Work Experience

2009 - 2012	Director, Thai Cold Rolled Steel Sheet Public Company Limited
1990 - 1999	Director, Sahaviriya Steel Industries Public Company Limited Director, Thai Cold Rolled Steel Sheet Public Company Limited
1986 - 1998	Director, Siam City Cement Public Company Limited
1984 - 1999	Director, Bank of Ayudhya Public Company Limited
1983 - 1999	Director, Ayudhya Life Assurance Public Company Limited

Current Position in Other Organisation

in listed companies :

- Chairman of the Board of Directors, Bangsaphan Barmill Public Company Limited
- 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 2013 :

1. The Board of Directors Meeting	13/14	times
2. The Nomination and Remuneration Committee Meeting	5/5	times
3. The Risk Management Committee Meeting	3/4	times
4. The Shareholders' Meeting in 2013	1/1	times

Criminal Record during the past 10 years :

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

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

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

9. Mr. Kamol Juntima

Director and Chairman of
the Good Corporate Governance Committee Member
Age 75 years

Family Relationship with Other Director :

None

Servicing Period :

15 years and 8 months (from 28 April 1998 to 31 December 2013)

% of shareholding :

0.0039% (1,284,000 shares)

Education :

- Master's degree in Public Administration, National Institute of Development Administration (NIDA)
- Bachelor's Degree in Commerce, Thammasat University
- Bachelor's Degree in Accountancy, Thammasat University
- The National Defense College Regular Course (Class 33) National Defense College

Director Training Program

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

Work Experience

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

Current Position in Other Organisation

in listed companies :

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

in non-listed companies :

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

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

None

Meeting Attendance in year 2013 :

1. The Board of Directors Meeting	13/14	times
2. The Good Corporate Governance Committee Meeting	4/4	times
3. The Shareholders' Meeting in 2013	1/1	times

Criminal Record during the past 10 years :

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

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

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

10. Mr. Piya Viriyaprapaikit

Director and the Nomination
and Remuneration Committee Member
Age 64 years

Family Relationship with Other Director :

Nephew of Mr. Wit Viriyaprapaikit

Servicing Period :

18 years and 8 months (from 24 April 1995 to 31 December 2013)

% of shareholding :

None

Education :

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

Director Training Program

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

Work Experience

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

Current Position in Other Organisation

in listed companies :

- Director, Bangsaphan Barmill Public Company Limited

in non-listed companies :

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

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

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

Meeting Attendance in year 2012 :

1. The Board of Directors Meeting	8/14	times
2. The Nomination and Remuneration Committee Meeting	5/5	times
3. The Shareholders' Meeting in 2013	1/1	times

Criminal Record during the past 10 years :

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

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

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

11. Mr. Win Viriyaprapaikit

Director, SSI Group CEO,
Chairman of the Management Committee, and President
Age 43 years

Family Relationship with Other Director :

Son of Mr. Wit Viriyaprapaikit

Servicing Period :

14 years and 6 months (from 30 June 1999 to
31 December 2013)

% of shareholding :

None

Education :

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

Director Training Program

- 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

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

Current Position in Other Organisation

in listed companies :

- Director, Bangsaphan Barmill Public Company Limited

in non-listed companies :

- Director, Sahaviriya Steel Industries UK Limited
- Director and Management Committee Member, Thai Cold Rolled Steel Sheet Public Company Limited
- Director and Chairman of the Board of Executive Directors, West Coast Engineering Company Limited
- Director and Chairman of the Board of Executive Directors, Prachuap Port Company Limited
- Director, Sahaviriya Group Corporation Limited
- Director, Sahaviriya Inter Steel Holdings Company Limited
- Director, Sahaviriya Iron and Steel Company Limited

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

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

Meeting Attendance in year 2013 :

1. The Board of Directors Meeting	14/14	times
2. The Board of Management Committee Meeting	11/12	times
3. The Shareholders' Meeting in 2013	1/1	times

Criminal Record during the past 10 years :

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

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

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

The Management

1. Mr. Win Viriyaprapaikit

SSI Group CEO and the President

Age 43 years

Education :

- M.B.A., Sasin Graduate Institute of Business Administration, Thai Institute of Directors Association
- Bachelor's degree in Industrial Engineering, Keio University, Tokyo, Japan

Director Training Program

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

Work Experience

2010 - Present	Director, Sahaviriya Steel Industries UK Limited Director, Bangsaphan Barmill Public Company Limited
2008 - Present	Director, and Management Committee Member, Thai Cold Rolled Steel Sheet Public Company Limited
2007 - Present	Director, Sahaviriya Iron and Steel Company Limited
2005 - Present	Director, Prapawit Building Property Company Limited
2002 - Present	Director and Chairman of the Board of Executive Directors, West Coast Engineering Company Limited
1999 - Present	Director, Sahaviriya Inter Steel Holdings Company Limited Director, Sahaviriya Steel Group Company Limited Director and Chairman of the Board of Executive Directors, Prachuap Port Company Limited
1997 - Present	Chairman of the Board of Directors, Thai Steel Sales Company Limited
1996 - Present	Director, Sahaviriya Group Corporation Limited
1996 - 2012	Director, Thai Coated Steel Sheet Company Limited
2010 - 2011	Director, Redcar Bulk Terminal Limited
1992 - 2009	Director, Western Housing Company Limited
1996 - 2005	Director, Sahaviriya Plate Mill Public Company Limited
1999 - 2003	Director, Thai Cold Rolled Steel Sheet Public Company Limited

Criminal Record during the past 10 years :

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

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

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

2. Miss Wanna Tangcharoenching

Vice President - Commercial Division

Age 55 years

Education

- M.B.A., Ramkhamhaeng University

Work Experience

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

Criminal Record during the past 10 years :

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

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

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

3. Mr. Nava Chantanasurakon

Vice President, Office of the President
Acting Vice President, Public Affairs
and Social Responsibility Division
Age 48 years

Education :

- Master of Public Administration
(Public Policy & Project Management),
National Institute of Development Administration (NIDA)

Director Training Program

- Director Certification Program (DCP 104/2008)
Thai Institute of Directors Association

Work Experience

2012 - Present Director, Management Committee Member, and
President, Thai Cold Rolled Steel Sheet Public
Company Limited
Director and Executive Director, Thai Coated
Steel Sheet Company Limited
2003 - 2007 Director, Corporate Affairs Division,
Pikul-thong Lum-sum Group of Companies
1991 - 2003 Deputy General Manager, Human Resources
Department,
Toyota Motor Thailand Company Limited

Criminal Record during the past 10 years :

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

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

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

4. Mr. Kittisak Mapanao

Chief Technology Officer,
Group Technology Office
Age 47 years

Education :

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

Director Training Program

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

Work Experience

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

Criminal Record during the past 10 years :

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

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

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

5. Mr. Narongrit Chotnuchittrakul

Vice President, Office of the President
Acting Vice President - Finance & Accounting
Division and Secretary to the Risk
Management Committee
Age 44 years

Education :

- M.B.A., Dhurakijpundit University

Work Experience

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

Criminal Record during the past 10 years :

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

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

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

6. Mr. Somsak Sivapaiboon

Vice President, Head of Group
International Trade and Supply Chain
Age 51 years

Education :

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

Director Training Program

- Directors Accreditation Program (DAP 60/2006)
Thai Institute of Directors Association
- Directors Certification Program (DCP 84/2007)
Thai Institute of Directors Association
- Finance for Non-Finance Director (FND 34/2007)
Thai Institute of Directors Association
- Capital Market Academy Leadership Program (CMA 9)
Capital Market Academy

Work Experience

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

Criminal Record during the past 10 years :

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

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

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

7. Mr. Thavorn Cananub

Vice President, Office of the President
Age 51 years

Education :

- M.Eng (Industrial Engineering), Kasetsart University

Work Experience

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

Criminal Record during the past 10 years :

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

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

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

8. Mr. Soontorn Wasansaerekul

Vice President - Operational Technology
and Research & Development,
Group Technology office
Age 48 years

Education :

- Bachelor of Engineering (Industrial Engineering),
Khonkaen University

Work Experience

2013 - Present Director and Executive Director,
Thai Coated Steel Sheet Company Limited
1996 - 2013 Assistant Vice President - Group Technology
Office
Sahaviriya Steel Industries Public Company
Limited

Criminal Record during the past 10 years :

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

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

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

9. Mr. Thinnakorn Phadungwong
Vice President - Manufacturing Division
Age 46 years

Education :

- Master's Degree of Metallurgical Engineering,
Chulalongkorn University

Work Experience

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

Criminal Record during the past 10 years :

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

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

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

10. Mr. Yongyuth Malithong
Secretary to the Nomination
and Remuneration Committee
Age 43 years

Education :

- Master of Public Administration (M.P.A)
National Institute of Development Administration (NIDA)
- Bachelor of Political Science, Chiang Mai University

Work Experience

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

Criminal Record during the past 10 years :

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

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

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

11. Mrs. Wannee Sirikanchana

Secretary to the Audit Committee
and Secretary to the Good Corporate
Governance Committee
Age 58 years

Education :

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

Director Training Program

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

Work Experience

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

Criminal Record during the past 10 years :

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

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

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

12. Mr. Surasak Ngamsidhipongs

Company Secretary
Age 55 years

Education :

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

Director Training Program

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

Work Experience

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

Criminal Record during the past 10 years :

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

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

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

Shareholding of Directors and Management

No.	Director and Management Name		31 December 2012 (Par value of Baht 1 per share)	31 December 2013 (Par value of Baht 1 per share)	Increase (Decrease) in no. of shares during 2013 (Par value of Baht 1 per share)
1.	Mr. Wit	Viriyaprapaikit	100 shares	100 shares	-
2.	Mr. Somchai	Sakulsurat	-	-	-
3.	Mr. Tongchat	Hongladaromp	-	-	-
4.	Mr. Siripol	Yodmuangcharoen	-	-	-
5.	Mr. Permpoon	Krairiksh	-	-	-
6.	Mr. Pichai	Eursirisub	N.A.	63,640,600 shares	N.A.
7.	Mr. Yarnsak	Manomaiphiboon	-	-	-
8.	Mr. Somchai	Pipitvijitkorn	-	-	-
9.	Mr. Kamol	Juntima	1,284,000 shares	1,284,000 shares	-
10.	Mr. Piya	Viriyaprapaikit	-	-	-
11.	Mr. Win	Viriyaprapaikit	-	-	-
12.	Mrs. Kesree	Narongdej	-	-	-
13.	Mr. Prateep	Buphaintr	-	-	-
14.	Mrs. Tarisa	Watanagase	-	-	-
15.	Mr. Taweesak	Senanarong	-	-	-
16.	Miss Wanna	Tangcharoenching	-	-	-
17.	Mr. Nava	Chantanasurakon	-	-	-
18.	Mr. Kittisak	Mapanao	1,892,000 shares	1,892,000 shares	-
19.	Mr. Narongrit	Chotnuchittrakul	-	-	-
20.	Mr. Somsak	Sivapaiboon	-	200,000 shares	200,000 shares
21.	Mr. Thavorn	Cananub	-	-	-
22.	Mr. Soontorn	Wasansaerekul	-	-	-
23.	Mr. Thinnakorn	Phadungwong	-	-	-
24.	Mr. Nitiphong	Tejavanija	-	-	-

Remark

- No. 6 Mr. Pichai Eursirisub was elected as a director on 1 March 2013.
- No. 12 Mrs. Kesree Narongdej retired by rotation in the 24th Annual General Meeting of Shareholders on 29 April 2013, and expressed her intention not to be re-elected.
- No. 13 Mr. Prateep Buphaintr retired by rotation in the 24th Annual General Meeting of Shareholders on 29 April 2013, and expressed his intention not to be re-elected.
- No. 14 Mrs. Tarisa Watanagase resigned from director on 22 February 2013.
- No. 15 Mr. Taweesak Senanarong resigned from director on 19 April 2013.
- No. 24 Mr. Nitiphong Tejavanija resigned from management of the Company on 1 July 2013

Directors and Management Remuneration

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 percent to 0.50 percent 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 percent and 5 percent higher than those of the directors respectively.

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

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

In 2013, the 24th Annual General Meeting of Shareholders held on 29 April 2013 acknowledged the remunerations paid for the year of 2012 to each director and each committee appointed by the Board of Directors. The meeting also acknowledged the directors' annual bonuses for the year of 2012 to be omitted. As at 31 December 2012, the Company's retained earnings after deduction of discount on ordinary shares was insufficient for an allocation of dividend payment; therefore, the Company was neither able to pay dividends to the shareholders nor pay annual bonuses to the directors in accordance with criteria as approved by the shareholders' meeting.

Summary of 2013 Monetary Remuneration for the Director 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	135,000	-	-	30,000	465,000
6.	Mr. Pichai Eursirisub	250,000	-	-	30,000	-	280,000
7.	Mr. Yarnsak Manomaiphiboon	300,000	90,000	-	30,000	-	420,000
8.	Mr. Somchai Pipitvijitkorn	300,000	-	40,000	-	30,000	370,000
9.	Mr. Kamol Juntima ⁶⁾	300,000	-	-	47,500	-	347,500
10.	Mr. Piya Viriyaprapaikit	300,000	-	40,000	-	-	340,000
11.	Mr. Win Viriyaprapaikit *	-	-	-	-	-	-
12.	Mrs. Kesree Narongdej ⁷⁾	138,833.34	75,000	-	-	-	213,833.34
13.	Mr. Prateep Buphaintr ⁸⁾	99,166.67	60,000	-	10,000	-	169,166.67
14.	Mrs. Tarisa Watanagase ⁹⁾	43,750	-	-	-	-	43,750
15.	Mr. Taweesak Senanarong ¹⁰⁾	90,000	-	-	-	10,000	100,000
Total		2,721,750.01	360,000	130,000	117,500	120,000	3,449,250.01

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
- ⁷⁾ Mrs. Kesree Narongdej retired by rotation in the 24th Annual General Meeting of Shareholders on April 29, 2013 and expressed her intention to not be re-elected.
- ⁸⁾ Mr. Prateep Buphaintr retired by rotation in the 24th Annual General Meeting of Shareholders on April 29, 2013 and expressed his intention to not be re-elected.
- ⁹⁾ Mrs. Tarisa Watanagase resigned from director since February 22, 2013.
- ¹⁰⁾ Mr. Taweesak Senanarong, resigned from director since April 19, 2013.
- * Mr. Win Viriyaprapaikit, Director and the President, considered as an employee of the Company, shall not receive the meeting allowance or a director's remuneration.
- The 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 2013

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

Remuneration of Independent Directors of the Company who hold directorship in its Subsidiary in 2013

No.	Name of the Company's Independent Director who holds directorship in its subsidiary		Position in the Subsidiary	Meeting Allowance in 2013 (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	283,000

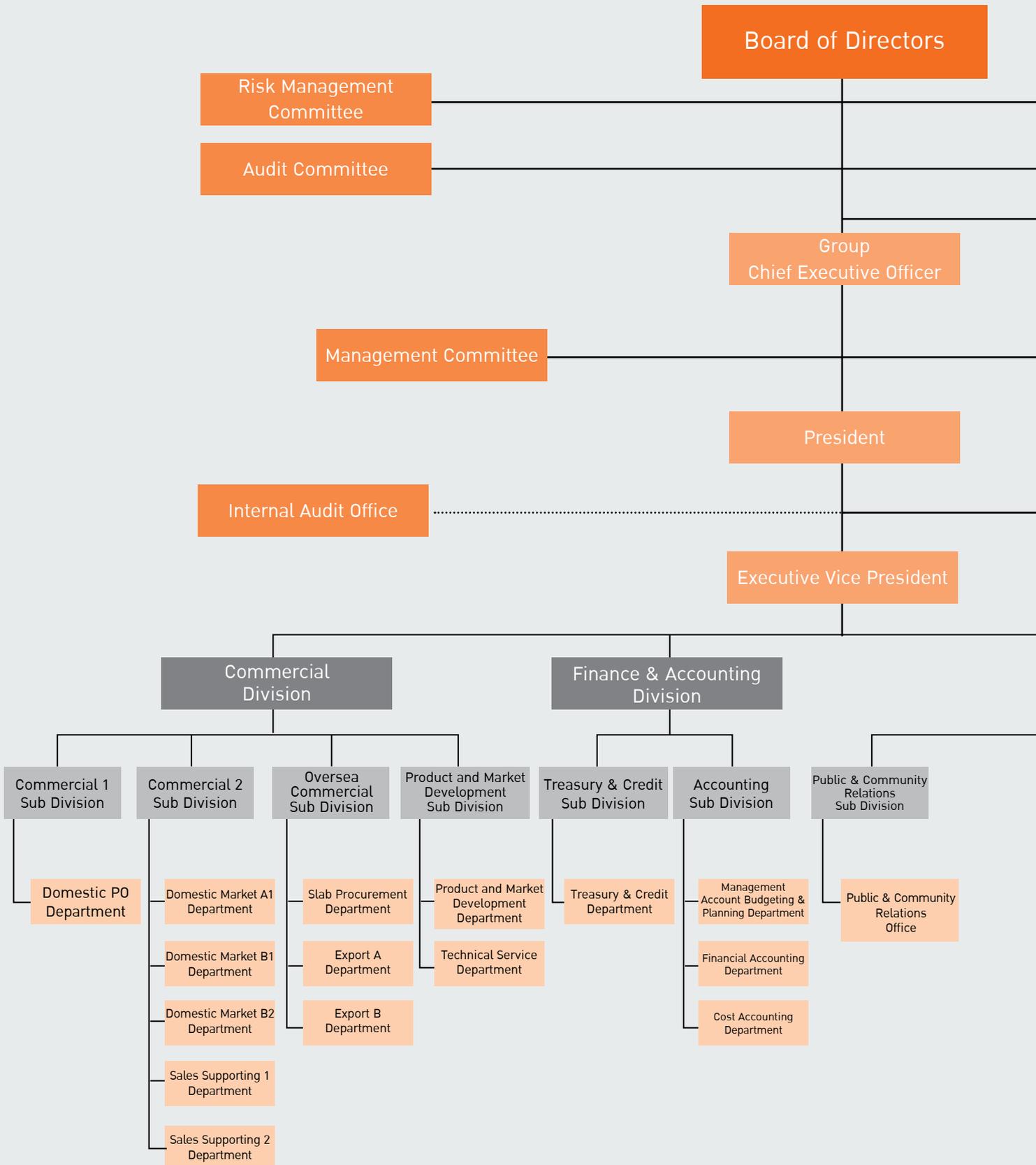
1.7 Remunerations for executives in a position of Vice President and higher in the form of salaries, retirement compensation, vehicle allowances, insurance premiums and traveling allowances, for 10 people plus the President, totaled Baht 44,230,749.30 for the year.

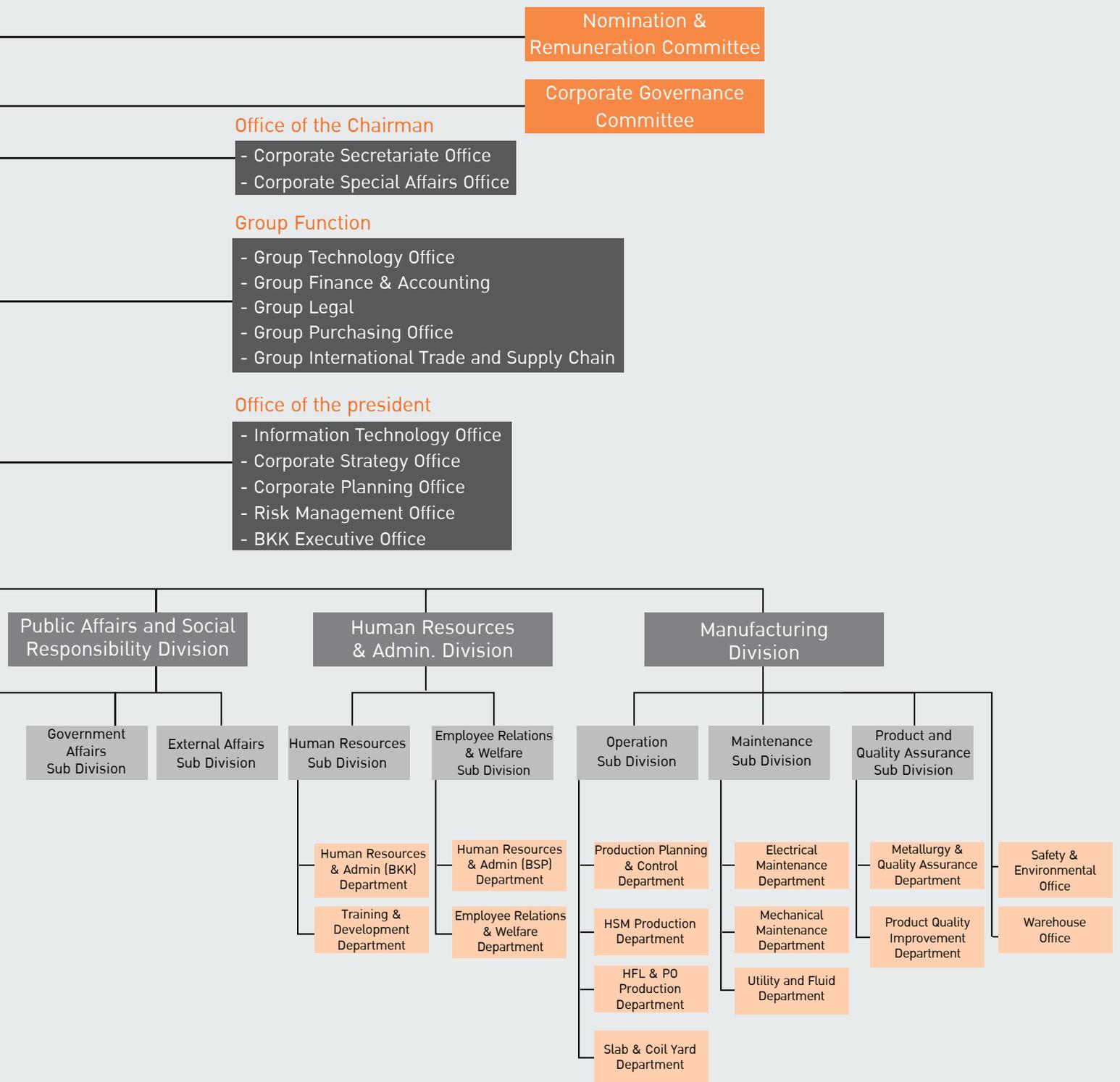
2. Other Remunerations

Contributions to the provident fund for executives in a position of Vice President and higher, for 10 people plus the President, totaled Baht 2,887,401.24 for the year.



Organisation Structure





Good Corporate Governance

Good Corporate Governance

The Board of Directors at Sahaviriya Steel Industries Public Company Limited is 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 2006, the Corporate Governance Center of the Stock Exchange of Thailand announced its updated version of the Principles for Good Corporate Governance for Listed Companies having been adjusted to be comparable to the Principle of Corporate Governance of the Organisation for Economic Co-operation and Development (OECD Principles of Corporate Governance). 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 year 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.

Nevertheless, the meeting of the Good Corporate Governance Committee No. 1/2013 held on 12 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 for the Year 2012, which was being developed by a Steering Committee for Thai listed companies (from the survey of the CGR project for this purpose) to conform with ASEAN CG Scorecard as well as international practices. This would eventually enable Thai equities to be of, an ASEAN Asset Class.

In 2013, the Company received awards and assessments related to good corporate governance activities as follows:

- The Company received the CSR Award in 2013 for "Outstanding Corporate Social Responsibility" in the category of listed companies, with a market capitalisation of Baht 10,000 - 20,000 million. This is one of the SET Awards which are organised by the Stock Exchange of Thailand and Money & Banking Magazine.

- The Company received an "Excellent" accomplishment in the Corporate Governance Report of Thai Listed Companies 2013 which was rated by the Thai Institute of Directors (IOD) in cooperation with the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET).

- The Company was evaluated by the Office of the Securities and Exchange Commission, in cooperation with Thai Investors Association and Thai Listed Companies Association, on the quality of the Annual General Meeting for the year 2013. The Annual General Meeting of shareholders No. 24 for the year 2013 was rated "Excellent", the same result received for the years 2008 - 2012.

Board Committees

(1) The Company's management structure consists of 6 committees, namely: The Board of Directors, Audit Committee, Nomination and Remuneration Committee, the Good Corporate Governance Committee, Risk Management Committee and the Management Committee. Their duties and responsibilities can be summarised as follows:

1. Board of Directors

As of 31 December 2013, the Board of Directors consisted of 11 members, including:

- Director who is also an executive 1 member
- Directors who are not executives 4 members
- Independent directors 6 members

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. Yamsak Manomaiphiboon Director and
Independent Director
8. Mr. Somchai Pipitvijitkorn Director
9. Mr. Kamol Juntima Director
10. Mr. Piya Viriyaprapaikit Director
11. Mr. Win Viriyaprapaikit Director

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

Authority and Duties of the Board of Directors

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

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

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

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

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

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

In case of retirement or the inability to perform the duty required of the company secretary, the Board of Directors must appoint the new company secretary within 90 days from the date on which the position becomes vacant. The Board of Directors is authorised to assign any board member to act as the company secretary during the vacant period.

The Chairman of the Board of Directors shall notify the Securities and Exchange Commission as to the name of the new company secretary within 14 days from the date on which the appointment is made, and also notify the Securities and Exchange Commission of the place where the documents are kept as determined by law.

Company secretary

The Board of Directors appointed Mr. Surasak Ngamsidhipongsa (as the Company Secretary) as he is knowledgeable and qualified for the position.

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.

2. Audit Committee

As of 31 December 2013 the Audit Committee consisted of three members, whose term of office is three years, (from 30 June 2011 to 29 June 2014) as follows:

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

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

Scope of Duties and Responsibilities of the Audit Committee

1. To review and ensure the accuracy and adequacy of the Company's financial reports.
2. To review and ensure the suitability and effectiveness of the Company's internal control system and internal audit system. To determine the independence of the internal audit office, and to approve the appointment, transfer and dismissal of the Head of Internal Audit.
3. To ensure the Company's compliance with the Securities and Exchange Commission laws and laws relating to the Company's business, as well as rules, regulations, notifications and orders issued by such laws.
4. To review the Company's risk management system, particularly focusing on the Company's major risks.
5. To consider, select and nominate the Company's auditor and recommend his / her remuneration.
6. To review related transactions and transactions with potential conflict of interest comply with the securities and exchange laws and laws relating to the Company's business as well as rules, regulations, notifications and orders issued by such laws.
7. To consider commissioning and ad-hoc consultants, at the Company's expense, when professional advice or specific expertise is required.
8. To perform any other act as delegated by the Board of Directors.
9. In performing its duty; If the Audit Committee finds or suspects any reports or actions which have a material impact on the financial position and results of operations of the Company, the Audit Committee shall report to the Board of Directors in time (for rectification) deemed as appropriate by the Audit Committee;
 - 9.1 Report on conflicts of interest.
 - 9.2 Fraud, Irregularity or Material defects in the internal control system.
 - 9.3 Infringement of the Securities and Exchange Commission laws, and laws relating to the Company's business as well as rules, regulations, notifications and orders issued by such laws.
10. To report the operational results of the Audit Committee to the Board of Directors at least twice a year.
11. To prepare a report by the Audit Committee for disclosure in the annual report. To be signed by the Audit Committee Chairperson disclosing the necessary information under the basis and regulations of the Stock Exchange of Thailand.

Secretary to Audit Committee

The Board of director appointed Mrs. Wannee Sirikanchana as secretary to the Audit Committee as she is both knowledgeable and qualified for the position.

Duties and Responsibilities

1. Assisting the Audit Committee in performing and discharging its responsibilities as assigned by the Board of Directors as required by the law and regulations that are stipulated by the Securities and Exchange Commission (SEC) and The Stock Exchange of Thailand (SET).

2. Coordinating in-house with the Audit Committee, Management Committee, executive officers and business units in the Company and its subsidiaries as well as the Company secretary.

3. Coordinating outside the company with the external auditors, assistants to the auditors, officers of regulators and other external bodies such as the Securities and Exchange Commission (SEC), The Stock Exchange of Thailand (SET), the Thai Institute of Directors (IOD), the Thai Listed Companies Association and Thai Investors Association.

4. Arranging Audit Committee Meetings and preparing agendas, documents and minutes of those meetings. As well as preparing reports for the Audit Committee to be submitted to the Board of Directors and published in the Company's 56-1 and 56-2 forms.

5. Perform any other duties as assigned by the Audit Committee.

3. The Nomination and Remuneration Committee

As of 31 December 2013, the Nomination and Remuneration Committee consisted of 3 members whose term of office is three years (from 1 September 2011 to 31 August 2014) as follows:

- | | |
|--------------------------------|--|
| 1. Mr. Siripol Yodmuangcharoen | Chairman of
the Nomination and
Remuneration
Committee |
| 2. Mr. Somchai Pipitvijitkorn | Nomination and
Remuneration
Committee Member |
| 3. Mr. Piya Viriyaprapaikit | Nomination and
Remuneration
Committee Member |

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

1. Duties and Responsibilities - Nomination

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

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

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

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

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

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

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

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

2. Duties and Responsibilities - Remuneration

2.1 Consider remuneration for the Board of Directors, the President and other committees appointed by the Board of Directors 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, 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.

4. Good Corporate Governance Committee

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

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

Scope of Duties and Responsibilities of the Good Corporate Governance Committee

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

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

3. Oversee the performance of the Company's management to ensure that they conform to the Company's

policies and guidelines concerning good corporate governance as approved by the Board of Directors.

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

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

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

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

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

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

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

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

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

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

Secretary to Good Corporate Governance Committee

The Board of director appointed Mrs. Wannee Sirikanchana, Head of Internal Audit Office, who is both knowledgeable and qualified for the position.

Duties and Responsibilities

1. Assisting the Good Corporate Governance Committee in performing its responsibilities as assigned by the Board of Directors and to conform to the best practices of the regulators such as the Stock Exchange of

Thailand (SET) and the Securities and Exchange Commission (SEC).

2. Coordinating in-house with the Good Corporate Governance Committee, Management Committee, executive officers and business unit in the Company as well as the Company secretary.

3. Coordinating outside the company with the officers of regulators and other external bodies such as the Securities and Exchange Commission (SEC), The Stock Exchange of Thailand (SET), the Thai Institute of Directors (IOD), Thai Listed Companies Association and Thai Investors Association.

4. Arranging the Good Corporate Governance Committee Meetings and preparing agendas, documents and minutes of those meetings. As well as preparing reports for the Good Corporate Governance Committee to be submitted to the Board Of Directors and published in the Company's 56-1 form and 56-2 forms.

5. Perform any other duties as assigned by the Good Corporate Governance Committee.

5. Risk Management Committee

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

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

Scope of Duties and Responsibilities of the Risk Management Committee

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

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

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

4. Make additional recommendations to the Board of Directors with respect to risk management, including

problems and difficulties encountered in the course of the development of the Company's risk management system.

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

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

6. Management Committee

As of 31 December 2013, the Management Committee consisted of 9 members, as follows:

- | | |
|-----------------------------------|--------------------------------------|
| 1. Mr. Win Viriyaprapaikit | Chairman of the Management Committee |
| 2. Mr. Kittisak Mapanao | Management Committee Member |
| 3. Miss Wanna Tangcharoenching | Management Committee Member |
| 4. Mr. Nava Chantanasurakon | Management Committee Member |
| 5. Mr. Narongrit Chotnuchittrakul | Management Committee Member |
| 6. Mr. Somsak Sivapaiboon | Management Committee Member |
| 7. Mr. Thavorn Cananub | Management Committee Member |
| 8. Mr. Soontorn Wasansaerekul | Management Committee Member |
| 9. Mr. Thinnakorn Phadungwong | 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. Be 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 of directors and management

(1) Independent Directors

- The criteria for selecting an Independent Director comply with Company's Articles of Association and the Public Limited Companies Act which stated that "one-third of the directors shall retire from the office each year". However, the Company has not yet defined the directors' term limits 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.

- The qualification of Independent Director based on the following details.

Requirements for Independent Directors:

(1) Number of independent directors shall be equivalent to at least one-third of total number of directors, but not less than three.

(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 percent or more of the net tangible assets of the Company or Baht 20 million or more, whichever is lower. 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) Not be 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 share of any other company operating business which has the same nature as and is in competition with the business of the Company or its subsidiaries;

(I) 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 percent 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 same level means any two or more subsidiaries under the same parent company.

(2) Nomination of directors and management

The Nomination and Remuneration Committee defined the criteria for Nomination of directors and management as explicitly stated in The Nomination and Remuneration Committee Charter that "To select personnel suitable for nominating as the Company's director or the President, and propose 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:

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

- Verify that candidates meet the qualifications required by Legal and regulatory requirements.

(3) Rights of shareholders in the Appointment of the Board of Directors

The Company notified to 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 to agm24@ssi-steel.com; or by a regular mail to the Company Secretary within a specified period, and in compliance with the guidelines published on the Company's website at <http://www.ssi-steel.com>

Supervision of Subsidiary and Associated Companies

(1) The mechanisms for the Company to supervise and control management of its subsidiaries and its jointly controlled entities, so to ensure the protection of interest of the Company investment, are as follows:

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

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

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

(2) Disclosure of the contractual agreement between the Company and other shareholders regarding the management of its jointly control entities.

- The nomination of the directors, and/or president and/or executives to take such a position in the jointly

controlled entities which 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

- The Company's Good Corporate Governance Policy, B.E. 2550 (2007)

- The practice guidelines of the Board of Directors regarding the use and protection of inside information for trading of the Company's securities (Amendment no.3) announced on 22 October 2013 replacing the prior guidelines issued on 9 August 2010

- Expand the definition of "executives" who are required to report their holding of the Company's securities to include employees in the position of Section manager or equivalent and higher in the Investor Relations Department.

- Director and Executives are prohibited from trading company securities, held by themselves, their spouses and minor children, for 14 days period prior to the public disclosure.

- 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.

(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 the 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 Personnel Administration Rule and Policy No. 4/2008 dated 27 May 2008 regarding Disciplinary Action and Disciplinary Punishment.



Auditor's Remuneration in 2013

1. Audit Fee

The Company and its subsidiaries in Thailand (Prachuap Port Company Limited and West Coast Engineering Company Limited) paid an audit fee for the past fiscal year of Baht 4,037,000 to KPMG Phoomchai Audit Limited, of which the auditor, a person or business related to the auditor and an office of the auditor is a member.

The Company's overseas subsidiary (Sahaviriya Steel Industries UK Limited) paid an audit fee for the past fiscal year of GBP 89,000 to KPMG LLP, of which the auditor, a person or business related to the auditor and an office of the auditor is a member.

2. Non-audit Fee

The Company and its subsidiaries in Thailand (Prachuap Port Company Limited) also paid Baht 140,000 for other services which have not been completed during the past fiscal year, the auditing of a project that received investment privilege and for which an exemption from annual income tax may be requested, to KPMG Phoomchai Audit Limited, of which the auditor, a person or business related to the auditor and an office of the auditor is a member.

The Company's overseas subsidiary (Sahaviriya Steel Industries UK Limited) also paid GBP 28,000 for tax related services fee to KPMG LLP, of which the auditor, a person or business related to the auditor and an office of the auditor is a member.

Compliance with the Company's Corporate Governance

The Company's work in 2013 to ensure compliance with the Good Corporate Governance Policy, with reference to the Organization for Governance Economic Co-operation and Development (OECD) principles of Corporate Governance, can be summarised as follows:

1. Rights of Shareholders

1.1 Shareholders' Meetings

1.1.1 According to the articles of association, the Company is required to hold an annual general meeting of shareholders within 4 months of end of each fiscal year. The Board of Directors may call for an extraordinary meeting of shareholders when it deems appropriate. An extraordinary meeting of shareholders may also be called upon when a number of shareholders whose aggregate shareholdings represent no less than one fifth of the total issued shares, or at least 25 shareholders whose aggregate shareholdings represent no less than one tenth of the total issued shares, propose in writing with reasons and clear objectives specified. The Board of Directors will call an extraordinary meeting within 1 month of receipt of the requisition.

In 2013, the Board of Directors meeting No. 3/2013 held on 1 March 2013 approved the date of the Annual General Meeting of Shareholders No. 24 which was held on 29 April 2013.

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

1.1.2 The Company issued a notification of the meeting clearly specifying the meeting's agenda with sufficient details for each agenda and opinions of the Board of Directors on them together with significant information for consideration prior to decision making. For example: The 2012 annual report to allow the shareholders to have adequate information on their voting rights and other supporting documents; A copy of the Minutes of the Extraordinary General Meeting of Shareholders No. 2/2012 held on 11 October 2012; The Company's Articles of Association regarding the part relating to the shareholders' meeting; A proxy form; A list of documents and evidence to be presented by the shareholders at the shareholders' meeting; Instructions on how to attend the annual general shareholders' meeting No. 24 and the extraordinary general shareholders' meeting; A map of the meeting venue. The notification and relevant documents were sent in advance to Thailand Securities Depository Company Limited (TSD) for further distribution to all shareholders 21 days before the Annual General Meeting of Shareholders No. 24.

1.1.3 The Company also provided notification of the shareholders' meeting and all supporting documents, especially those for decision-making at the meeting, on the Company's website, both in Thai and English, 31 days before the Annual General Meeting of Shareholders No. 24. This was to facilitate the shareholders with quick and easy access to essential information of the meeting and to allow them sufficient time for consideration before the actual documents were delivered.

1.2 Convenience of Shareholders

1.2.1 The Board of Directors takes into consideration the convenience of the time and place of the meetings of its shareholders. The Annual General Meeting of Shareholders No. 24 was held on 29 April 2013 at 2 p.m. at the Grand Ballroom, 889 Thai CC Tower, Floor 12 (parking building), South Sathorn Road, Yannawa, Sathorn, Bangkok. This venue can be accessed easily, conveniently and fast via the Bangkok Mass Transit System (BTS).

At the meeting venues warm hospitality is offered to all shareholders by having staff in place to welcome and assist the shareholders in the registration process. Registration is open 2 hours in advance of the meeting to allow shareholders sufficient time. In addition, a computerised system was used to search and verify shareholders' identities in order to improve the speed of the registration process. Finally, at the Annual General Meeting of Shareholders No. 23 on 27 April 2012, the Company introduced a Barcode System of registration to ensure improved effectiveness and accuracy of the process.

1.3 On the Day of the Shareholders' Meeting

1.3.1 Board of Directors' Attendance in the shareholders' meetings

Shareholders' Meeting	Date of Meeting	Board of Directors' Attendance	
		Attended / Total	Absent
Annual General Meeting of Shareholders No. 24	29 April 2013	11 / 13 directors	1) Mrs. Kesree Narongdej 2) Mr. Pichai Eursirisub

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

In addition, for the Annual General Meeting of Shareholders No. 24, the Company provided the shareholders an opportunity to submit questions concerning the Company's operational results in advance. This measure has been in place since the Annual General Meeting of Shareholders No. 18. Shareholders can communicate with the Company via e-mail address: agm24@ssi-steel.com or by mail to the Chairman of the Board of Directors, the Deputy Chairman, directors, the President or the Company Secretary within a specified time period.

1.4 Disclosure of Minutes on Shareholders' Meeting

1.4.1 The Company Secretary prepares and discloses the minutes of each shareholders' meetings to the Stock Exchange of Thailand on the same day of the meeting. For the Annual General Meeting of Shareholder No. 24 held on 29 April 2013, the Company additionally disclosed the vote count of each resolution of the meeting, analysed by the number who agreed, disagreed or abstained. The minutes of the meetings were made within the period stipulated by law after each meeting. The minutes contained a list of attending and non-attending directors and executives, the voting methods, a summary of announcements, explanations, observations, questions, and answers. Moreover, The Company submitted

the minutes of the shareholder's meeting to the Stock Exchange of Thailand on 29 April 2013 at 7.42 p.m. and disclosed online to the public on the Company's website at <http://www.ssi-steel.com>, within 14 days of the shareholder's meeting.

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

2. Equitable Treatment of Shareholders

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

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

2.1.2 In preparation of the Annual General Meeting of Shareholders No. 24 held on 29 April 2013, the Company notified to the Stock Exchange of Thailand on 29 August 2012 regarding the rights 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 to be nominated as a director. The proposal must be submitted in advance via e-mail to agm24@ssi-steel.com; or by regular mail to the Company Secretary within a specified period, and in compliance with the guidelines published on the Company's website at <http://www.ssi-steel.com>.

2.1.3 In preparation of the Annual General Meeting of Shareholders No. 25 held on 28 April 2014, the Company disclosed to the Stock Exchange of Thailand on 29 August 2013: The right of minority shareholders to propose matters considered important and constructive as agenda items at the shareholder's meeting; To propose qualified candidates to be nominated as a Company director; To submit questions in advance before the date of the Annual General Meeting of Shareholders No. 25 for the year 2014. The shareholders had to propose the matters via an e-mail address: agm25@ssi-steel.com or by mail to the Company Secretary within a specified period in compliance with the guidelines and procedures stipulated by the Board of Directors of the Company. In cases when the Board of Directors approved the proposed matters, or the proposed matters were pursuant to the law, the Company Secretary included such matters as an agenda item of the meeting in the notification of the Annual General Meeting of Shareholders No. 25 and clarified and answered the questions at the meeting.

2.2 Proxy

The Company enclosed 3 types of proxy forms as provided by the Ministry of Commerce with the notification of every shareholders' meeting so that shareholders can have the opportunity to exercise their voting rights without attending in person. Shareholders are able to freely use any proxy form for their requirements. Since the Extraordinary General Meeting of Shareholders No. 1/2004 held on 18 November 2004, the Company has provided an alternative Proxy Form B as provided by the Ministry of Commerce, which allows the shareholders to appoint an independent director to attend and vote on their behalf. The people determined by the Company for the proxy for the Annual General Meeting of Shareholders No. 24 comprised 1 independent director or any other person designated by each shareholder.

2.3 Procedures on the Day of the Shareholders' Meeting

2.3.1 Before the meeting starts, the Chairman of the Board of Directors acting as the Chairman of the Meeting informs the shareholders of their rights according to the Company's Articles of Association, the meeting procedures and the voting procedures.

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

If there is a proposal to rearrange the order of agenda, the Chairman of the Meeting will be able to change the order as proposed after receiving approval from no less than two thirds of the attending shareholders. However, up to 2013, there has never been a request to rearrange the order of agenda, nor has there ever been a request by one third of the votes to introduce other matters not previously listed in the agenda. Moreover, the Company has never added any other items to the agenda apart from those indicated in the notification of the meeting.

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

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

3. The Rights of Stakeholders

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

Business Philosophy of the Company

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

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

In the business plan for 2010 to 2012, the Company's vision and mission were revised and new goals and strategies were formulated that correspond to the Company's Business Philosophy, as follows:

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

The business plan for 2013 to 2015 was reviewed by the Management Committee and the executives of each division or department and approved by the Board of Directors on 17 January 2013. In October 2013, the Company reviewed the current business plan in order to develop a new business plan for 2014 - 2016. The Management Accounting, Budgeting and Planning Department requested cooperation from all functions of the Company to revise its business plan and strategy by corresponding to each division or department. Meetings between the Management Committee and executives from each division or department were arranged to develop new business plans which were then approved by the Board of Directors.

Business Ethics of the Company

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

1. Shareholders

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

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

2. Customers

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

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

3. Suppliers

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

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

4. Competitors

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

1) Never seek any confidential information of the competitors by unfaithful or improper means.

2) Never damage the competitors' reputation by offensive accusations.

5. Employees

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

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

6. Supervisory Authorities

The Company values its duty to comply with the law and business practices. The Company strictly conducts its

business under laws, articles, regulations and standards imposed by supervisory authorities as well as cooperating with supervisory authorities on relevant matters.

7. Society and Community

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

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

In 2013, the Company received awards under various categories as detailed below:

Award Category	Organising Agents
SET Awards 2013 - Outstanding Corporate Social Responsibility Awards in the category of listed companies with a market capitalisation of Baht 10,000 - 20,000 million	The Stock Exchange of Thailand and Money & Banking Magazine
CSRI Recognition 2013 Awards	Corporate Social Responsibility Institute (CSRI) under the Stock Exchange of Thailand
Honorable Outstanding Labor Relations and Welfare Award for 10 consecutive years (2004 - 2013) with no labour union type (2 consecutive years)	Department of Labor Protection and Welfare, Ministry of Labor
Bronze Award for Zero Accident Campaign 2013	Ministry of Labor
"Excellent" rating for the quality of the Annual General Meeting: AGM for the year 2013	The Office of the Securities and Exchange Commission, Thai Investors Association and Thai Listed Companies Association
"Excellent" accomplishment in the Corporate Governance Report of Thai Listed Companies 2013	The Securities and Exchange Commission (SEC), the Stock Exchange of Thailand (SET), and Thai Institute of Directors (IOD)
Outstanding Award for Safety, Occupational Health and Work Environment 2013 (2 consecutive years)	Ministry of Labor

3.1 Equitable Treatment of Shareholders

In conducting its business, the Company places an importance on all stakeholders: the shareholders, customers, suppliers, competitors, employees, supervisory authorities, the society and community as stated in the Company's Business Ethics. The Company has therefore established a mechanism to encourage activities and improve the relationship between the Company and its stakeholders, for example: customer's opinion surveys; employee engagement surveys; hearing and Q&A session at the shareholders' meetings; channel for the stakeholders to raise questions and suggestions on the website; channel to inform or make a tip-off or complaint to the Good Corporate Governance Committee; community products and service promotion; and a buyer-seller seminar in 2013. 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, divisions, 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 2013.

3.1.1 Stakeholder : Shareholders

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

3.1.2 Stakeholder : Customers

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

- Working Committee for Innovation of Value-Added Steel Products and Services for the customers conducted a customer requirement analysis and cooperated with the Production Division to improve the value-added aspects

of the products and services development for the customers. For example, product size control to reduce the loss rate incurred from the customers' usage, customer collaboration to develop tailor made products for specific customers and improved delivery time for orders requiring express delivery. In 2013, the Company delivered innovative value-added products to customers accounting for 13% of its total volume.

3.1.3 Stakeholder : Suppliers

- The Slab Suppliers Audit Working Subcommittee arranged activities to strengthen the relationship with suppliers through information and experience sharing amongst suppliers. In 2013, the Company invited 2 overseas suppliers to attend meetings with the Company, to review technical protocol and specifications in order to develop a greater variety of raw materials to improve response to the market requirements. The meeting helped define a solution for improving raw material quality and other problems.

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

- Slab Supply Chain Integration Working Committee was established to coordinate with SSI UK Limited in order to improve the slab production processes and slab specification in order to improve business results.

- 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 direct vendors to the Company or via the Company website, as well as submit procurement bids. This enables the Company to have an efficient and transparent procurement process.

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

- Organising annual seminars and meetings with suppliers and service providers. In 2013, a meeting was held in February to clarify the Company's procurement, joint procurement with Sahaviriya Group as

well as other related issues on the procurement policy, safety, occupational health and environment policy of the Company. The suppliers and service providers are given a chance for a company visit at Sahaviriya Group.

- In 2013, the Company has procured Baht 4,100 million of goods from general suppliers, including energy products of Baht 2,800 million, rollers of Baht 255 million, spares of Baht 340 million, services of Baht 650 million and others of Baht 55 million. The Company also procured products from local communities in Bangsaphan area with a volume of Baht 276 million. In 2014, the Company expects its volume of procurement to rise by up to Baht 4,500 million from general suppliers and Baht 300 million from local communities.

- Visiting the production process and management system of 43 suppliers and 5 suppliers in Bangsaphan to review the production process and product quality to ensure it satisfied the Company's requirements. In addition suggestions were made on product improvement, development, required products and service delivery time.

- 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.

3.1.4 Stakeholder: Competitors

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

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

3.1.5 Stakeholder: Employees

- The Human Resources and Administration Division is committed to following the Company's business philosophy which places an importance on the value of personnel and that the quality employees contribute to the success of the organisation. Hence, the Company has always arranged appropriate employment conditions that provide suitable compensation for the employees in order to encourage motivation. A number of welfare benefits are initiated in various

forms, for example, we provide: provident fund, health insurance, life and accident insurance, training and seminars for employees, scholarships and transportation services to and from SSI Bangsaphan Steelworks, food court at Bangsaphan Steelworks and support for activities of employee's saving cooperatives.

- The Company values the importance of employee welfare and benefits as well as the quality of life of employees and their families. This can be seen from the Honorable Outstanding Labor Relations and Welfare Award for 10 consecutive years (2004 - 2013) with no labour union (2 consecutive years). The Company also provides a working environment that encourages the employees to be good, smart and socially accepted people. The Company focuses on building relationships within the workplace under the "Care Organisation" project which comprises of several sub-projects for building close relationships for the employees. The sub-projects include : 1) Management meeting with employees, including those at SSI Bangsaphan Steelworks to communicate policies to employees of each division 2) Supervisor meetings with employees to provide job coaching that focuses on consulting an individual on both work and non-work related matters. 3) Employee meeting with employee, including a mentoring program for new employees and a buddy program for good deeds. In addition, the Company focusses on creating a better work-life balance by encouraging the employees and their families to participate in activities with the Company. The implemented activities include the "SSI Way" which promotes activities involving the business philosophy, business ethics, vision and mission, values of the Company and morality of the employees achieved by creating role models for other employees to promote the desired values.

- The Company realises that communication is a significant factor to success. The Company provides thorough channels including internal magazine, newspaper, wire broadcasting, internal TV, SMS, social network i.e. Facebook and effective communication skills training for supervisors. The Company aims at employee involvement and participation by setting up working committees to manage specific matters for the employees, for example, Food Court Committee, 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 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 and 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.

3.1.7 Stakeholders: Society and Community

- The Public and Community Relations Office undertook programs as specified under the Corporate and Social Responsibility section.

- The Working Committee for Minimising Climate Change organised a number of programs and activities as detailed in the Social Responsibility Report 2013 under the section of Safety, Occupational Health and Environmental Management.

- The Group Purchasing Office has also provided support to energy saving projects. In 2013, the Company procured 300 Energy Saving LED Bulbs (20 W.) which were installed in the motor room and substation at SSI Bangsaphan Steelworks. The bulbs were purchased to save electricity and provide extended bulb life as required by the government support policy.

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 prepared to extend its insurance coverage to other SSI subsidiaries that have been operating

both locally and abroad; For example, West Coast Engineering Company Limited; Prachuap Port Company Limited; Thai Coated Steel Sheet Company Limited; and Sahaviriya Steel Industries UK Limited. Furthermore, a constant monitoring of unusual situations has been put in place to periodically assess the risks that may cause damage to the Company and its stakeholders. Provisions of additional insurance coverage would be implemented to the offset any increased risk.

3.3 Dispute with Stakeholders

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

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

3.4 Whistleblowing Process

Realising the importance of stakeholders' participation in supervising the Company, the Good Corporate Governance Committee has arranged a tip-off and complaint reporting channel that allows the Company to acknowledge information from employees and any group of stakeholders e.g. shareholders, customers, suppliers, competitors, society 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, orders 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.

On 11 August 2008, the Company announced the Board of Directors' policy and guidelines regarding whistleblowing, concerning tip-offs or complaints reporting channels. 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 intranet at <http://ssi.net> and the Company website at 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 specifically authorised. 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 the Chairman of the Good Corporate Governance Committee, whose reporting line is direct to him.

The Company is in the revision process of ensuring the protection of the informants or whistleblowers on the Board of Directors' guidelines regarding Whistleblowing. The guidelines have been updated to clarify concrete measures to protect the informants or whistleblowers, to ensure that the company has a secure and accessible channel for employees and stakeholders, both internal and external, and to conform to the anti-corruption program which was developed in accordance with the resolution of the Board of Directors meeting No. 13/2013 held on 14 November 2013 to sign "the Declaration of Intent in view of establishing Thailand's Private Sector Collective Action Coalition Against Corruption" and prepared for the Certification Process. In November 2014, the Company sent "the Declaration

of Intent in view of establishing Thailand's Private Sector Collective Action Coalition Against Corruption" signed by the Chairman to the "Private Sector Collective Action Coalition Against Corruption" (CAC) with the Thai Institute of Directors (IOD) acting as Secretary of the project and received the letter of acceptance from IOD within the same month as detailed in the Social Responsibility Report 2013 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 set up the Corporate Secretary Office and the Group Investor Relations Department as business units to be directly responsible for disclosing the Company's information to the Stock Exchange of Thailand and the Office of the Securities and Exchange Commission.

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 2013, the information disclosure of the Company by the Corporate Secretary Office comprised the following:

- Disclosed all information necessary for the investors and shareholders to make decisions according to the regulations of the Stock Exchange of Thailand and the Office of the Securities and Exchange Commission. This included the financial reports relating to the financial status and operating performance of the Company on a quarterly and

annual basis after each review or audit by the licensed auditor, as well as the Management Discussion and Analysis (MD&A) of the Company, its subsidiaries and its jointly controlled entities to the Stock Exchange of Thailand and the Office of the Securities and Exchange Commission.

- Distributed the 2012 Annual Report (Form 56-2) to the Company's shareholders, along with the notice of the Annual General Meeting of Shareholders, and informed such information to the Stock Exchange of Thailand and the Office of the Securities and Exchange Commission within the period required by law.

- Submitted Form 56-1 for the year ending 31 December 2012 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 business unit 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. On 15 August 2013, the Company announced the notification of changes of organizational structure and department name for setting up the Group Investor Relations Department under the Group Corporate Finance and Investor Relations Sub-division of the Group Finance and Account Office. The Public and Community Relations Office takes direct responsibility for the information disclosure to the public through mass media. Both offices have disclosed and distributed material information through the Company's website at <http://www.ssi-steel.com>

with regular updates on the information given for the stakeholders and related parties to always have key information of the Company such as financial information, annual reports, organisation news, social activities and securities analysis articles, both in Thai and English.

4.2.1 Investor Relations

In 2013, the Group Investor Relations Department performed the following key activities through various channels:

- Published the Company's financial and non-financial information, good corporate governance policy, business philosophy, and code of 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. Investors and shareholders are able to raise questions to the executives or request for more information from the Company through its 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 jointly controlled entities for the quarterly operating performance to be distributed to investors on the Company's website on a quarterly basis.

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

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

- Organised meetings with the lending financial institutions of the Company four times a year.

- Arranged 12 group meetings or one-on-one meetings between senior executives of the Company and Thai and foreign institutional investors, securities analysts

and retail investors at the Bangkok office as well as conference call meetings with foreign investment funds.

- Participated in 2 corporate roadshows organised by the Stock Exchange of Thailand for senior executives of the Company to make presentations to the Thai and foreign institutional investors as follows:

No.	Date	Objective
1	13 March 2013	The SET & CIMB Thailand Corporate Day : Hidden Gems (Singapore)
2	29 - 31 August 2013	Participation in Thailand Focus at Grand Hyatt Erawan Hotel Bangkok

- Organised 2 visits for retail investors and the financial lending institutions of the Company to visit the hot-rolled steel sheet production process of the Company and cold-rolled steel sheet production process of Thai Cold Rolled Steel Sheet Public Company Limited, a jointly-controlled entity. The second visit was to see the raw material handling of Prachuap Port Company Limited, a subsidiary located at Bangsaphan District, Prachuap Khiri Khan Province.

- Created a communication channel with securities analysts, investors and people interested in securities of the Company using the social networking tool (Socialise IR) by creating a Twitter account namely “ir_ssi”.

4.2.2 Other Stakeholder and Public Relations

In 2013, the Public and Community Relations Office pursued the following key activities:

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

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

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

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

- Print media such as newspapers and annual reports.

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

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

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

5. Responsibilities of the Board of Directors

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.

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.

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.

5.1 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 duties and responsibilities of the Board of Directors can be found in the section of Management Structure regarding the Board of Directors.

5.1.1 Good Corporate Governance Policy

The Board of Directors aims for an enhancement in the standard of good corporate governance within the organisation. This requires the collaboration of four parties comprising the Board of Directors, the management, the independent external auditor, and the internal auditor of the Company. The Board of Directors needs to have a clearly defined policy. In this regard, 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. Subsequently, the Good Corporate Governance Policy was further revised 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.

5.1.2 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.

5.1.3 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 credibility 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 2013 annual report in the section of Supervision of Use of Inside Information.

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

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

7) The Audit Committee considered the draft of preliminary legal opinion prepared by Weerawong, Chinnavat & Peangpanor Ltd. regarding 1) The connected transaction 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.

5.1.4 Internal Control and Internal Audit System

The Board of Directors of Sahaviriya Steel Industries Public Company Limited recognises the importance

of good and effective internal control, as explicitly stated in the Good Corporate Governance Policy of the Company as it is believed to help in preventing harm, minimising risk to its business activities and achieving the Company's vision and mission. The Board of Directors has assigned the Audit Committee to ensure the appropriateness and effectiveness of the Company's internal control and internal audit system as stated in the Audit Committee charter (3rd edition) dated 11 August 2008 which was recently revised on 6 August 2013.

5.1.5 Risk Management

Details can be found in the section of Risk Management.

5.2 Assessment of Performance of the Board of Directors

5.2.1 Self-assessment of the Board of Directors

The Company has required 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 resolving 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 at an individual level.

5.2.2 Self-assessment of Sub-committees

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



The report of audit committee self-assessment is presented to the Board of Directors on an annual basis.

5.3 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 sub-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 in sub-committees.

In summary, the remuneration of directors and senior executives of the Company has been consistent with the criteria proposed by the Nomination and Remuneration Committee as approved by the Board of Directors and at the shareholders' meeting. Details of remuneration of directors and senior executives in 2013 can be found in the section of Directors, Management and Auditor Remuneration.

5.4 Development Program for Directors and Executives

It is the Company's policy to encourage and support the directors and executives to attend training courses or participate in Company activities, for example, visiting plants of other listed companies to increase ones knowledge and develop the potential of Company personnel to apply such knowledge to enhance the Company's operations. Training and seminars are provided in house and organised by external institutions. In addition, a rotation program for senior executives in the Group has also been pursued to share and gain experience.

To support the implementation mentioned above, the Company has also established the policy and procedure on personnel development, and guideline for staff training and seminars and a guideline for reimbursement of training and seminar expenses.



5.4.1 Development Program for Directors

1) Orientation for new directors

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

2) Training and seminars for directors

In 2013, none of the directors participated in the seminars organised by the Thai Institute of Directors (IOD).

5.4.2 Development Program for Executives and Succession Plan

1) Orientation for new executives

For new executives, an introduction to the Company's business and operations has been provided by the

executives from each division with related documents and information given as a working manual i.e. corporate authorisation manual and SSI WAY manual.

2) Training and seminar for executives

In 2013, senior executives of the Company attended various in-house and external training sessions.

The Company has introduced Personnel Policy and Procedure Extra Volume No. 2/2005 regarding the Succession Plan to accommodate the planning for future human resources of the Company with successors for key positions identified.

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

Social and Community Contribution

CSR Overview

SSI sets a policy for the Company and its subsidiaries to conduct their business in accordance with CSR guidelines. These were launched by the Stock Exchange of Thailand to support society, environment and stakeholders. The report is disseminated in written reports and online at www.ssi-steel.com

SSI has operated its CSR by adhering to the Company's 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 business philosophy, good corporate governance policy, business ethics and business practices to conduct suitable business for its manner and communicating to all groups of stakeholders. The Company establishes a concept for CSR operation and communication guidance as follows:

innovate • strength

Report Production

The CSR report has been generated in accordance with Global Reporting Initiative (GRI) G3.1 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 has also reviewed its legal compliance and reported both complying and non-complying actions to the Group Legal Office to collect and present 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 operate, coordinate and report the progress. They will also predict the 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.

CSR After Process

SSI has continuously focused on social and community development in accordance with sustainable development to strengthen relationships with our stakeholders. This has been done by adhering to three principles: creativity, stakeholder engagement and operation efficiency. In 2013, the Company operated 35 social and community development projects which focus on 4 aspects: Education quality development, Environment quality development, Job and income development, Good quality of life development which includes religion and culture support. Examples of the projects in 2013 are as follows:

- SSI supported the Rajcha Pracha Samasai Foundation under royal patronage by arranging the Chakri Day Run 2013 on April 6, 2013. It was aimed at honoring the eight monarchs of the Chakri Dynasty. The benefits from this activity went towards the foundation for vulnerable people who suffered from leprosy and 999 educational funds for Children whose parents are afflicted with HIV.
- SSI, in cooperation with Rajcha Pracha Samasai Foundation under royal patronage, arranged "the 5th Sahaviriya Bangkok Triathlon 2013" for athletes to compete for the Royal Trophy best owned by His Majesty the King on the July 7, 2013. The event was aimed at honouring His Majesty the King through raising funds for royal charities for children affected by leprosy and HIV. A total of 632 athletes competed in the Triathlon, from 36 countries, making the raised fund from the enrolment to Bath 1,132,000.
- SSI, with the co-operation from the other steel industry partners namely Thai Cold Rolled Steel Sheet Plc.(TCRSS), BlueScope Steel (Thailand) Ltd., The Siam United Steel (1995) Co. Ltd and Nippon Steel & Sumikin Galvanizing (Thailand) Co. Ltd (NSGT) jointly arranged a mini marathon for vulnerable people. The 6th Thailand Iron Man Mini Marathon 2013 managed to raise 2.4 million Baht for 24 charities. The event was attended by over 1,400 participants.

- Annually SSI and Sahaviriya Group give scholarships to students from schools in Bangsaphan from primary to undergraduate levels. In 2013, students from 21 schools received 189 scholarships for, totaling 483,500 Baht.
- SSI considers its responsibility to the environment and natural resources. The Company controls the industrial processes to ensure that pollution is minimised to maintain the quality of life and health of staff and local people. SSI, together with related offices, co-operates to continuously improve the quality of the environment, by organizing many projects, including SSI Beach Clean-Up Project, SSI plants trees 86 Rai in honours of HM the King Project, Bangsaphan Car Free Day, SSI Waste Bank Project, Youth Conservation Camp, Love the King, Preserve Bangsaphan 2013, Super Smart & Intelligent Kids 2013 (SSI Kids) and Teen Detective Project.
- “SSI Arsa Project” is a volunteering project, launched by SSI Staff and executives. They worked together, to arrange activities to help the society and community in Bangsaphan. In 2013, SSI Arsa Volunteers have arranged 2 major volunteering activities and 33 minor activities under the project “A hundred good deed, A thousand hearts of SSI Arsa” and 1 activity of SSI Arsa Bangkok. The total number of SSI Arsa Volunteers involved is 1,035, or 8,280 working hours, and of volunteers from the community are 1,442 or 11,536 working hours.

Anti-Corruption

The Board of Directors places strong emphasis on conducting business with good corporate governance and corporate social responsibility for sustainable development. The Board deems that the corruption creates or reinforces threats both to organizational and national levels, hence the Board of Director meeting No. 13/2013 held on 12 November 2013 resolved to sign “the Declaration of Intent in view of establishing Thailand’s Private Sector Collective Action Coalition Against Corruption” and prepare for its Certification Process.

In 2013, the Company carried out several anti-corruption initiatives as follows:

- 1) Submitted “the Declaration of Intent in view of establishing Thailand’s Private Sector Collective Action Coalition Against Corruption” signed by the Chairman to the “Private Sector Collective Action Coalition Against

Corruption” (CAC) with the Thai Institute of Directors (IOD) acting as Secretary of the project, in November 2013 and received the letter of acceptance from IOD within the same month.

- 2) Established the working committee which is comprised of representatives from various business units within the Company to develop a policy and guidelines regarding anti-corruption as well as to study “Self-Evaluation Tool for Countering Bribery” developed by IOD which must be completed prior to applying for the certification process.
- 3) The working committee used “Self-Evaluation Tool for Countering Bribery” as a checklist to evaluate and identify areas where improvement or additional measures were needed to prevent corruption. The results will be submitted to the Good Corporate Governance Committee for acknowledgement. As part of evaluation process, the working committee also considers the “SSI Way” manual involving the business philosophy, business ethics, the ethics for director and employee as well as other existing policies and guidelines related to anti-corruption.
- 4) The working committee drafted the Board of Directors’ policy and guidelines regarding anti-corruption and proposed to the Management Committee for consideration and to the Good Corporate Governance Committee for consensus.

The Company participated in anti-corruption activities in 2013 :

- 1) The representatives of the working committee participated in a workshop seminar organised by IOD on “Anti-Corruption: The Practical Guide (ACPG/2013)” for acknowledgement of how to join CAC’s project, the purpose of the project and how to complete a certification process on 15 -16 July 2013 and “Anti- Corruption Seminar 3/2013” on 14 November 2013. Moreover, a representative of the Company attended Thailand’s 4th National Conference on Collective Action Against Corruption on the topic of “Working Models for Governance in Corporate Operations and Infrastructure Projects” on 8 October 2013.



2) A number of executive officers and employees participated in “Walk Run Fun Bike Anti-Corruption 2013,” organised by the Anti-Corruption Organization of Thailand (ACT) and Thai Listed Companies Association at Phra Men Ground, Bangkok on 15 December 2013, to show their spirit against all forms of corruption.

The Company’s anti-corruption plans for 2014 are as follows:

1) Proposing the new policy and guidelines regarding anti-corruption to the Board of Directors for approval.

- 2) Communicating those policy and guidelines to all levels of employees for their acknowledgement and promote consistent practice and to provide to stakeholders for their information and cooperation.
- 3) Assessing risks associated with corruption and put measures in place to mitigate the risks.
- 4) Developing action plans in preparation for the certification process.

Internal Control and Risk Management

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

The Board of Directors concurred with the report from the Audit Committee in that "The Company has suitable and efficient internal control and internal audit systems". The Audit Committee has reported that there was an assessment of the adequacy of the internal control system using the self-evaluation forms issued by the Securities and Exchange Commission and external auditors. From the results of the assessments for the year 2013, the Audit Committee concluded that the Company has appropriate internal controls in place to prepare reliable financial reports. Moreover, the Audit Committee concluded that the Head of Internal Audit has sufficient knowledge and competence needed to perform her duties. 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 internal audit charter.

Head of Internal Audit Profiles

(1) Head of Internal Audit

The Head of Internal Audit is Mrs. Wannee Sirikanchana, who was appointed by the resolution of the Board of Executive Directors at meeting No. 23/1998 held on 8 December 1998, which occurred prior to the appointment of the Audit Committee.

The Board of Director's meeting No.2/1999 held on 30 June 1999 approved the Audit Committee Charter regarding the audit committee appointment, terms of membership, meetings, scope of duties and responsibilities and reporting, effective from 30 June 1999.

The Board of Directors' meeting No.4/2008 held on 11 August 2008 approved the amendment of the Audit Committee Charter for the purpose of addressing the scope of duties and responsibilities of the Audit Committee. The responsibilities of the Audit Committee are not only to review and ensure the suitability and



effectiveness of the Company's internal control system and internal audit system, but also to determine the independence of Internal Audit, and to approve the appointment, transfer and dismissal of the Head of Internal Audit.

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

The Audit Committee concluded that the Head of Internal Audit has sufficient knowledge and competence needed to perform her duties.

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

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

Related Party Transaction

Name of entities	Nature of relationships	Related transaction Y2013 (in million Baht)	Outstanding Balance (in million Baht)		
Thai Coated Steel Sheet Co., Ltd.	Direct subsidiary, 3.7% shareholding and common director	Revenue from deep-sea port and marine shipping services	4.17	Trade accounts receivable	0.69
		Revenue from maintenance services	0.03	Other receivables	0.00
		Sales of machine	0.28	Accrued income	4.25
		Other income	5.59		
Thai Cold Rolled Steel Sheet PCL.	Jointly controlling shareholder, 35.19% shareholding	Revenue from sale hot rolled coils	2,569.14	Trade accounts receivable	10.47
		Sales of machine	4.07	Other receivables	0.01
		Revenue from deep-sea port and marine shipping services	29.08	Accrued income	3.14
		Revenue from maintenance services	41.47	Other payables	0.06
		Other income	14.12		
		Other expenses	1.67		
Bangsaphan Barmill PCL.	Common directors and direct and indirect shareholding over 10% by the Company's director(s)	Revenue from deep-sea port and marine shipping services	8.11	Accrued income	3.78
		Revenue from maintenance services	0.05	Other receivables	0.11
		Other income	0.10		
B.S.Metal Co., Ltd.	Common directors and direct and indirect shareholding over 10% by the Company's director(s)	Revenue from sales hot rolled coil / scrap	11,220.22	Trade accounts receivable	1,978.86
		Revenue from maintenance services	0.15	Other receivables	0.01
		Other income	16.80	Accrued income	0.39
		Expenses for cut sheet	0.14	Trade accounts payable	0.66
Sahaviriya Plate Mill PCL.	Common directors and direct and indirect shareholding over 10% by the Company's director(s)	Revenue from sales slab	179.27	Trade accounts receivable	1.84
		Sales of machine	0.02	Other receivables	385.32
		Revenue from deep-sea port and marine shipping services	2.87		
		Revenue from maintenance services	1.70		
		Other income	16.86		
		Purchases (SSI)	72.26		
Prapawit Building Property Co., Ltd.	Common directors and direct and indirect shareholding over 10% by the Company's director(s)	Office Rental	17.58	Other receivables	0.21
				Trade accounts payable	0.03
				Other payables	1.51
Western Housing Co., Ltd.	Common directors and direct and indirect shareholding by over 10% the Company's director(s)	Accommodation expenses	1.56	Other payables	0.10
Sahaviriya Panich International Co., Ltd.	Common directors and direct and indirect shareholding over 10% by the Company's director(s)	Revenue from sale hot rolled coils	21,258.85	Trade accounts receivable	1,978.01
		Other income	17.36	Trade accounts payable	0.21
Line Transport Co., Ltd.	Common directors with the subsidiary and direct and indirect shareholding over 10% by the Company's director(s)	Revenue from deep-sea port and marine shipping services	11.30	Trade accounts receivable	3.04
		Revenue from maintenance services	0.06	Other receivables	7.35
		Sales of machine	0.25	Trade accounts payable	2.02
		Other income	1.50	Other payables	18.27
		Local transportation expenses	344.82		
Bangpakong Lighter Co., Ltd.	Common directors and direct and indirect shareholding over 10% by the Company's director(s)	Revenue from deep-sea port and marine shipping services	1.23	Trade accounts receivable	0.11
		Other income	0.26	Other receivables	0.04
		Water transportation expenses	185.12	Other payables	8.32
Bangpakong Port Co., Ltd.	Common directors and direct and indirect shareholding over 10% by the Company's director(s)	Revenue from maintenance services	0.36	Trade accounts receivable	0.30
		Local transportation expenses	23.45	Trade accounts payable	0.19
		Other income	0.00	Other payables	1.27

Name of entities	Nature of relationships	Related transaction Y2013 (in million Baht)	Outstanding Balance (in million Baht)		
Prachuap Pattana Development Co., Ltd.	Common directors and direct and indirect shareholding over 10% by the Company's director(s)	Other expenses	0.02	Trade accounts payable	0.02
Sahaviriya Iron and Steel Co., Ltd.	Common directors and direct and indirect shareholding over 10% by the Company's director(s)	Office equipment rental expenses	0.01	None	-
Sahaviriya Inter Steel Holdings Co., Ltd.	Common directors and direct and indirect shareholding over 10% by the Company's director(s)	Finance costs	22.20	None	-
C.A.R. Services Co., Ltd.	The direct and indirect shareholding by the Company's director(s)	Revenue from maintenance services	0.06	None	-
Bangpakong Karnyotha Co., Ltd.	Indirect shareholding over 10% by the Company director(s)	Expenses for construction service	6.50	Other receivables	0.04
Redcar Bulk Terminal Limited	Jointly controlling shareholder, 50.00 % shareholding	Expenses of service	800.49	Other receivables Accrued income Other payables	119.53 369.24 471.03
Vanomet AG	Common shareholder and Common director over 10% with a subsidiary	Purchases of slab Finance costs	28,762.51 386.48	Advance payment for slab Trade accounts payable Other payables	1,667.81 3,583.13 1,067.53
Vanomet International AG	Common shareholder and Common director over 10% with a subsidiary	Purchases of raw materials	14,713.32	Trade accounts receivable	524.88
Sahaviriya Shipping UK Limited	Common shareholder and director and indirect shareholding by the Company's director(s)	Transportation expenses	1,539.22	Trade accounts receivable Other receivables	1.79 83.03

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 Company's ultimate benefits. The Company has applied the same pricing policy and business terms to either related parties or third parties.

Approval Policy for Related Party Transactions

The President is authorised by the Board of Directors to approve transactions between the Company and related parties under the ordinary course of business and general business terms. This is in compliance with the related Securities and Exchange Commission Act, regulations, announcements, notifications, or provisions of the Stock Exchange of Thailand, as well as the provisions of related party transaction disclosure and the acquisition or disposal of assets of the Company and its subsidiaries, stipulated by the Federation of Accounting Professions under the Royal Patronage of his Majesty the King.

Any related party transaction occurred between the Company and its related parties shall be reported to the Board of Directors and reviewed by the Audit Committee to determine whether they are necessary and appropriate. Any director who has conflict of interest with the related party transaction has no right to vote. If the Audit Committee has insufficient expertise, an independent expert or the Company's auditor shall advise on the transaction. This advice will then be provided as information to the Board of Directors or the shareholders, as the case may be. The Company shall disclose the related party transactions in a note to financial statements audited by the Company's auditor.

Trend of Related Party Transactions Policy

Related party transaction policies are subject to change as they are dependent upon supply and demand as well as the Company's selling prices and the related cost of the service providers.

Key Financial Information

Summary of auditor's report

The auditor who audited the Company's consolidated and separate financial statements and its subsidiaries' financial statements for the 2013 was:

Ms. Sureerat Thongarunsang

Certified Public Accountant Registration No. 4409

KPMG Phoomchai Audit Ltd.

2011, the independent auditor's opinion was unqualified with emphasis of matters

2012, the independent auditor's opinion was unqualified with emphasis of matters

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

The summary of the attention drew by the auditor for the 2013 Company's consolidated and separate financial statements, including additional explanation are as follows:

- 1) The auditor drew attention that during the year ended 31 December 2013, the Group and the Company sold goods to related parties and jointly-controlled entities in the ordinary course of business totaling Baht 49,945 million and Baht 35,048 million, respectively, which represented 77 percent and 77 percent of the Group's total sales and the Company's total sales respectively. As at 31 December 2013, the Group's and the Company's outstanding trade accounts receivable from those related parties amounted to Baht 4,174 million and Baht 3,957 million, respectively. Moreover, the Group and the Company purchased goods from related parties in the normal course of business totaling Baht 31,402 million and Baht 28,042 million, respectively, which represented 44 percent and 65 percent of the Group's total purchases and the Company's total purchases, respectively, at 31 December 2013
Additional explanation The Company predominantly sells wholesale products to both domestic and overseas customers. Not all of the domestic customers are related parties of the Company, they consist of end-users, distributors and trade and coil centres. The Company's strategy is not to increase sales to retailers or further
- 2) The auditor drew attention that the Group incurred a net loss during the year ended 31 December 2013 of Baht 7,346 million (excluding gain on sales of investment in jointly-controlled entity of Baht 363 million) and, as of that date, the Group's current liabilities exceeded its current assets by Baht 15,890 million and the Company's current liabilities exceeded its current assets by Baht 3,569 million. These conditions, along with other matters as set forth in Notes 2(e) and 14, indicate the existence of a material uncertainty which may cast significant doubt about the Group's and the Company's ability to continue as going concerns. The Group has implemented policies and procedures in an attempt to manage its liquidity risk and other circumstances including breach (and the lenders' waiver of such breach) of the terms of the loan agreement with financial institutions, rescheduling the repayment of loan principal and addressing the identified funding gap. As at 31 December 2013, the Group had Baht 354 million of undrawn credit facilities.
Group management is satisfied that the Group and the Company will continue to meet their funding needs for the foreseeable future. The consolidated and separate financial statements have been prepared by Group

increase its shareholdings with distributors and trade & coil centres because of the associated credit risk.

One of the Company's major customers is a related party that was established before the Company was a hot rolled coil and steel-product distributor. Although a high proportion of the overall sales are made to this related party, all transactions are in the ordinary course of business. It is considered normal business practice for the manufacturer and distributor to be separate legal entities.

In addition, as a hot rolled coil manufacturer, the Company has applied the same pricing policy to both related parties and non-related parties. The pricing policy is determined from the quantity and ordering frequency. For any related party transaction, the Company discloses the transfer pricing policies in the notes to the financial statements.

management on the going concern basis on the assumption that such further capital and facilities are secured to the extent that the Group's and the Company's operations require. The validity of this assumption is, however, dependent on the success of the measures taken to improve profitability and cash flows, the on-going support from the lenders, creditors and the new strategic business partner, and the availability of financing from other resources to meet funding requirements which are highly dependent on global commodity price movements.

No adjustments to the classification or carrying value of assets and liabilities have been made in the consolidated and separate financial statements should the Group and the Company be not able to continue as going concerns.

Additional explanation The Company completed its implementation of the Comprehensive Financial Plan on the 10 October 2013. The Plan had been approved by 2/2012 Extraordinary General Meeting of Shareholders held on 11 October 2012 to strengthen the Group's long-term financial sustainability. The Company entered into the "MOU for Financial Backing" ("MOU") with 3 commercial banks (working capital supporter) and a group of commercial banks (long-term loan provider) in order to reach a conclusion on the financial support plan and to amend the loan conditions to reflect the current economic situation, industry and the Group's business strategies. In addition, the Company completely allocated

the 13,829.6 million newly issued ordinary shares at the offering price of Baht 0.68 per share, under the private placement scheme. The Company also received the subscription proceeds of Baht 9,404.1million from the issuance of ordinary shares. The Company has registered its increase in paid-up share capital to be Baht 32,166.3 million with the Ministry of Commerce. These transactions strengthen the Company's capital structure and provide more financial flexibility. This will allow the Company to manage the global steel industry cycle, increase its working capital whilst decreasing its finance costs and create further business opportunities.

- 3) The auditor drew attention that the Group and the Company adopted certain new accounting policies from 1 January 2013. The corresponding figures presented are based on the audited consolidated and separate financial statements of the Group and the Company as at and for the year ended 31 December 2012 after making the adjustments described in Note 3.

Additional explanation The Company has changed its accounting policies in accordance with the new and revised Thai Financial Reporting Standards (TFRS) which were effective for financial statements beginning on or after 1 January 2014. The effects of such changes have been disclosed in Note 3 of the Company's financial statements.

Summary of Consolidated Financial

Sahaviriya Steel Industries Public Company Limited, its Subsidiaries and its Jointly-controlled entities

Statement of financial position

As at 31 December

	2013		2012 (Restated)		2011 ¹⁾	
	(Baht)	%	(Baht)	%	(Baht)	%
Assets						
Current assets						
Cash and cash equivalents	163,098,186	0.2	242,137,778	0.3	168,972,867	0.2
Trade accounts receivable	5,108,189,827	6.0	5,837,967,720	6.6	5,239,820,058	6.1
Other accounts receivable from related parties	2,265,496,613	2.7	2,407,838,016	2.7	657,303	0.0
Inventories	17,387,555,837	20.5	21,614,642,763	24.4	25,177,544,379	29.2
Assets classified as held for sale	-	-	1,183,130,464	1.3	-	-
Other current assets	3,230,008,421	3.8	1,742,921,276	2.0	855,790,879	1.0
Total current assets	28,154,348,884	33.2	33,028,638,017	37.3	31,442,785,486	36.4
Non-current assets						
Investments in jointly-controlled entities	3,839,291,317	4.5	3,499,195,864	4.0	4,683,313,931	5.4
Deposits for purchases of assets	-	-	-	-	20,248,305	-
Property, plant and equipment	52,424,543,309	61.9	51,861,354,984	58.6	50,148,668,232	58.1
Intangible assets	249,476,666	0.3	72,104,862	0.1	40,221,191	0.0
Deferred tax assets	3,268,823	0.0	123,001	0.0	-	-
Other non-current assets	55,256,538	0.1	58,636,322	0.1	28,419,083	0.1
Total non-current assets	56,571,823,653	66.8	55,491,415,033	62.7	54,920,870,742	63.6
Total assets	84,726,185,537	100.0	88,520,053,050	100.0	86,363,656,228	100.0

¹⁾ Data for 2011 has not been restated

Sahaviriya Steel Industries Public Company Limited, its Subsidiaries and its Jointly-controlled entities
Statement of financial position
As at 31 December

	2013		2012		2011 ¹⁾	
	(Baht)	%	(Baht)	%	(Baht)	%
Liabilities and equity						
Current liabilities						
Bank overdrafts and short-term loans from financial institutions	21,888,601,462	25.8	25,308,702,846	28.6	22,838,581,474	26.4
Trade accounts payable	12,614,249,781	14.9	11,837,700,764	13.4	10,684,521,525	12.4
Other accounts payable and short-term loans from related parties	1,568,448,371	1.9	386,873,467	0.4	1,458,949,484	1.7
Current portion of long-term loans from financial institutions	1,924,003,791	2.3	4,563,773,409	5.2	1,422,914,092	1.6
Current portion of finance lease liabilities	49,845,471	0.1	46,848,337	0.1	4,647,669	0.0
Current portion of hire purchase liabilities	6,896,383	0.0	4,966,327	0.0	5,589,442	0.0
Provision for onerous contracts	337,508,589	0.4	788,290,541	0.9	315,843,658	0.4
Current portion of environmental liabilities	-	-	98,021,120	0.1	-	-
Short-term provisions	7,790,000	0.0	11,835,195	0.0	11,835,195	0.0
Income tax payable	3,676,521	0.0	3,499,595	0.0	-	-
Other current liabilities	5,642,869,004	6.7	6,062,691,628	6.8	751,375,558	0.9
Total current liabilities	44,043,889,373	52.0	49,113,203,229	55.5	37,494,258,097	43.4

¹⁾ Data for 2011 has not been restated

Sahaviriya Steel Industries Public Company Limited, its Subsidiaries and its Jointly-controlled entities
Statement of financial position
As at 31 December

	2013		2012 (Restated)		2011 ¹⁾	
	(Baht)	%	(Baht)	%	(Baht)	%
Non-current liabilities						
Long-term loans from financial institutions	27,879,310,667	32.9	20,424,803,737	23.1	19,625,144,398	22.7
Subordinated convertible debentures	149,008	0.0	1,317,709,181	1.5	-	-
Finance lease liabilities	161,062,683	0.2	210,908,153	0.2	9,498,879	0.0
Hire purchase liabilities	6,241,605	0.0	3,407,299	0.0	6,011,096	0.0
Employee benefit obligations	161,647,754	0.2	149,105,649	0.2	133,328,397	0.2
Environmental liabilities and others	597,841,684	0.7	498,068,487	0.6	1,526,241,220	1.8
Deferred tax liabilities	1,264,733,220	1.5	3,191,153,871	3.6	2,621,388,314	3.0
Other non-current liabilities	1,517,745	0.0	1,843,458	0.0	-	-
Total non-current liabilities	30,072,504,366	35.5	25,796,999,781	29.1	23,921,612,304	27.7
Total liabilities	74,116,393,739	87.5	74,910,203,010	84.6	61,415,870,401	71.1

¹⁾ Data for 2011 has not been restated

Sahaviriya Steel Industries Public Company Limited, its Subsidiaries and its Jointly-controlled entities
Statement of financial position
As at 31 December

	2013		2012		2011 ¹⁾	
	(Baht)	%	(Baht)	%	(Baht)	%
Liabilities and equity						
Equity						
Share capital						
Authorised share capital	39,867,778,559		39,867,778,559		20,434,108,235	
Issued and paid-up share capital	32,166,258,124	38.0	27,080,630,230	30.6	18,184,108,235	21.1
Discount on ordinary shares issuance	(5,678,076,131)	(6.7)	(4,050,175,205)	(4.6)	(1,238,241,813)	(1.4)
Equity distribution from shareholders from repurchase of subordinated convertible debentures	366,219,977	0.4	98,073,878	0.1	-	-
Convertible rights	24,779	0.2	179,317,781	0.2	-	-
Revaluation surplus						
- The Group	4,500,473,668	5.3	4,502,659,350	5.1	5,986,592,996	6.9
- Jointly-controlled entity	104,851,834	0.1	-	-	-	-
Currency translation differences						
Retained earnings (deficit)	593,137,611	0.7	222,600,945	0.3	432,569,792	0.5
Appropriated						
Legal reserve	530,226,819	0.6	530,226,819	0.6	530,226,819	0.6
Unappropriated (deficit)	(22,789,391,004)	(26.9)	(15,797,759,712)	(17.8)	200,501,831	0.2
Equity attributable to owners of the Company	9,793,725,677	11.6	12,765,574,086	14.4	24,095,757,860	27.9
Non-controlling interests	816,066,121	1.0	844,275,954	1.0	852,027,967	1.0
Total equity	10,609,791,798	12.5	13,609,850,040	15.4	24,947,785,827	28.9
Total liabilities and equity	84,726,185,537	100.0	88,520,053,050	100.0	86,363,656,228	100.0

¹⁾ Data for 2011 has not been restated

Sahaviriya Steel Industries Public Company Limited, its Subsidiaries and its Jointly-controlled entities

Statement of income

For the year ended 31 December

	2013		2012		2011 ¹⁾	
	(Baht)	%	(Baht)	%	(Baht)	%
Income						
Revenue from sale of goods	64,735,191,615	98.2	60,091,875,621	97.1	47,643,504,597	89.4
Revenue from rendering of services	651,738,474	1.0	512,001,675	0.8	331,185,862	0.6
Gain on sales of investment in jointly-controlled entity	362,779,468	0.6	-	-	-	-
Net foreign exchange gain	-	-	345,846,077	0.6	-	0.0
Reversal of environmental liabilities	-	-	807,540,275	1.3	-	-
Gain on business acquisition	-	-	-	-	5,271,236,412	9.9
Other income	142,576,089	0.2	154,004,390	0.2	60,478,891	0.1
Total income	65,892,285,646	100.0	61,911,268,038	100.0	53,306,405,762	100.0
Expenses						
Cost of sale of goods	69,764,980,902	105.9	72,264,724,418	116.7	49,399,049,885	92.7
Cost of rendering of services	485,040,455	0.7	407,200,104	0.7	238,999,826	0.4
Selling expenses	331,739,832	0.5	336,622,346	0.5	213,952,934	0.4
Administrative expenses	798,301,839	1.2	789,214,954	1.3	1,637,862,989	3.1
Management benefit expenses	133,151,158	0.2	136,962,352	0.2	103,447,575	0.2
Net foreign exchange loss	383,945,425	0.6	-	-	529,779,897	1.0
Provision for loss under onerous contracts (reversal)	(450,781,952)	(0.7)	490,126,469	0.8	311,046,385	0.6
Finance costs	3,586,832,743	5.4	3,926,243,685	6.3	2,209,908,160	4.1
Total expenses	75,033,210,402	113.9	78,351,094,328	126.6	54,644,047,651	102.5
Share of profit (loss) of equity-accounted investees						
Jointly-controlled entities	250,729,794	0.4	(987,604)	(0.0)	(129,615,413)	(0.2)
Profit (loss) before income tax expense	(8,890,194,962)	(13.5)	(16,440,813,894)	(26.6)	(1,467,257,302)	(2.8)
Income tax benefits	1,907,137,410	2.9	569,691,763	0.9	538,591,052	1.0
Profit (loss) for the year	(6,983,057,552)	(10.6)	(15,871,122,131)	(25.6)	(928,666,250)	(1.7)

¹⁾ Data for 2011 has not been restated

Sahaviriya Steel Industries Public Company Limited, its Subsidiaries and its Jointly-controlled entities

Statement of income

For the year ended 31 December

	2013		2012		2011 ¹⁾	
	(Baht)	%	(Baht)	%	(Baht)	%
Profit (loss) attributable to:						
Owners of the Company	(7,052,530,181)	(10.7)	(15,917,987,022)	(25.7)	(980,773,237)	(1.8)
Non-controlling interests	62,472,629	0.1	46,864,891	0.1	52,106,987	0.1
Profit (loss) for the year	(6,983,057,552)	(10.6)	(15,871,122,131)	(25.6)	(928,666,250)	(1.7)
Earnings (loss) per share						
Basic earnings (loss) per share	(0.24)		(0.84)		(0.06)	
Diluted earnings (loss) per share	(0.24)		(0.84)		-	

¹⁾ Data for 2011 has not been restated

Sahaviriya Steel Industries Public Company Limited, its Subsidiaries and its Jointly-controlled entities
Statement of comprehensive income
For the year ended 31 December

	2013		2012 (Restated)		2011 ¹⁾	
	(Baht)	%	(Baht)	%	(Baht)	%
Profit (loss) for the year	(6,983,057,552)	(10.6)	(15,871,122,131)	(25.6)	(928,666,250)	(1.7)
Other comprehensive income (loss)						
Foreign currency translation differences for foreign operations	370,536,666	0.6	(209,968,847)	(0.3)	433,103,730	0.8
Revaluation of property, plant and equipment	-	-	-	-	-	-
- The Group	324,593,031	0.5	-	-	-	-
- Jointly-controlled entity	159,662,460	0.2	-	-	-	-
Depreciation on revaluation surplus	(360,964,762)	(0.5)	(368,261,116)	(0.6)	(303,548,047)	(0.6)
Income tax on other comprehensive income	8,741,850	0.0	74,595,067	0.1		
Other comprehensive income (loss) for the year	502,569,245	0.8	(503,634,896)	(0.8)	129,555,683	0.2
Total comprehensive income (loss) for the year	(6,480,488,307)	(9.8)	(16,374,757,027)	(26.4)	(799,110,567)	(1.5)
Total comprehensive income attributable to:						
Owners of the Company	(6,517,927,337)	(9.9)	(15,871,122,131)	(25.6)	(836,511,025)	(1.6)
Non-controlling interests	37,439,030	0.1	(503,634,896)	(0.8)	37,400,458	0.1
Total comprehensive income (loss) for the year	(6,480,488,307)	(9.8)	(16,374,757,027)	(26.4)	(799,110,567)	(1.5)

¹⁾ Data for 2011 has not been restated

Sahaviriya Steel Industries Public Company Limited, its Subsidiaries and its Jointly-controlled entities
Statement of cash flows
For the year ended 31 December

	2013 (Baht)	2012 (Restated) (Baht)	2011 ¹⁾ (Baht)
Cash flows from operating activities			
Profit (loss) for the year	(6,983,057,552)	(15,871,122,131)	(928,666,250)
Adjustments for			
Depreciation and amortisation	2,506,053,831	2,015,125,393	955,754,100
Withholding tax written-off	-	973,309	927,231
Finance costs	3,586,832,743	3,926,243,685	2,209,908,160
Unrealised loss (gain) on exchange rate	(687,904,094)	(62,997,996)	28,145,996
Bad debts and doubtful debts expenses (reversal)	(146,309,486)	146,309,486	-
Reversal loss on decline in value of inventories	(140,649,895)	(692,941,144)	1,083,526,852
Write-off inventories	-	-	2,339,250
Employee benefit obligations	18,324,640	18,145,810	16,525,518
Provision for loss under onerous contracts (reversal)	(450,781,952)	490,126,469	311,046,385
Reversal of environmental liabilities	-	(807,540,275)	-
Loss (gain) on disposal of property, plant and equipment	(286,103)	7,750,765	10,808,901
Loss on revaluation of property, plant and equipment	12,744,833	-	-
Reversal of loss on impairment of property, plant and equipment	(1,700,000)	(2,049,326)	-
Share of loss (profit) of jointly-controlled entities (net of income tax)	(250,729,795)	987,604	129,615,413
Dividend income	-	-	-
Gain on sales of investment in jointly-controlled entity	(362,779,468)	-	-
Others	47,959,281	-	-
Gain on business acquisition	-	-	(5,271,236,412)
Income tax benefits	(1,907,137,413)	(569,691,763)	(538,591,052)
	(4,759,420,430)	(11,400,680,114)	(1,989,895,908)

¹⁾ Data for 2011 has not been restated

Sahaviriya Steel Industries Public Company Limited, its Subsidiaries and its Jointly-controlled entities

Statement of cash flows

For the year ended 31 December

	2013	2012	2011 ¹⁾
	(Baht)	(Restated) (Baht)	(Baht)
Changes in operating assets and liabilities			
Trade accounts receivable	1,299,668,179	(849,485,239)	(2,183,400,676)
Other accounts receivable from related parties	34,130,690	(2,298,970,000)	278,120
Inventories	4,367,736,821	4,255,842,760	(6,220,358,520)
Other current assets	(1,817,785,234)	(948,296,134)	(332,316,781)
Long-term receivable from a related party	-	-	-
Other non-current assets	3,379,784	(30,217,239)	(31,760,012)
Trade accounts payable	761,339,650	1,213,005,924	7,416,550,286
Other accounts payable to related parties	1,748,044,240	338,182,383	(25,821,332)
Provision from onerous contracts	(4,045,195)	-	-
Other current liabilities	(177,144,849)	5,182,162,701	259,536,177
Environment liabilities and others	-	(122,611,338)	(184,378,134)
Other non-current liabilities	(325,713)	523,662	-
Cost of rendering of services	(5,782,535)	(2,368,558)	(3,101,970)
Income tax paid	(26,148,462)	(22,891,004)	(18,624,728)
Net cash provided by (used in) operating activities	(1,423,646,946)	(4,685,802,196)	(3,313,293,478)
Cash flows from investing activities			
Invest in subsidiary	-	-	(767,623,571)
Proceeds from sale investment in jointly-controlled entity	1,568,247,452	-	-
Purchases of property, plant and equipment	(750,627,394)	(5,053,539,083)	(4,797,791,804)
Business acquisition	-	-	(20,486,777,113)
Purchases of intangible assets	(144,619,447)	(48,427,926)	(4,162,821)
Sales of property, plant and equipment	541,633	15,144,321	2,688,218
Currency translation differences	(842,054,654)	378,493,300	-
Net cash used in investing activities	(168,512,410)	(4,708,329,388)	(26,898,648,791)

¹⁾ Data for 2011 has not been restated

Sahaviriya Steel Industries Public Company Limited, its Subsidiaries and its Jointly-controlled entities
Statement of cash flows
For the year ended 31 December

	2013	2012	2011 ¹⁾
	(Baht)	(Restated) (Baht)	(Baht)
Cash flows from financing activities			
Proceeds from issuance of ordinary shares	3,458,226,968	5,945,870,357	6,099,393,882
Transaction costs from issuance of ordinary shares	(500,000)	(13,876,754)	(83,527,460)
Finance cost paid	(3,705,550,841)	(3,790,684,020)	(2,032,053,279)
Increase (decrease) in short-term loans from financial institutions	1,066,268,051	2,470,121,372	10,232,712,609
Proceeds from short-term loans from related parties	-	1,961,332,906	1,410,258,400
Repayment of short-term loans from related parties	-	(3,371,591,306)	-
Proceeds from long-term loans	156,805,770	4,980,386,709	22,079,996,095
Repayment of long-term loans	(964,169,723)	(688,300,711)	(7,007,598,938)
Expenses relating to borrowings	-	-	(488,005,765)
Proceeds from sale and leaseback of assets	-	275,999,857	15,278,325
Hire purchase and finance lease payments	(55,404,350)	(39,537,818)	(13,035,985)
Proceeds from issuance of subordinated convertible debentures	-	2,250,000,000	-
Repurchase of subordinated convertible debenture	(1,228,566,000)	(501,567,123)	-
Expenses relating to subordinated convertible debenture	-	(1,045,637)	-
Dividends paid	(66,150,000)	(9,800,025)	(24,500,017)
Net cash provided by (used in) financing activities	(1,339,040,125)	9,467,307,807	30,188,917,867
Net increase (decrease) in cash and cash equivalents	(83,905,589)	73,176,223	(23,024,402)
Effect of exchange rate changes on balance held in foreign currency	4,865,997	(11,312)	22,641,158
Cash and cash equivalents at 1 January	242,137,778	168,972,867	169,356,111
Cash and cash equivalents at 31 December	163,098,186	242,137,778	168,972,867

¹⁾ Data for 2011 has not been restated

Sahaviriya Steel Industries Public Company Limited, its Subsidiaries and its Jointly-controlled entities

Financial Ratio

	2013	2012	2011
Liquidity Ratio			
Current ratio (Times)	0.64	0.67	0.84
Quick ratio (Times)	0.12	0.12	0.14
Cash ratio (Times)	0.03	(0.11)	(0.12)
Accounts receivable turnover (Times)	11.22	10.28	10.94
Average collection period (Days)	32	35	33
Inventories turnover ¹⁾ (Times)	4.01	3.43	2.77
Average days sales (Days)	90	105	130
Accounts payable turnover ratio (Times)	5.75	6.45	7.17
Accounts payable period (Days)	63	56	50
Cash cycle (Days)	59	84	113
Profitability Ratio			
Gross profit ratio	(7.44%)	(19.91%)	(3.47%)
Operating profit ratio	(8.68%)	(22.81%)	(8.19%)
Other profit ratio	0.18%	2.11%	9.01%
Operating cash flow margin ratio (Times)	(0.25)	0.34	0.84
Net profit ratio	(10.79%)	(26.27%)	(2.04%)
Return on equity ratio	(62.52%)	(86.37%)	(4.55%)
Efficiency Ratio			
Return on assets ratio	(8.14%)	(18.20%)	(1.52%)
Return on fixed assets ratio	(8.93%)	(27.42%)	(0.10%)
Total assets turnover (Times)	0.76	0.71	0.83
Financial Policy Ratio			
Debt to equity ratio (Times)	6.99	5.50	2.46
Interest bearing debt to equity (Times)	4.89	3.81	1.82
Interest coverage ratio (Times)	1.37	(0.23)	(0.62)
Debt service coverage ratio (Cash Basis) (Times)	0.74	(0.81)	(0.48)
Dividend payout ratio	-	-	-

¹⁾ Inventories exclude spare parts

Sahaviriya Steel Industries Public Company Limited, its Subsidiaries and its Jointly-controlled entities

Per share data and growth rate

Per Share Data

	2013	2012	2011
Book value per share (Baht)	0.30	0.47	1.33
Earning (Loss) per share (Baht)	(0.24)	(0.84)	(0.06)
Dividend per share	-	-	-

Growth Rate

	2013	2012	2011
Total assets	(4.29%)	2.50%	103.24%
Total liabilities	(1.06%)	21.97%	171.55%
Revenue from sales and revenue from rendering of services	7.89%	26.32%	(0.24%)
Operating expenses	(53.65%)	(22.65%)	120.55%
Net profit (loss)	55.69%	(1,523.00%)	(140.10%)



Report on the Responsibility of the Board of Directors for 2013 Financial Report

The Board of Directors of Sahaviriya Steel Industries Public Company Limited is directly responsible for ensuring that the Company's activities comply with policies of good corporate governance and that the financial report of the Company and other financial information shown in the annual report are accurate and complete. The financial statements for the year ended 31 December 2013 of the Company, its subsidiaries and its jointly-controlled entities 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 these evaluations, along with all due consideration as to their suitability. Material information has been sufficiently disclosed and audited by the independent certified public accountant that expresses an unqualified opinion.

The Board of Directors has established and maintained systems of risk management and internal controls that are sufficiently effective in providing reasonable assurance that the Company's assets are well safeguarded and protected from fraud and significant irregularities. The Audit Committee, which consists of independent directors, investigates whether the Company's systems of internal controls and auditing are appropriate and effective in ensuring that the Company's financial report is of the quality affirmed by the Audit Committee in its findings, as disclosed in the annual report.

The Board of Directors considers that the internal control system and the financial statements for the year ended 31 December 2013 of the Company, its subsidiaries and its jointly-controlled entities are accurate, complete and reliable in accordance with generally accepted accounting principles and in compliance with relevant laws and regulations.



(Mr. Wit Viriyaprapaikit)

Chairman of the Board of Directors



(Mr. Win Viriyaprapaikit)

Group CEO and the President

Management Discussion and Analysis: MD&A

Table 1: Summary of Consolidated Financial Results

Unit: Million Baht	2013	2012	+/-
	Jan-Dec	Jan-Dec	YoY
Sales and service revenues	65,387	60,604	+8%
Cost of sales and service	(70,250)	(72,672)	-3%
Gross profit (loss)	(4,863)	(12,068)	+60%
SG&A	(1,263)	(1,263)	+0%
Provision for loss under onerous contracts (reversal)	451	(490)	+192%
Gain on sales of investments in jointly-controlled entity	363	-	N.A.
EBITDA ¹⁾	(2,888)	(10,597)	+73%
Interest expense	(3,565)	(3,876)	-8%
Depreciation and amortisation	(2,506)	(2,015)	+24%
Income tax benefits (Reversal)	1,907	570	+235%
Realised FX gain (loss)	(1,072)	283	N.A.
Unrealised FX gain (loss)	688	63	N.A.
Net profit (loss)	(7,053)	(15,918)	+56%
EPS (Baht)	(0.24)	(0.84)	+128%

¹⁾ 2013 Group EBITDA includes gain on sales of investment in TCRSS Baht 363 million occurred in Q1/2013.

Table 2: Financial Results by Business

Unit: Million Baht	2013	2012	+/-
	Jan-Dec	Jan-Dec	YoY
Sales and Service Revenues ¹⁾			
Consolidated	65,387	60,604	+8%
HRC Business	45,599	48,470	-6%
Upstream Business	19,132	11,688	+64%
Port Business	169	169	+0%
Engineering Business	486	277	+76%
EBITDA ¹⁾			
Consolidated ²⁾	(2,888)	(10,597)	+73%
HRC Business ³⁾	2,967	1,121	+165%
Upstream Business	(6,018)	(11,855)	+49%
Port Business	284	280	+1%
Engineering Business	95	97	-2%
Elimination of Related Parties Transaction	(217)	(240)	
Net Profit (Loss) ¹⁾			
Consolidated ⁴⁾	(7,053)	(15,918)	+56%
HRC Business	210	(1,655)	+113%
Upstream Business	(7,259)	(14,194)	+49%
Port Business	156	122	+28%
Engineering Business	49	47	+6%
Elimination of related parties transaction	(278)	(285)	
Non-controlling interest	69	47	

¹⁾ Revenues of each business unit is shown as net revenues after elimination of related parties transactions while EBITDA and Profit (Loss) are shown as amount before elimination of related parties transactions.

²⁾ 2013 Group EBITDA includes gain on sales of investment in TCRSS Baht 363 million occurred in Q1/2013.

³⁾ 2013 HRC EBITDA includes gain on sales of investment in TCRSS 225 million Baht occurred in Q1/2013.

⁴⁾ TCRSS and Redcar Bulk Terminal Ltd transactions are recorded under equity method.

Table 3: Performance Highlight of HRC Business

Unit: USD/ton	2013	2012	+/-
	Jan-Dec	Jan-Dec	YoY
Average Selling Price	689	716	-4%
Average Cost of Goods Sold	651	712	-9%
HRC Spread ¹⁾	122	93	+31%
HRC Rolling Margin ²⁾	17.6%	13.0%	
HRC EBITDA ³⁾	46.0	16.7	+176%
Sales Volume (k tons) ⁴⁾	2,134	2,184	-2%
Production Volume (k tons)	2,131	2,096	+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

³⁾ 2013 HRC EBITDA includes gain on sales of investments in TCRSS Baht 225 million or equivalent to USD 3.5/ton.

⁴⁾ 2012 HRC Sales volume includes 29 k tons of HRC from tolling services.

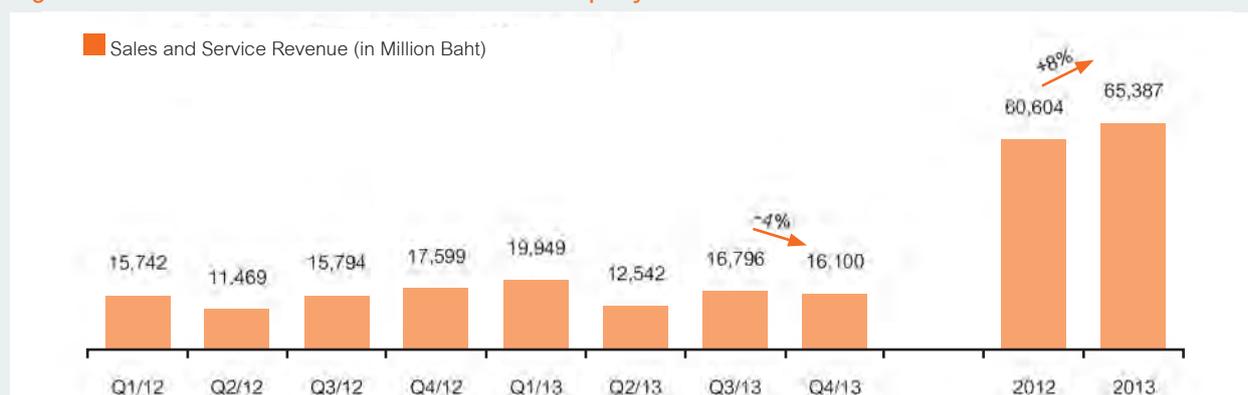
Table 4: Performance Highlight of SSI UK (Upstream Business)

Unit: USD/ton	2013	2012	+/-
	Jan-Dec	Jan-Dec	YoY
Average Selling Price	499	529	-6%
Average Raw Material Cost	385	461	-16%
Slab Spread ¹⁾	114	69	+66%
Slab Margin ²⁾	22.8%	13.0%	
Sales Volume (k tons)	2,807	1,680	+67%
Slab Sales to 3rd Parties	40%	18%	
Production (k tons)	2,770	1,765	+57%

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

²⁾ Slab Margin = Slab Spread/Average Selling Price

Figure 1: Sales and Service Revenue of the Company and its subsidiaries



Performance of the Company, its Subsidiaries and Jointly-Controlled Entities

The Company and its subsidiaries recorded **sales and service revenues** Baht 65,387 million, up 8%YoY due to higher sales volume sold to external parties in Upstream Business. Total cost of sales and service was Baht 70,250 million, down 3% YoY, mainly achieved by better operational performance in the upstream business as a result of 1) lower cost of raw materials, 2) lower conversion cost, and 3) lower average cost from economies of scale.

The Company and its subsidiaries reported **gross loss** Baht 4,863 million, negative **EBITDA** Baht 2,888 million (including gain on sales of investments in jointly-controlled entity of Baht 363 million), and **net loss** Baht 7,053 million (including the reversal of income tax Baht 1,907 million), or negative EPS Baht 0.24 per share; with negative profitability ratios shown in a table below. In comparison to last year, losses were much lower as a result of higher production volume and sales volume in the Upstream Business combining with improvement in both HRC Spread and Slab Spread. Nevertheless, the Company and its subsidiaries still endured consolidated net loss caused by below-break-even production level of the Upstream Business.

Profitability Ratio	Jan-Dec 2013	Jan-Dec 2012
NP Margin (%)	(10.8)	(26.3)
ROA (%)	(8.1)	(18.2)
ROE (%)	(62.5)	(86.4)
EPS (Baht)	(0.24)	(0.84)

HRC Business (the Company)

Revenues: HRC Business recorded **sales and service revenues** Baht 45,599 million, down 6% YoY, with HRC sales volume of 2,134k tons, down 2% YoY, mainly caused by lower domestic steel demand from delayed orders and destocking cycle in Q2/2013 and also uncertain political situation in Q4/2013. HRC Average Selling Price was Baht 21,135 ton (approx. USD 689/ton), down 4% YoY. Premium Value Products contributed 34% of total HRC sales volume.

Expenses: HRC Business recorded **cost of sales and service** Baht 43,035 million, down 10% YoY due to 1) lower slab cost, and 2) lower conversion cost per unit resulting from improved production efficiency and reducing the cost of energy, one of the major costs. **Cost of sales and service** comprises total cost of sales Baht 43,125 million, and the reversal of provision for loss on decline in value of inventories Baht 90 million. SG&A was Baht 770 million, down 1% YoY. **Interest Expense** was Baht 2,023 million, down 3% YoY as portion of long-term loans was repaid.

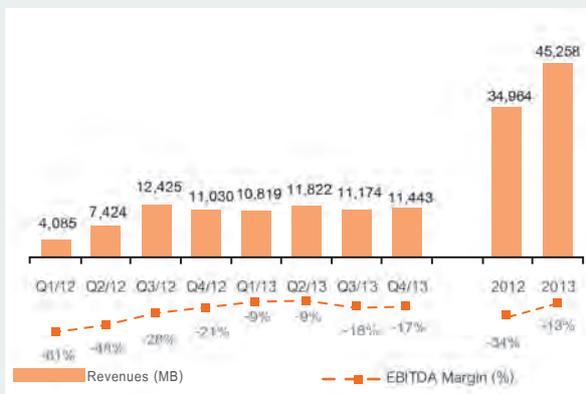
HRC Spread : HRC Spread was recorded at USD 122/ton or HRC Rolling Margin of 17.6%, up from USD 93/ton last year.

Profits: HRC Business recorded **gross profit** Baht 2,564 million, or up 306% YoY. HRC **EBITDA** was Baht 2,967 million, up 165% YoY. On per ton basis, HRC EBITDA was USD 46.0/ton (including the reversal of provision for loss on decline in value of inventories USD 1.4/ton and gain on sales of investments USD 3.5/ton); up from USD 16.7/ton in 2012. **Net profit** was Baht 210 million; up from net loss Baht 1,655 million in 2012 as a result of higher HRC Spread, decreasing conversion cost, lower interest expense, and gain on sales of investments in jointly-controlled entity Baht 225 million.

Figure 2: Revenues and EBITDA/ton of HRC Business



Figure 3: Revenues and EBITDA Margin of Upstream Business



Upstream Business (SSI UK)

Revenues: In 2013, SSI UK recorded total sales and service revenues Baht 45,258 million, up 29 % YoY, from Slab sales volume 2,807 k tons, much higher than last year as Slab production and sales only started from April 2012. Slab Average Selling Price was USD 499/ton. Revenues after elimination of related parties transactions were Baht 19,132 million from 1,110 k tons of Slab sold to external parties, or 40 % of Slab sales volume.

Expenses: In 2013, SSI UK recorded Cost of sales and service Baht 53,103 million, comprising total cost of sales of Baht 53,168 million and provision for loss on decline in value of inventories Baht 65 million. Comparing to 29 % YoY increase in sales volume, total cost of sales and service increased merely 11 % YoY due to lower raw material cost and significant drop in conversion cost per unit as a result of higher production efficiency. SG&A was Baht 369 million and the reversal of provision for loss under onerous contracts was Baht 451 million. Interest Expense was Baht 1,522 million; down 14 % YoY mainly resulted from improving efficiency in raw material procurement contributing to lower interest expense on raw materials.

Slab Spread In 2013, Slab Spread was recorded at USD 114/ton or Slab Margin of 22.8%, up from USD 69/ton in 2012.

Profits: In 2013, SSI UK recorded gross loss Baht 7,845 million, negative EBITDA Baht 6,018 million, and net loss Baht 7,259 million (including the reversal of income tax Baht 1,925 million). Losses were lower YoY, compared to Q4/2012 where gross loss was Baht 12,944 million, EBITDA was negative Baht 11,855 million, and net loss was Baht 14,194 million; as a result of 1) lower cost of raw materials, 2) lower conversion cost, and 3) lower fixed cost from economies of scale.

Port Business (PPC)

Revenues: In 2013, PPC recorded total service revenues Baht 394 million, up 6% YoY as revenue from PPC Shore Crane service was fully realized in 2013, comparing to those in 2012 which only started since Q2/2012.

Profits: In 2013, PPC recorded gross profit Baht 235 million, EBITDA Baht 284 million, and net profit Baht 156 million, up 3%, 1%, and 28% YoY respectively, driven by higher revenues, lower interest expense due to lower short-term loans and fully repaid long-term loans, and adjustment on deferred tax item in 2012.

Figure 4: Revenues and EBITDA Margin of Port Business



Engineering Business (WCE)

Revenues: In 2013, WCE recorded total sales and service revenues Baht 910 million, up 33% YoY, driven by higher revenues from every segment. External customers apart from the Company and its subsidiaries took a portion 53% of total sale and service revenues, including customers in warehouse, paper, acrylic-resin producers, equipment supplies and electricity power industry, gas cylinder, and transportation.

Profits: In 2013, WCE recorded gross profit Baht 156 million; EBITDA Baht 95 million; and net profit Baht 49 million, up 26%, down 2%, and up 6% YoY respectively, following an increase in revenues from every segment.

Figure 5: Revenues and EBITDA Margin of Engineering Business



CRC Business (TCRSS)

Revenues: In 2013, TCRSS recorded Total sales Baht 11,563 million, down 19% YoY mainly from lower average selling price following world steel market's down cycle; with 13% YoY decrease in CRC sales volume to 441 k tons due to the dumping of imported CRC from Korea and India. However, TCRSS has notified Ministry of Commerce to inform those countries to keep import volume in line.

Profits: In 2013, TCRSS recorded gross profit Baht 659 million, EBITDA Baht 824 million; and net profit Baht 193 million, down 8%, down 3%, and up 52% YoY respectively. Lower gross profit and EBITDA were caused by lower sales revenues. However, an increase in net profit was driven by an achievement in adding higher spread amongst main customers, where TCRSS was able to retain its market share in high-grade products whose price and margin are higher. In addition, improving cost management, higher FX gain, and lower interest expense after full repayment of long-term loans were factors of elevated profit, despite the higher provision set up for loss on decline in value of inventories.

Figure 6: Revenues and EBITDA Margin of CRC Business



Consolidated Financial Status

Assets

As at 31 December 2013, the Company and its subsidiaries had **total assets** Baht 84,726 million, down 4% or Baht 3,794 million from 31 December 2012 due to a decrease in trade accounts receivable and inventories as a

result of effective collection management and inventory management, including lower cost of key raw materials and raw materials in transit of the Company. The details of total assets as follows:

Assets	31 Dec 2013		31 Dec 2012		31 Dec 2011	
	Million Baht	%	Million Baht	%	Million Baht	%
Cash and cash equivalents	163	-	242	-	169	-
Trade accounts receivable	5,108	6	5,838	7	5,240	6
Inventories	17,388	21	21,615	24	25,178	29
Property, plant and equipment	52,425	62	51,861	59	50,149	58
Investments in jointly-controlled	3,839	5	3,499	4	4,683	6
Other assets	5,804	7	5,465	6	945	1
Total assets	84,726	100	88,520	100	86,364	100

Trade accounts receivable As at 31 December 2013, trade account and notes receivable netted Baht 5,108 million, down 13% from the end of 2012, as a result of effective collection management.

Inventories: As at 31 December 2013, inventory netted Baht 17,388 million, down 20% from 31 December 2012, mainly

from effective inventory management and lower unit price of key raw materials and raw materials in transit of the Company.

Property, plant and equipment: As at 31 December 2013, Property, plant and equipment netted Baht 52,425 million, up 1% from the end of 2012 driven by additional investment in PCI project of SSI UK.

Liabilities and Sources of Fund

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

	31 Dec 2013		31 Dec 2012		31 Dec 2011	
	Million Baht	%	Million Baht	%	Million Baht	%
Current portion of interest-bearing debts	23,813	28	29,924	34	25,682	30
Trade accounts payable	12,614	15	11,838	13	10,685	12
Non-current portion of interest-bearing debts	27,885	33	21,957	25	19,641	23
Subordinated convertible debentures	149	-	1,318	1	-	-
Environmental liabilities and others	598	1	498	1	1,526	2
Deferred tax liabilities	1,265	1	3,191	4	2,621	3
Other liabilities	7,792	9	6,185	7	1,261	1
Total equity	10,610	13	13,610	15	24,948	29
Total liabilities and equity	84,726	100	88,520	100	86,364	100

As at 31 December 2013, the Company and its subsidiaries had total liabilities Baht 74,116 million, down 1% from 31 December 2012 due to a decrease in current liabilities and the repayment of a loan from financial institutions during the year. Total Interest-Bearing Debts were Baht 51,916 million whilst Net Debt was Baht 51,753 million.

These debts consist of the current portion of interest-bearing debts Baht 23,813 million, lower than at the end of year 2012; and non-current portion of interest-bearing debts Baht 27,885 million, higher than the end of year 2012. This was due to the reclassification of short-term loans into three-year amortizing long-term loans, despite the buy-back of the Subordinated Convertible Debentures.

Total shareholders' equity decreased 22% to Baht 10,610 million mainly due to SSI UK's net loss during the year, although the Company has issued and offered 5,085.6 million new shares with total proceeds of Baht 3,458 million during the year. As a result, Interest-Bearing Debt to Equity ratio went up to 4.89x from 3.81x as at 31 December 2012.

Liquidity

1. Cash flow

As at 31 December 2013, the Company and its subsidiaries had net cash flow Baht 84 million down from the end of 2012, the details consisted of:

- Net cash received from operating activities of Baht 1,424 million consisted of (1) cash outflows from operation Baht 4,759 million, which included net loss of the Company and its subsidiaries for the period of Baht 6,983 million caused by reasons mentioned earlier; and (2) cash inflows from net change in working capital Baht 3,335 million mainly from substantial reduction in trade and notes receivable and inventories.

- Net cash paid for investing activities Baht 169 million was mainly from additional investments in noncurrent assets and the effect from currency translation difference despite the cash inflow from sale of investments in jointly-controlled entity.

- Net cash used in financing activities was Baht 1,339 million, consisting of net proceeds from shares issues, cash paid for finance cost, cash received from short-term loans, cash paid for long-term loans repayment to financial institution, and cash paid for the Subordinated Convertible Debentures buy-back.

2. Current Ratio

As of 31 December 2013, current ratio was 0.64x, slightly decreased from the end of 2012. This was primarily from falling trade and notes receivable and inventory as earlier explained, Average collection period and average days sale also improved as follows:

Liquidity Ratio	2013	2012	2011
Current Ratio	0.64	0.67	0.84
Average Collection Period	32	35	33
Average Days Sale	90	105	130

Stock Price

The stock's lowest trading price of the Company during the year 2013 was Baht 0.30 per share on 27 December 2013, and the highest trading price was Baht 0.72 per share on 4 February 2013. Average daily trading volume was 85.8 million shares, and average daily trading value was

Baht 47 million with average trading price Baht of 0.55 per share. The closing price on the last trading day in 2013 of the Stock Exchange of Thailand on 27 December 2013 was Baht 0.30 per share.

Independent Auditor's Report

To the Shareholders of Sahaviriya Steel Industries Public Company Limited

I have audited the accompanying consolidated and separate financial statements of Sahaviriya Steel Industries Public Company Limited, its subsidiaries, and its jointly-controlled entities (the "Group"), and of Sahaviriya Steel Industries Public Company Limited (the "Company"), respectively, which comprise the consolidated and separate statements of financial position as at 31 December 2013, the consolidated and separate statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated and Separate Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated and separate financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these consolidated and separate financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated and separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the consolidated and separate financial statements present fairly, in all material respects, the financial position of the Group and the Company, respectively as at 31 December 2013 and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Emphasis of Matters and Material Uncertainty Concerning Going Concern Basis of Accounting

Without qualifying my opinion in respect of the above financial statements, I draw attention to the following:

a) As disclosed in Note 5 to the accompanying financial statements, during the year ended 31 December 2013, the Group and the Company sold goods to related companies and jointly-controlled entities in the normal course of business totaling Baht 49,945 million and Baht 35,048 million, respectively, which represented 77 percent and 77 percent of the Group's total sales and the Company's total sales respectively. As at 31 December 2013, the Group's and the Company's outstanding trade accounts receivable from those related parties amounted to Baht 4,174 million and Baht 3,957 million, respectively.

Moreover, the Group and the Company purchased goods from related companies in the normal course of business totaling Baht 31,402 million and Baht 28,042 million, respectively, which represented 44 percent and 65 percent of the Group's total purchases and the Company's total purchases, respectively, at 31 December 2013.

b) As disclosed in Notes 2(e) and 14 to the accompanying financial statements, the Group incurred a net loss during the year ended 31 December 2013 of Baht 7,346 million (excluding gain on sales of investment in jointly-controlled entity of Baht 363 million) and, as of that date, the Group's current liabilities exceeded its current assets by Baht 15,890 million and the Company's current liabilities exceeded its current assets by Baht 3,569 million. These conditions, along with other matters as set forth in Notes 2(e) and 14, indicate the existence of a material uncertainty which may cast significant doubt about the Group's and the Company's ability to continue as going concerns. The Group has implemented policies and procedures in an attempt to manage its liquidity risk and other circumstances including breach (and the lenders' waiver of such breach) of the terms of the loan agreement with financial institutions, rescheduling the repayment of loan principal and addressing the identified funding gap. As at 31 December 2013, the Group had Baht 354 million of undrawn credit facilities.

Group management is satisfied that the Group and the Company will continue to meet their funding needs for the foreseeable future. The consolidated and separate financial statements have been prepared by Group management on the going concern basis on the assumption that such further capital and facilities are secured to the extent that the Group's and the Company's operations require. The validity of this assumption is, however, dependent on the success of the measures taken to improve profitability and cash flows, the on-going support from the lenders, creditors and the new strategic business partner, and the availability of financing from other resources to meet funding requirements which are highly dependent on global commodity price movements.

No adjustments to the classification or carrying value of assets and liabilities have been made in the consolidated and separate financial statements should the Group and the Company not be able to continue as going concerns.

c) As disclosed in Note 3 to the accompanying financial statements, the Group and the Company, adopted certain new accounting policies from 1 January 2013. The corresponding figures presented are based on the audited consolidated and separate financial statements of the Group and the Company as at and for the year ended 31 December 2012 after making the adjustments described in Note 3.



(Sureerat Thongarunsang)

Certified Public Accountant

Registration No. 4409

KPMG Phoomchai Audit Ltd.

Bangkok

28 February 2014

Statement of financial position

Sahaviriya Steel Industries Public Company Limited, its Subsidiaries and its Jointly-controlled entities and its Jointly-controlled entities
Statement of financial position

Assets	Note	Consolidated financial statements			Separate financial statements		
		31 December	31 December	1 January	31 December	31 December	1 January
		2013	2012 (Restated)	2012 (Restated)	2013	2012 (Restated)	2012 (Restated)
(in Baht)							
Current assets							
Cash and cash equivalents	6	163,098,186	242,137,778	168,972,867	104,973,281	61,448,751	27,365,829
Trade accounts receivable	5, 7	5,108,189,827	5,837,967,720	5,239,820,058	3,970,782,374	3,851,839,645	2,910,740,874
Other accounts receivable from related parties	5	2,265,496,613	2,407,838,016	657,303	3,169,171,068	158,199,721	801,943,433
Inventories	8	17,387,555,837	21,614,642,763	25,177,544,379	13,100,034,025	16,300,907,669	19,514,776,539
Assets classified as held for sale	10	-	1,183,130,464	-	-	1,343,128,679	-
Other current assets	5	3,230,008,421	1,742,921,276	855,790,879	295,144,373	573,786,307	333,214,798
Total current assets		28,154,348,884	33,028,638,017	31,442,785,486	20,640,105,121	22,289,310,772	23,588,041,473
Non-current assets							
Long-term receivable from a related party	5	-	-	-	572,895,770	520,105,735	-
Investments in subsidiaries	9	-	-	-	27,760,791,887	24,080,276,336	12,534,552,269
Investments in jointly-controlled entities	10	3,839,291,317	3,499,195,864	4,683,313,931	3,159,668,346	3,159,668,346	4,502,797,025
Other long-term investment	11	-	-	-	-	-	-
Deposits for purchases of assets		-	-	20,248,305	-	-	-
Property, plant and equipment	12	52,424,543,309	51,861,354,984	50,148,668,232	16,211,977,856	16,749,475,544	17,513,577,566
Intangible assets		249,476,666	72,104,862	40,221,191	175,347,582	37,036,928	39,896,584
Deferred tax assets	13	3,268,823	123,001	-	-	-	-
Other non-current assets		55,256,538	58,636,322	28,419,083	7,626,043	7,240,116	6,780,012
Total non-current assets		56,571,836,653	55,491,415,033	54,920,870,742	47,888,307,484	44,553,803,005	34,597,603,456
Total assets		84,726,185,537	88,520,053,050	86,363,656,228	68,528,412,605	66,843,113,777	58,185,644,929

Statement of financial position

Sahaviriya Steel Industries Public Company Limited, its Subsidiaries and its Jointly-controlled entities and its Jointly-controlled entities
Statement of financial position

Liabilities and equity	Note	Consolidated financial statements			Separate financial statements		
		31 December 2013	31 December 2012 (Restated)	1 January 2012 (Restated)	31 December 2013	31 December 2012 (Restated)	1 January 2012 (Restated)
(in Baht)							
Current liabilities							
Bank overdrafts and short-term loans from							
financial institutions	14	21,888,601,462	25,308,702,846	22,838,581,474	11,693,813,956	16,122,282,982	16,683,917,377
Trade accounts payable	5, 15	12,614,249,781	11,837,700,764	10,684,521,525	8,842,631,570	9,488,739,930	6,363,294,173
Other accounts payable and short-term loans							
from related parties	5	1,568,448,371	386,873,467	1,458,949,484	72,345,470	167,735,869	35,499,101
Current portion of long-term loans from							
financial institutions	14	1,924,003,791	4,563,773,409	1,422,914,092	1,811,782,920	2,207,073,087	1,282,304,137
Current portion of finance lease liabilities	14	49,845,471	46,848,337	4,647,669	-	-	-
Current portion of hire purchase liabilities	14	6,896,383	4,966,327	5,589,442	5,212,228	3,962,784	4,737,588
Provision for onerous contracts	31	337,508,589	788,290,541	315,843,658	-	-	-
Current portion of environmental liabilities		-	98,021,120	-	-	-	-
Short-term provisions	32	7,790,000	11,835,195	11,835,195	7,790,000	11,835,195	11,835,195
Income tax payable		3,676,521	3,499,595	-	-	-	-
Other current liabilities	16	5,642,869,004	6,062,691,628	751,375,558	1,775,552,134	1,008,556,448	238,369,964
Total current liabilities		44,043,889,373	49,113,203,229	37,494,258,097	24,209,128,278	29,010,186,295	24,619,957,535
Non-current liabilities							
Long-term loans from financial institutions	14	27,879,310,667	20,424,803,737	19,625,144,398	12,057,875,635	8,065,068,169	9,497,288,403
Subordinated convertible debentures	14, 18	149,008	1,317,709,181	-	149,008	1,317,709,181	-
Finance lease liabilities	14	161,062,683	210,908,153	9,498,879	-	-	-
Hire purchase liabilities	14	6,241,605	3,407,299	6,011,096	4,313,692	2,655,024	5,143,605
Employee benefit obligations	17	161,647,754	149,105,649	133,328,397	115,725,327	107,632,964	95,470,245
Environmental liabilities and others	33	597,841,684	498,068,487	1,526,241,220	-	-	-
Deferred tax liabilities	13	1,264,733,220	3,191,153,817	3,936,747,311	1,185,702,812	1,177,847,363	1,245,084,413
Other non-current liabilities		1,517,745	1,843,458	-	823,875	823,875	-
Total non-current liabilities		30,072,504,366	25,796,999,781	25,236,971,301	13,364,590,349	10,671,736,576	10,842,986,666
Total liabilities		74,116,393,739	74,910,203,010	62,731,229,398	37,573,718,627	39,681,922,871	35,462,944,201

Statement of financial position

Sahaviriya Steel Industries Public Company Limited, its Subsidiaries and its Jointly-controlled entities and its Jointly-controlled entities
Statement of financial position

Liabilities and equity	Note	Consolidated financial statements			Separate financial statements		
		31 December 2013	31 December 2012 (Restated)	1 January 2012 (Restated)	31 December 2013	31 December 2012 (Restated)	1 January 2012 (Restated)
(in Baht)							
Equity							
Share capital	19						
Authorised share capital		39,867,778,559	39,867,778,559	20,434,108,235	39,867,778,559	39,867,778,559	20,434,108,235
Issued and paid-up share capital		32,166,258,124	27,080,630,230	18,184,108,235	32,166,258,124	27,080,630,230	18,184,108,235
Discount on ordinary shares issuance	19	(5,678,076,131)	(4,050,175,205)	(1,238,241,813)	(5,678,076,131)	(4,050,175,205)	(1,238,241,813)
Equity distribution from shareholders from							
repurchase of subordinated convertible debentures	18	366,219,977	98,073,878	-	366,219,977	98,073,878	-
Convertible rights	18	24,779	179,317,781	-	24,779	179,317,781	-
Revaluation surplus							
- The Group		4,500,473,668	4,502,659,350	4,789,274,397	4,389,275,236	4,357,853,424	4,626,801,625
- Jointly-controlled entity		104,851,834	-	-	-	-	-
Currency translation differences	20	593,137,611	222,600,945	432,569,792	-	-	-
Retained earnings (deficit)							
Appropriated							
Legal reserve	20	530,226,819	530,226,819	530,226,819	530,226,819	530,226,819	530,226,819
Unappropriated (deficit)		(22,789,391,004)	(15,797,759,712)	115,513,089	(819,234,826)	(1,034,736,021)	619,805,862
Equity attributable to owners of the Company		9,793,725,677	12,765,574,086	22,813,450,519	30,954,693,978	27,161,190,906	22,722,700,728
Non-controlling interests		816,066,121	844,275,954	818,976,311	-	-	-
Total equity		10,609,791,798	13,609,850,040	23,632,426,830	30,954,693,978	27,161,190,906	22,722,700,728
Total liabilities and equity		84,726,185,537	88,520,053,050	86,363,656,228	68,528,412,605	66,843,113,777	58,185,644,929

Statement of income

Sahaviriya Steel Industries Public Company Limited, its Subsidiaries and its Jointly-controlled entities and its Jointly-controlled entities
Statement of income

	Note	Consolidated financial statements		Separate financial statements	
		For the year ended 31 December		For the year ended 31 December	
		2013	2012 (Restated)	2013	2012 (Restated)
(in Baht)					
Income					
Revenue from sale of goods	5, 28	64,735,191,615	60,091,875,621	45,598,513,188	48,399,115,142
Revenue from rendering of services	5, 28	651,738,474	512,001,675	-	70,690,383
Gain on sales of investment in jointly-controlled entity	10	362,779,468	-	225,118,774	-
Net foreign exchange gain		-	345,846,077	-	427,065,295
Reversal of environmental liabilities		-	807,540,275	-	-
Dividend income	5, 9	-	-	128,849,984	92,699,975
Other income	5	142,576,089	154,004,390	109,765,889	80,014,027
Total income		65,892,285,646	61,911,268,038	46,062,247,835	49,069,584,822
Expenses					
Cost of sale of goods	5, 8	69,764,980,902	72,264,724,418	43,034,683,249	47,773,254,068
Cost of rendering of services	5	485,040,455	407,200,104	-	64,506,600
Selling expenses	5, 22	331,739,832	336,622,346	323,760,988	321,833,783
Administrative expenses	5, 23	798,301,839	789,214,954	389,395,530	408,844,021
Management benefit expenses	5, 24	133,151,158	136,962,352	56,710,433	46,142,795
Net foreign exchange loss		383,945,425	-	13,978,060	-
Provision for loss under onerous contracts (reversal)	31	(450,781,952)	490,126,469	-	-
Finance costs	5, 26	3,586,832,743	3,926,243,685	2,034,264,431	2,109,545,438
Total expenses		75,033,210,402	78,351,094,328	45,852,792,691	50,724,126,705
Share of profit (loss) of equity-accounted investees					
Jointly-controlled entities	10	250,729,794	(987,604)	-	-
Profit (loss) before income tax expense		(8,890,194,962)	(16,440,813,894)	209,455,144	(1,654,541,883)
Income tax benefits	27	1,907,137,410	569,691,763	547,786	-
Profit (loss) for the year		(6,983,057,552)	(15,871,122,131)	210,002,930	(1,654,541,883)

Statement of income

Sahaviriya Steel Industries Public Company Limited, its Subsidiaries and its Jointly-controlled entities and its Jointly-controlled entities
Statement of income

	Consolidated financial statements		Separate financial statements		
	For the year ended 31 December		For the year ended 31 December		
	Note	2013	2012 (Restated)	2013	2012 (Restated)
		(in Baht)			
Profit (loss) attributable to:					
Owners of the Company		(7,052,530,181)	(15,917,987,022)	210,002,930	(1,654,541,883)
Non-controlling interests		69,472,629	46,864,891	-	-
Profit (loss) for the year		(6,983,057,552)	(15,871,122,131)	210,002,930	(1,654,541,883)
Earnings (loss) per share					
Basic earnings (loss) per share	29	(0.24)	(0.84)	0.01	(0.09)
Diluted earnings (loss) per share		(0.24)	(0.84)	0.01	(0.09)

Statement of income

Sahaviriya Steel Industries Public Company Limited, its Subsidiaries and its Jointly-controlled entities and its Jointly-controlled entities
Statement of income

	Consolidated financial statements		Separate financial statements	
	For the year ended 31 December		For the year ended 31 December	
Note	2013	2012 (Restated)	2013	2012 (Restated)
	(in Baht)			
Profit (loss) for the year	(6,983,057,552)	(15,871,122,131)	210,002,930	(1,654,541,883)
Other comprehensive income (loss)				
Foreign currency translation differences for foreign operations	370,536,666	(209,968,847)	-	-
Revaluation of property, plant and equipment	12			
- The Group	324,593,031	-	379,255,083	-
- Jointly-controlled entity	159,662,460	-	-	-
Depreciation on revaluation surplus	(360,964,762)	(368,261,116)	(333,931,771)	(336,185,251)
Income tax on other comprehensive income	27	8,741,850	74,595,067	(8,403,235)
Other comprehensive income (loss) for the year	502,569,245	(503,634,896)	36,920,077	(268,948,201)
Total comprehensive income (loss) for the year	(6,480,488,307)	(16,374,757,027)	246,923,007	(1,923,490,084)
Total comprehensive income attributable to:				
Owners of the Company	(6,517,927,337)	(15,871,122,131)	246,923,007	(1,923,490,084)
Non-controlling interests	37,439,030	(503,634,896)	-	-
Total comprehensive income (loss) for the year	(6,480,488,307)	(16,374,757,027)	246,923,007	(1,923,490,084)

Statement of changes in equity

Sahaviriya Steel Industries Public Company Limited, its Subsidiaries and its Jointly-controlled entities and its Jointly-controlled entities
Statement of changes in equity

Consolidated financial statements

Note	Issued and paid-up share capital	Discount on ordinary shares issuance	Equity distribution from shareholders from repurchase of subordinated convertible debentures	Convertible rights	Retained earnings (deficit)			Other components of equity			Equity attributable to owners of the Company	Non-controlling interests	Total equity	
					Legal reserve	Unappropriated (deficit)	Currency translation differences	Revaluation surplus The Group	Jointly-controlled entity	Total other components of equity				
Year ended 31 December 2012														
	18,184,108,235	(1,238,241,813)	-	-	-	530,226,819	200,501,831	432,569,792	5,986,592,996	-	6,419,162,788	24,095,757,860	852,027,967	24,947,785,827
Impact of changes in accounting policies	-	-	-	-	-	-	(84,988,742)	-	(1,197,318,599)	-	(1,197,318,599)	1,282,307,341	(33,051,656)	(1,315,358,997)
	18,184,108,235	(1,238,241,813)	-	-	-	530,226,819	115,513,089	432,569,792	4,789,274,397	-	5,221,844,189	22,813,450,519	818,976,311	23,632,426,830
Transactions with owners, recorded directly in equity														
Issuance of subordinated convertible debentures	-	-	-	311,090,565	-	-	-	-	-	-	-	311,090,565	-	311,090,565
Issue of ordinary shares	8,896,521,995	(2,811,933,392)	-	(18,283,119)	-	-	-	-	-	-	-	6,066,305,484	-	6,066,305,484
Repurchase and cancellation of subordinated convertible debentures	-	-	98,073,878	(113,489,665)	-	-	-	-	-	-	-	(15,415,787)	-	(15,415,787)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(9,800,025)	-	(9,800,025)
Total transactions with owners, recorded directly in equity	8,896,521,995	(2,811,933,392)	98,073,878	179,317,781	-	-	-	-	-	-	-	6,361,980,262	(9,800,025)	6,352,180,237
Comprehensive income for the year														
Profit (loss)	-	-	-	-	-	-	(15,917,987,022)	-	-	-	-	(15,917,987,022)	46,864,891	(15,871,122,131)
Other comprehensive income (loss)	-	-	-	-	-	-	-	(209,968,847)	(281,900,826)	-	(491,869,673)	(491,869,673)	(11,765,223)	(503,634,896)
Total comprehensive income for the year	-	-	-	-	-	-	(15,917,987,022)	(209,968,847)	(281,900,826)	-	(491,869,673)	(16,409,856,695)	35,099,668	(16,374,757,027)
Transfer to retained earnings (deficit) Disposal of revalued property, plant and equipment	-	-	-	-	-	-	4,714,221	-	(4,714,221)	-	(4,714,221)	-	-	-
Balance at 31 December 2012	27,080,630,230	(4,050,175,205)	98,073,878	179,317,781	530,226,819	(15,797,759,712)	222,600,945	4,502,659,350	-	4,725,260,295	12,765,574,086	844,275,954	13,609,850,040	

Statement of changes in equity

Sahaviriya Steel Industries Public Company Limited, its Subsidiaries and its Jointly-controlled entities and its Jointly-controlled entities
Statement of changes in equity

Consolidated financial statements

Note	Issued and paid-up share capital	Discount on ordinary shares issuance	Equity distribution from shareholders from repurchase of subordinated convertible debentures	Convertible rights	Legal reserve	Unappropriated (deficit)	Currency translation differences	Other components of equity			Equity attributable to owners of the Company	Non-controlling interests	Total equity
								Revaluation surplus	Total other components of equity	Jointly-controlled entity			
Year ended 31 December 2013													
(in Baht)													
Balance at 1 January 2013 - as reported	27,080,630,230	(4,050,175,205)	98,073,878	179,317,781	530,226,819	(15,697,628,825)	222,600,945	5,628,324,188	-	5,850,925,133	13,991,369,811	890,462,165	14,881,831,976
Impact of changes in accounting policies	-	-	-	-	-	(100,130,887)	-	(1,125,664,838)	-	(1,125,664,838)	(1,225,795,725)	(46,186,211)	(1,271,981,936)
Balance at 1 January 2013 - restated	27,080,630,230	(4,050,175,205)	98,073,878	179,317,781	530,226,819	(15,797,759,712)	222,600,945	4,502,659,350	-	4,725,260,295	12,765,574,086	844,275,954	13,609,850,040
Transactions with owners, recorded directly in equity													
Issue of ordinary shares	5,085,627,894	(1,627,900,926)	-	-	-	-	-	-	-	-	3,457,726,968	-	3,457,726,968
Repurchase and cancellation of subordinated convertible debentures	-	-	268,146,099	(179,293,002)	-	-	-	-	-	-	88,853,097	-	88,853,097
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(66,150,000)	(66,150,000)
Total transactions with owners, recorded directly in equity	5,085,627,894	(1,627,900,926)	268,146,099	(179,293,002)	-	-	-	-	-	-	3,546,580,065	(66,150,000)	3,480,430,065
Comprehensive income for the year													
Profit (loss)	-	-	-	-	-	(7,052,530,181)	-	-	-	-	(7,052,530,181)	69,472,629	(6,983,057,552)
Other comprehensive income (loss)	-	-	-	-	-	-	370,536,666	4,403,718	159,662,460	534,602,844	534,602,844	(32,033,599)	502,569,245
Total comprehensive income for the year	-	-	-	-	-	(7,052,530,181)	370,536,666	4,403,718	159,662,460	534,602,844	(6,517,927,337)	37,439,030	(6,480,488,307)
Transfer to retained earnings (deficit)													
Write off revalued property, plant and equipment	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	60,898,889	-	(6,589,400)	(54,810,626)	(61,400,026)	(501,137)	501,137	-
Balance at 31 December 2013	32,166,258,124	(5,678,076,131)	366,219,977	24,779	530,226,819	(22,789,391,004)	593,137,611	4,500,473,668	104,851,834	5,198,463,113	9,793,725,677	816,066,121	10,609,791,798

Statement of changes in equity

Sahaviriya Steel Industries Public Company Limited, its Subsidiaries and its Jointly-controlled entities and its Jointly-controlled entities
Statement of changes in equity

		Separate financial statements								
		Retained earnings (deficit)			Other components of equity					
Note		Issued and paid-up share capital	Discount on ordinary shares issuance	Equity distribution from shareholders from repurchase of subordinated	Convertible rights	Legal reserve	Unappropriated (deficit)	Revaluation surplus	Total other components of equity	Total equity
(in Baht)										
Year ended 31 December 2013										
	Balance at 1 January 2013 - as reported	27,080,630,230	(4,050,175,205)	98,073,878	179,317,781	530,226,819	(946,352,014)	5,447,316,780	5,447,316,780	28,339,038,269
	Impact of changes in accounting policies	-	-	-	-	-	(88,384,007)	(1,089,463,356)	(1,089,463,356)	(1,177,847,363)
	Balance at 1 January 2013 - restated	27,080,630,230	(4,050,175,205)	98,073,878	179,317,781	530,226,819	(1,034,736,021)	4,357,853,424	4,357,853,424	27,161,190,906
Transactions with owners, recorded directly in equity										
	Issuance of subordinated convertible debentures	-	-	-	-	-	-	-	-	-
	Issue of ordinary share	5,085,627,894	(1,627,900,926)	-	-	-	-	-	-	3,457,726,968
	Repurchase and cancellation of subordinated convertible debentures	-	-	268,146,099	(179,293,002)	-	-	-	-	88,853,097
	Total transactions with owners, recorded directly in equity	5,085,627,894	(1,627,900,926)	268,146,099	(179,293,002)	-	-	-	-	3,546,580,065
Comprehensive income for the year										
	Loss	-	-	-	-	-	210,002,930	-	-	210,002,930
	Other comprehensive income	-	-	-	-	-	-	36,920,077	36,920,077	36,920,077
	Total comprehensive income for the year	-	-	-	-	-	210,002,930	36,920,077	36,920,077	246,923,007
Transfer to retained earnings (deficit)										
	Write off revalued property, plant and equipment	-	-	-	-	-	5,498,265	(5,498,265)	(5,498,265)	-
	Balance at 31 December 2013	32,166,258,124	(5,678,076,131)	366,219,977	24,779	530,226,819	(819,234,826)	4,389,275,236	4,389,275,236	30,954,693,978

Statement of cash flows

Sahaviriya Steel Industries Public Company Limited, its Subsidiaries and its Jointly-controlled entities and its Jointly-controlled entities
Statement of cash flows

	Consolidated financial statements		Separate financial statements		
	For the year ended 31 December		For the year ended 31 December		
	Note	2013	2012 (Restated)	2013	2012 (Restated)
(in Baht)					
Cash flows from operating activities					
Profit (loss) for the year		(6,983,057,552)	(15,871,122,131)	210,002,930	(1,654,541,883)
Adjustments for					
Depreciation and amortisation		2,506,053,831	2,015,125,393	735,416,348	687,541,812
Withholding tax written-off		-	973,309	-	973,309
Finance costs		3,586,832,743	3,926,243,685	2,034,264,431	2,109,545,438
Unrealised loss (gain) on exchange rate		(687,904,094)	(62,997,996)	180,943,829	(68,070,896)
Bad debts and doubtful debts expenses (reversal)		(146,309,486)	146,309,486	-	-
Reversal loss on decline in value of inventories		(140,649,895)	(692,941,144)	(90,168,329)	(296,919,072)
Employee benefit obligations		18,324,640	18,145,810	5,782,535	12,897,603
Provision for loss under onerous contracts (reversal)		(450,781,952)	490,126,469	-	-
Reversal of environmental liabilities		-	(807,540,275)	-	-
Loss (gain) on disposal of property, plant and equipment		(286,103)	7,750,765	10,726	10,639,187
Loss on revaluation of property, plant and equipment		12,744,833	-	-	-
Reversal of loss on impairment of property, plant and equipment		(1,700,000)	(2,049,326)	-	-
Share of loss (profit) of jointly-controlled entities (net of income tax)		(250,729,795)	987,604	-	-
Dividend income		-	-	(128,849,984)	(92,699,975)
Gain on sales of investment in jointly-controlled entity	10	(362,779,468)	-	(225,118,774)	-
Others	10	47,959,281	-	-	-
Income tax benefits		(1,907,137,413)	(569,691,763)	(547,786)	-
		(4,759,420,430)	(11,400,680,114)	2,721,735,926	709,365,523

Statement of cash flows

Sahaviriya Steel Industries Public Company Limited, its Subsidiaries and its Jointly-controlled entities and its Jointly-controlled entities
Statement of cash flows

Note	Consolidated financial statements		Separate financial statements	
	For the year ended 31 December		For the year ended 31 December	
	2013	2012 (Restated)	2013	2012 (Restated)
	(in Baht)			
Changes in operating assets and liabilities				
Trade accounts receivable	1,299,668,179	(849,485,239)	(118,942,729)	(941,098,771)
Other accounts receivable from related parties	34,130,690	(2,298,970,000)	(2,959,500,314)	334,043,712
Inventories	4,367,736,821	4,255,842,760	3,291,041,973	3,510,787,942
Other current assets	(1,817,785,234)	(948,296,134)	197,587,359	(301,737,245)
Long-term receivable from related party	-	-	4,438,725	(511,861,524)
Other non-current assets	3,379,784	(30,217,239)	(385,927)	(460,104)
Trade accounts payable	761,339,650	1,213,005,924	(870,405,234)	3,185,272,442
Other accounts payable to related parties	1,748,044,240	338,182,383	(95,390,399)	130,904,484
Provision from onerous contracts	(4,045,195)	-	(4,045,195)	-
Other current liabilities	(177,144,849)	5,182,162,701	798,334,256	671,827,231
Environment liabilities and others	-	(122,611,338)	-	-
Other non-current liabilities	(325,713)	523,662	2,309,829	823,875
Cost of rendering of services	(5,782,535)	(2,368,558)	-	(734,884)
Income tax paid	(26,148,462)	(22,891,004)	(4,793,249)	(3,547,150)
Net cash provided by (used in) operating activities	1,423,646,946	(4,685,802,196)	2,961,985,021	6,783,585,531
Cash flows from investing activities				
Invest in subsidiary	-	-	(3,680,515,551)	(11,236,024,067)
Proceeds from sale investment in jointly-controlled entity	1,568,247,452	-	1,568,247,452	-
Purchases of property, plant and equipment	(750,627,394)	(5,053,539,083)	(108,138,259)	(191,297,266)
Purchases of intangible assets	(144,619,447)	(48,427,926)	(102,902,704)	(6,927,976)
Sales of property, plant and equipment	541,633	15,144,321	462,194	1,171,963
Dividend income	-	-	128,849,984	92,699,975
Currency translation differences	(842,054,654)	378,493,300	-	-
Net cash used in investing activities	(168,512,410)	(4,708,329,388)	(2,193,996,884)	(11,340,377,371)

Statement of cash flows

Sahaviriya Steel Industries Public Company Limited, its Subsidiaries and its Jointly-controlled entities and its Jointly-controlled entities
Statement of cash flows

	Note	Consolidated financial statements		Separate financial statements	
		For the year ended 31 December		For the year ended 31 December	
		2013	2012 (Restated)	2013	2012 (Restated)
(in Baht)					
Cash flows from financing activities					
Proceeds from issuance of ordinary shares		3,458,226,968	5,945,870,357	3,458,226,968	5,945,870,357
Transaction costs from issuance of ordinary shares		(500,000)	(13,876,754)	(500,000)	(13,876,754)
Finance cost paid		(3,705,550,841)	(3,790,684,020)	(2,099,912,978)	(1,973,957,801)
Increase (decrease) in short-term loans from financial institutions		1,066,268,051	2,470,121,372	57,900,409	(561,634,395)
Proceeds from short-term loans from related parties	5	-	1,961,332,906	-	-
Repayment of short-term loans from related parties	5	-	(3,371,591,306)	-	-
Proceeds from long-term loans	14	156,805,770	4,980,386,709	-	-
Repayment of long-term loans	14	(964,169,723)	(688,300,711)	(905,733,600)	(546,972,500)
Proceeds from sale and leaseback of assets		-	275,999,857	-	-
Hire purchase and finance lease payments		(55,404,350)	(39,537,818)	(5,878,406)	(5,941,385)
Proceeds from issuance of subordinated convertible debentures		-	2,250,000,000	-	2,250,000,000
Repurchase of subordinated convertible debenture		(1,228,566,000)	(501,567,123)	(1,228,566,000)	(501,567,123)
Expenses relating to subordinated convertible debenture		-	(1,045,637)	-	(1,045,637)
Dividends paid		(66,150,000)	(9,800,025)	-	-
Net cash provided by (used in) financing activities		(1,339,040,125)	9,467,307,807	(724,463,607)	4,590,874,762
Net increase (decrease) in cash and cash equivalents		(83,905,589)	73,176,223	43,524,530	34,082,922
Effect of exchange rate changes on balance held in foreign currency		4,865,997	(11,312)	-	-
Cash and cash equivalents at 1 January		242,137,778	168,972,867	61,448,751	27,365,829
Cash and cash equivalents at 31 December	6	163,098,186	242,137,778	104,973,281	61,448,751

Statement of cash flows

Sahaviriya Steel Industries Public Company Limited, its Subsidiaries and its Jointly-controlled entities and its Jointly-controlled entities
Statement of cash flows

Note	Consolidated financial statements		Separate financial statements	
	For the year ended 31 December		For the year ended 31 December	
	2013	2012 (Restated)	2013	2012 (Restated)
	(in Baht)			
Significant non-cash transactions				
Assets acquired under hire purchase and finance lease agreements	13,320,376	279,920,848	8,786,520	2,678,000
Other payable for purchases of property, plant and equipment	13,186,150	50,766,051	11,267,774	2,548,516
Rescheduling of repayments from short-term loans from financial institutions to long-term loans from financial institutions	4,486,369,435	-	4,486,369,435	-
Conversion of advance payment for purchase of goods to be investment in subsidiaries	-	-	-	309,700,000
Exercise of conversion right to convert subordinated convertible debentures to be ordinary shares	268,147,498	152,595,000	268,147,498	152,595,000
Rescheduling of repayments from current portion of long-term loans from financial institutions to long-term loans from financial institutions	2,167,096,999	-	-	-

Notes to the financial statements

Sahaviriya Steel Industries Public Company Limited, its Subsidiaries and its Jointly-controlled entities

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Notes to the financial statements

Sahaviriya Steel Industries Public Company Limited, its Subsidiaries and its Jointly-controlled entities

Notes to the financial statements

These notes form an integral part of the financial statements.

The financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorised for issue by the Board of Directors on 28 February 2014.

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 jointly-controlled entities are hereinafter collectively referred to as "the Group".

The Company was listed on the Stock Exchange of Thailand in September 1994.

TFRS	Topic
TAS 12	Income Taxes
TAS 21 (revised 2009)	The Effects of Changes in Foreign Exchange Rates
TFRS 8	Operating Segments

The adoption of these new and revised TFRS has resulted in changes in the Group's accounting policies. The effects of these changes are disclosed in Note 3.

In addition to the above new and revised TFRS, the FAP has issued a number of other new and revised TFRS which are effective for financial statements beginning on or after 1 January 2014 and have not been adopted in the preparation of these financial statements. Those new and revised TFRS that are relevant to the Group's operations are disclosed in Note 34.

The Company's major shareholders during the financial year were Sahaviriya Group Corporation Limited (25.77% shareholding, incorporated in Thailand), Vanoment Holding AG (18.72% shareholding, incorporated in Switzerland) and Sahaviriya Inter Steel Holdings Co., Ltd. (8.7% shareholding, incorporated in Thailand).

The principal businesses of the Company are manufacturing and distributing of hot rolled coils. Details of the Company's subsidiaries and jointly-controlled entities as at 31 December 2013 and 2012 are given in Notes 9 and 10.

2 Basis of preparation of the financial statements

(a) Statement of compliance

The financial statements are prepared in accordance with Thai Financial Reporting Standards (TFRS); guidelines promulgated by the Federation of Accounting Professions ("FAP"), and applicable rules and regulations of the Thai Securities and Exchange Commission.

The FAP has issued the following new and revised TFRS relevant to the Group's operations and effective for accounting periods beginning on or after 1 January 2013:

(b) Basic of measurement

The financial statements have been prepared on the historical cost basis except for the following material items in the statements of financial position:

- Assets classified as held for sale are measured at the lower amount by compare between carrying value and fair value less cost to sell
- Land, building and machinery are stated at fair value.

(c) Presentation currency

The financial statements are prepared and presented in Thai Baht which is the Company's functional currency. All financial information presented in Thai Baht has been rounded in the notes to the financial statements to the nearest thousand unless otherwise stated.

(d) Use of estimates and judgements

The preparation of financial statements in conformity with TFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which estimates are revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements is included in the following notes:

Note 4 (t) and 13	Current and deferred taxation
Notes 9, 10 and 12	Calculation of recoverable amount and significant assumption
Note 10	Measurement of assets classified as held for sale
Note 17	Measurement of defined benefit obligations
Note 30	Valuation of financial instruments
Note 32	Contingent liabilities

(e) Current operations

On 24 March 2011, Sahaviriya Steel Industries UK Limited (“SSI UK”), which is a subsidiary of the Company, completed the acquisition of the SSI Teesside (formerly known as Teesside Cast Products) business, comprising of tangible assets, from Tata Steel UK Limited for USD 684 million (Baht 20,487 million). The Company and SSI UK entered into various loan agreements to fund the acquisition and to support the revised restarted plan. At the acquisition date, the Teesside plant had been mothballed since 2010. On 18 April 2012, SSI Teesside successfully restarted the steel production although behind the original target restart date. Global commodity prices in general declined significantly during 2012. This has significantly affected the operations of the Company and Group. The completion of the acquisition, the delays of the restart date and the price movements significantly impacted and continue to impact the Group’s liquidity and financial performance.

Such circumstances indicate the existence of a material uncertainty which may cast significant doubt about the Group’s and the Company ability to continue as going concerns. The Group has implemented policies and procedures in an attempt to manage its liquidity risk and other circumstances including breach (and the lenders’ waiver of such breach) of the terms of the loan agreement with financial institutions, rescheduling the repayment of loan principal and addressing the identified funding gap. As at 31 December 2013, the Group had Baht 354 million of undrawn credit facilities.

Nevertheless, the Group and the Company have adopted the going concern basis in the preparation of these consolidated and separate financial statements based on the following:

During the years 2012 and 2013, (1) SSI UK obtained USD 75 million (Baht 2,312 million) of additional funding from Sahaviriya Inter Steel Holdings Limited (“SISH”) (a related party) and USD 190 million (Baht 5,857 million) of additional funding from the Group’s bankers (USD 90 million capital expenditure loan for Blast Furnace and USD 100 million short-term loan), detailed in Note 14 and (2) the Company successfully offered and issued subordinated convertible debentures of Baht 2,250 million. In this regard, the Group’s management announced the plan to increase the Company’s capital and implement the Comprehensive

During the year ended 31 December 2013, the Group incurred a net loss of Baht 7,346 million (excluding gain on sales of investment in jointly-controlled entity of Baht 363 million) (2012: Baht 15,871 million) and, as of that date, the Group’s current liabilities exceeded its current assets by Baht 15,890 million (2012: Baht 16,085 million) and the Company’s current liabilities exceeded its current assets by Baht 3,569 million (2012: Baht 6,721 million).

Financial Plan to strengthen the Group's long-term financial sustainability. The plan consists of additional fund raising from its shareholders and other investors and amendment of the existing loan conditions to be consistent with the economic situation, industry and long-term business operations of the Group.

During 2012 and 2013, the Group has taken various actions to implement the above plan where by:

Year 2012

(1) the Company and SSI UK signed a Memorandum of Understanding with Vanomet, wherein Vanomet agreed to invest in the Company and/or SSI UK with the total sum of up to USD 170 million in the form of investment in share capital of the Company and providing trade facilities to SSI UK.

(2) the Company signed a Memorandum of Understanding with long-term lenders and working capital lenders to agree on the repayment plan on the loans from the working capital lenders as detailed in Note 14;

(3) the Company signed a partnership agreement with JFE Steel Corporation ("JFE") and Marubeni-Itochu Steel Inc. ("MISI") whereby JFE and MISI agreed to invest USD 25 million each in the newly-issued ordinary shares of the Company. Such investment had been made into the Company's share capital during of 2012 as more detailed in Note 10;

(4) the Company converted its advance payment for purchase of goods, paid to SSI UK, of USD 125 million into newly-issued ordinary shares in SSI UK;

(5) the Company repurchased and cancelled the subordinated convertible debentures of the Company from Vanomet AG of 600,000 units using the proceeds from capital injection from SISH as detailed in Note 18; and

(6) the Company injected as equity into SSI UK for the repayment of the subordinated loans lent by SISH to SSI UK including its accrued interest of USD 32.6 million.

Year 2013

(7) the Company has reached the conclusion on loan rescheduling with all working capital and long-term lenders as described in Note 14;

(8) the Company allocated its share capital to Vanomet, the existing shareholders and private placement totaling Baht 7,973 million;

(9) the loan repayment rescheduling of SSI UK has been completed for extending repayment for another 1-3 years and no loan repayment until December 2014;

(10) Exploring more overseas markets, while local market demand is considered limited; and

(11) Obtained more secured credit facilities from trade creditors.

Group management is satisfied that the Group and the Company will continue to meet their funding needs for the foreseeable future. The consolidated and separate financial statements have been prepared by Group management on the going concern basis on the assumption that such further capital and facilities are secured to the extent that the Group's operations and the Company's operations require. The validity of this assumption is, however, dependent on the success of the measures taken to improve profitability and cash flows, the on-going support from the lenders, creditors and the new strategic business partner and the availability of financing from other resources to meet funding requirements, which are highly dependent on global commodity price movements.

The Group intends to maintain its strong business relationship with its bankers, business partners and trade creditors to maintain their continuing support including engaging in active discussions to keep them apprised of the Group's performance, financial position and outlook.

The outcome of the uncertainty described above may affect the ultimate recovery of the carrying value of the investment in SSI UK (Baht 27,482 million) and possible loss to be incurred from any cross guarantees given by SSI TH and SSI UK in the separate financial statements, the carrying amounts of the SSI Teesside operating assets (Baht 44,068 million) included in the consolidated financial statements of the Group at 31 December 2013 and the liquidity and cash

flows of the Group for all financial commitments. No adjustments to the classification or carrying value of assets and liabilities have been made in the consolidated and separate financial statements should the Group and the Company not be able to continue as going concerns.

3 Changes in accounting policies

(a) Overview

From 1 January 2013, consequent to the adoption of new and revised TFRS as set out in Note 2, the Group has changed its accounting policies in the following areas:

- Accounting for income tax
- Accounting for the effects of changes in foreign exchange rates
- Presentation of information on operating segments

Details of the new accounting policies adopted by the Group are included in Notes 3(b) to 3(d) below. Other new and revised TFRS did not have any impact on the accounting policies, financial position or performance of the Group.

(b) Accounting for income tax

The principal change introduced by TAS 12 is the requirement to account for deferred tax assets and liabilities in the financial statements. Deferred tax assets and liabilities are the amounts of income taxes recoverable and payable, respectively, in future periods in respect of temporary differences between the carrying amount of the assets and liabilities in the statement of financial position and the amount attributed to that asset or liability for tax purposes; and the carryforward of unused tax losses. The accounting policy for deferred tax is described in note 4(t).

The Group adopted TAS 12 with effect from 1 January 2013. The effects of the change are recognised retrospectively in the financial statements. The impact of the change on the financial statements is as follows:

	Consolidated financial statements			Separate financial statements		
	31 December	31 December	1 January	31 December	31 December	1 January
	2013	2012	2012	2013	2012	2012
Statement of financial position as at (in million Baht)						
Increase in deferred tax assets	3	-	-	-	-	-
Increase in deferred tax liabilities	1,265	1,272	1,315	1,186	1,178	1,245
Decrease in revaluation surplus	(1,125)	(1,126)	(1,197)	(1,097)	(1,089)	(1,157)
Increase in deficit	(98)	(100)	(85)	(88)	(88)	(88)
Decrease in shareholders' equity	(1,223)	(1,226)	(1,282)	(1,186)	(1,178)	(1,245)
Decrease in non-controlling interests	(39)	(46)	(33)	-	-	-

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Statement of income for the year ended 31 December (in million Baht)				
Decrease in income tax expense	(3)	(1)	(1)	-
Increase in profit for the year	3	1	1	-
Increase in earnings (loss) per share				
- Basic earnings (loss) per share (in Baht)	0.00011	0.00007	0.00002	-
- Diluted earnings (loss) per share (in Baht)	0.00011	0.00007	0.00002	-

(c) Accounting for the effects of changes in foreign exchange rates

From 1 January 2013, the Group has adopted TAS 21 (revised 2009) Accounting for the effects of changes in foreign exchange rates.

The principal change introduced by TAS 21 (revised 2009) is the introduction of the concept of functional currency, which is defined as the currency of the primary economic environment in which the entity operates. TAS 21 (revised 2009) requires the entity to determine its functional currency and translate foreign currency items into its functional currency, reporting the effects of such translation in accordance with the provisions of TAS 21 (revised 2009). Foreign currencies are defined by TAS 21 (revised 2009) as all currencies other than the entity's functional currency.

Management has determined that the functional currency of the Company is Thai Baht and that the adoption of TAS 21 (revised 2009) from 1 January 2013 has not had a significant impact on the Group's reported assets, liabilities or retained earnings.

(d) Presentation of information on operating segments

From 1 January 2013, the Group has adopted TFRS 8 Operating Segments. The new policy for presentation of information on operating segments, together with information on the previous policy, is given below. The new policy has been applied retrospectively and segment information included in the financial statements for the year ended 31 December 2012, which are included in the Group's 2013 financial statements for comparative purposes, has been re-presented accordingly. The change in policy only impacts presentational aspects and has no impact on the Group's reported assets, liabilities, results or earnings per share.

TFRS 8 introduces the "management approach" to segment reporting. It requires a change in the presentation and disclosure of segment information based on the internal reports regularly reviewed by the Group's Chief Operating Decision Maker in order to assess each segment's performance and to allocate resources to those segments. Previously the Group presented segment information in respect of its business and geographical segments in accordance with TAS 14 Segment Reporting.

The change in basis of presentation and disclosure of segment information has had no significant effect on the segment information reported in the Group's financial statements.

4 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements except as explained in Note 3, which address changes in accounting policies.

(a) Basis of consolidation

The consolidated financial statements relate to the Company, its subsidiaries and jointly-controlled entities (together referred to as the "Group") and the Group's interests in jointly-controlled entities.

Business combinations

The Group applies the acquisition method for all business combinations other than those with entities under common control.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable. The acquisition date is the date on which control is transferred to the acquirer. Judgement is applied in determining the acquisition date and determining whether control is transferred from one party to another.

Goodwill is measured as the fair value of the consideration transferred including the recognised amount of any non-controlling interest in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date.

Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the Group to the previous owners of the acquiree, and equity interests issued by the Group. Consideration transferred also includes the fair value of any contingent consideration and share-based payment awards of the acquiree that are replaced mandatorily in the business combination. If a business combination results in the termination of pre-existing relationships between the Group and the acquiree, then the lower of the termination amount, as contained in the agreement, and the value of the off-market element is deducted from the consideration transferred and recognised in other expenses.

When share-based payment awards exchanged (replacement awards) for awards held by the acquiree's employees (acquiree's awards) relate to past services, then a part of the market-based measure of the awards replaced is included in the consideration transferred. If they require future services, then the difference between the amount included in consideration transferred and the market-based measure of the replacement awards is treated as post-combination compensation cost.

A contingent liability of the acquiree is assumed in a business combination only if such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably.

The Group measures any non-controlling interest at its proportionate interest in the identifiable net assets of the acquiree.

Transaction costs that the Group incurs in connection with a business combination, such as legal fees, and other professional and consulting fees are expensed as incurred.

Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the Group. Losses applicable to non-controlling interests in a subsidiary are allocated to non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Jointly-controlled entities

Jointly-controlled entities are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions.

Investments in jointly-controlled entities are accounted for in the consolidated financial statements using the equity method (equity-accounted investees) and are recognised initially at cost. The cost of the investment includes transaction costs.

The consolidated financial statements include the Group's share of profit or loss and other comprehensive income of equity accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses exceeds its interest in an equity accounted investee, the Group's carrying amount of that interest is reduced to zero and recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with jointly-controlled entities are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency using the foreign exchange rates ruling at that dates of the transactions. Foreign exchange differences arising on retranslation are recognised in profit or loss.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to the functional currency at foreign exchange rates ruling at the dates of the transactions.

Foreign operations

The assets and liabilities of foreign operations are translated to Thai Baht at the foreign exchange rates ruling at the reporting date.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are stated at exchange rates ruling on transaction dates.

The revenues and expenses of foreign operations are translated to Thai Baht at rates approximating the foreign exchange rates ruling at the dates of the transactions.

Foreign exchange differences arising on translation are recognised in other comprehensive income and presented in the foreign currency translation reserve in equity until disposal of the investment.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and presented in the foreign currency translation reserve in equity until disposal of the investment.

(c) Derivative financial instruments

Derivative financial instruments are used to manage exposure to foreign exchange, interest rate and commodity price risks arising from operational, financing and investment activities. Derivative financial instruments are not used for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Hedge of future foreign currency transactions

Gains and losses from forward exchange contracts and currency swaps used to hedge anticipated future currency transactions are deferred until the forecasted transaction occurs. Where the hedged item is a recognised asset or liability, it is translated at the contracted forward rates.

Foreign currency assets and liabilities hedged by forward exchange contracts are translated to Thai Baht at the contracted forward exchange rates.

Hedge of interest rates

Interest differentials under swap arrangements are accrued and recorded as adjustments to the interest expense relating to the hedged loans. For interest rate forward contracts, the amounts received or paid on cash settlements, representing the gain or loss, are deferred and recognised over the life of the underlying monetary asset or liability as an adjustment to interest income or expense. For purchased interest rate options, the premiums paid are included in the

statement of financial position under other assets or other liabilities. The premiums are amortised to interest income or expense over the life of the agreements.

(d) Cash and cash equivalents

Cash and cash equivalents in the statements of cash flows comprise cash balances, call deposits and highly liquid short-term investments. Bank overdrafts that are repayable on demand are a component of financing activities for the purpose of the statement of cash flows.

(e) Trade and other accounts receivable

Trade and other accounts receivable are stated at their invoice value less allowance for doubtful accounts.

The allowance for doubtful accounts is assessed primarily on analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred.

(f) Inventories

Inventories are measured at the lower of cost and net realisable value.

Cost of ore materials are calculated using the first-in, first-out principles. Cost of slab raw materials are calculated using the weighted average cost principle. Finished goods and rolls that are part of consumable goods are calculated using the specific method and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured inventories and work-in-progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs to complete and to make the sale.

(g) Non-current assets held for sale

Non-current assets (or disposal groups comprising assets and liabilities) those are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale. The assets (or disposal group) are measured at the lower of their carrying value and fair value less cost to sell. Any impairment loss on a disposal

group is first allocated to goodwill, and then to remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories and financial assets. Impairment losses on initial classification as held for sale and subsequent gains and losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

(h) Investments

Investments in subsidiaries and jointly-controlled entities

Investments in subsidiaries and jointly-controlled entities in the separate financial statements of the Company are accounted for using the cost method. Investments in jointly-controlled entities in the consolidated financial statements are accounted for using the equity method.

Disposal of investments

On disposal of an investment, the difference between net disposal proceeds and the carrying amount together with the associated cumulative gain or loss that was reported in equity is recognised in profit or loss.

If the Group disposes of part of its holding of a particular investment, the deemed cost of the part sold is determined using the weighted average method applied to the carrying value of the total holding of the investment.

(i) Finance lease

The Group entered into sale and lease back agreements for certain machinery and equipment, resulting in a finance lease. Excess of sales proceeds over the carrying amount is not immediately recognised as income. Instead it is deferred and amortised over the lease term.

The Group recognised finance leases as assets and liabilities in the statement of financial position at amounts equal at the inception of the lease to the fair value of the leased property. Lease payments are apportioned between the finance charge and the reduction of the outstanding liabilities. The finance charged is allocated to the periods during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

(j) Property, plant and equipment

Recognition and measurement

Owned assets

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses except for land, building and machinery which are stated at their revalued amounts. The revalued amount is the fair value determined on the basis of the property's existing use at the date of revaluation less any subsequent accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Cost also may include transfers from other comprehensive income of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains or losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within other income in profit or loss. When revalued assets are sold, the amounts included in the revaluation reserve are transferred to retained earnings.

Leased assets

Leases in terms of which the Group substantially assumes all the risk and rewards of ownership are classified as finance leases. Property, plant and equipment acquired by way of finance leases is capitalised at the lower of its fair value and the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation

and impairment losses. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the profit or loss.

Revalued assets

Revaluations are performed by independent professional valuers with sufficient regularity to ensure that the carrying amount of these assets does not differ materially from that which would be determined using fair values at the reporting date.

Any increase in value, on revaluation, is recognized in other comprehensive income and presented in the revaluation reserve in equity unless it offsets a previous decrease in value recognized in profit or loss in respect of the same asset. A decrease in value is recognized in profit or loss to the extent it exceeds an increase previously recognized in other comprehensive income in respect of the same asset. The revaluation surplus is utilised by reference to the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost and transferred directly to equity for revalued assets acquired before the FAP's announcement of 1 January 2011.

For revalued assets acquired since 1 January 2011, the difference transferred directly to retained earnings. Upon disposal of a revalued asset, any remaining related revaluation surplus is transferred directly to retained earnings and is not taken into account in calculating the gain or loss on disposal.

Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is calculated based on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is based on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. The estimated useful lives are as follows:

Land improvement	5 years
Leasehold and leasehold improvement	5 and 10 years
Buildings and building improvement	20 years
Machinery, tool and equipment	
- in production line	The unit of production
- in coke production line	20 years
- in steel making line	20 years
- in service line	5 – 10 years
- other tool and equipment	3 – 10 years
Furniture, fixtures and office equipment	5 – 10 years
Vehicles	5 years
Roads	5, 20 and 27 years
Berth and berth facilities	5 and 30 years
Tug boats	5 – 17 years
Customs cargo warehouse	5 years

Depreciation is charged to profit or loss (depreciation related to revalued assets acquired before 1 January 2011 is calculated based on the asset's original cost while based on the revalued carrying amount of the asset for revalued assets acquired since 1 January 2011).

No depreciation is provided on freehold land or assets under construction and installation.

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(k) Intangible assets

Intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Amortisation

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

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

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

(l) Impairment

The carrying amounts of the Group's assets or its cash-generating unit are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts

are estimated. For goodwill and intangible assets that have indefinite useful lives or are not yet available for use, the recoverable amount is estimated each year at the same time.

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. The impairment loss is recognised in profit or loss unless it reverses a previous revaluation credited to equity, in which case it is charged to equity.

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

Calculation of recoverable amount

The recoverable amount of held-to-maturity securities and receivables carried at amortised cost is calculated as the present value of the estimated future cash flows discounted at the original effective interest rate. Receivables with a short duration are not discounted.

The recoverable amount of available-for-sale financial assets is calculated by reference to the fair value.

The recoverable amount of a non-financial asset is the greater of the asset's value in use and fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of impairment

An impairment loss in respect of a financial asset is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised in profit or loss. For financial

assets carried at amortised cost and available-for-sale financial assets that are debt securities, the reversal is recognised in profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognised in other comprehensive income.

Impairment losses recognised in prior periods in respect of other non-financial assets are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(m) Interest-bearing liabilities

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

(n) Trade and other accounts payable

Trade and other accounts payable are stated at cost.

(o) Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognised past service costs and the fair value of any plan assets are deducted. The discount rate is

the yield at the reporting date on AA credit-rated bonds that have maturity dates approximating the terms of the Group's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

The calculation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Group, the recognised asset is limited to the total of any unrecognised past service costs and the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Group. An economic benefit is available to the Group if it is realisable during the life of the plan, or on settlement of the plan liabilities.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised in profit or loss on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in profit or loss.

The Group recognises all actuarial gains and losses arising from defined benefit plans in other comprehensive income and all expenses related to defined benefit plans in profit or loss.

Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits other than pension plans is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is the yield at the reporting date on AA credit-rated bonds that have maturity dates approximating the terms of the Group's obligations. The calculation is performed using the projected unit credit method. Any actuarial gains and losses are recognised in profit or loss in the period in which they arise.

Termination benefits

Termination benefits are recognised as an expense when the Group is committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement

date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Group has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting period, then they are discounted to their present value.

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(p) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

Environmental liabilities

The Group has provided environmental liabilities related to site restoration and related restore existing damage in accordance with the Group's policy and applicable legal requirements.

Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting the Group's obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

(q) Revenue

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

Sale of goods and services rendered

Revenue is recognised in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there is continuing management involvement with the goods or there are significant uncertainties regarding recovery of the consideration due, associated costs or the probable return of goods. Service income is recognised as services are provided.

Dividend income

Dividend income is recognised in profit or loss on the date the Group's right to receive payments is established.

Interest and other income

Interest and other income is recognised in profit or loss as it accrues.

Commissions

When the Group acts in the capacity of an agent rather than as the principal in a transaction, the revenue recognised is the net amount of commission made by the Group.

(r) Finance costs

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions and contingent consideration, losses on disposal of available-for-sale financial assets, fair value losses on financial assets at fair value through profit or loss, impairment losses recognised on financial assets (other than trade receivables), and losses on hedging instruments that are recognised in profit or loss.

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

(s) Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Determining whether an arrangement contains a lease

At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease. A specific asset is the subject of a lease if fulfilment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the Group the right to control the use of the underlying asset.

At inception or upon reassessment of the arrangement, the Group separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Group's incremental borrowing rate.

(t) Income tax

Income tax expense for the year comprises current tax and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that they relate to a business combination, or items recognised 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 recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill; the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and differences relating to investments in subsidiaries and jointly-controlled entities to the extent that it is probable that they will not reverse in the foreseeable future.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(u) Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the 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.

(v) Segment reporting

Segment results that are reported to the Group's CEO (the chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

5 Related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Relationships with subsidiaries and jointly-controlled entities are described in Notes 9 and 10. Relationship with key management and other related parties were as follows:

Name of entities	Country of incorporation/ nationality	Nature of relationships
Sahaviriya Group Corporation Limited	Thailand	Major shareholder, 25.77% shareholding and direct and indirect shareholding by the Company's director(s)
Vanomet Holding AG	Switzerland	Major shareholder, 18.72% shareholding and common director with a subsidiary
Sahaviriya Inter Steel Holdings Co., Ltd.	Thailand	Major shareholder, 8.7% shareholding and common directors and direct and indirect shareholding by the Company's director(s)
Thai Coated Steel Sheet Co., Ltd.	Thailand	Shareholding by the Company and common directors
Bangsaphan Barmill Public Company Limited	Thailand	Common directors and direct and indirect shareholding by the Company's director(s)
B.S. Metal Co., Ltd.	Thailand	Common directors and direct and indirect shareholding by the Company's director(s)
Sahaviriya Plate Mill Public Company Limited	Thailand	Common directors and direct and indirect shareholding by the Company's director(s)
Prapawit Building Property Co., Ltd.	Thailand	Common directors and direct and indirect shareholding by the Company's director(s)
Western Housing Co., Ltd.	Thailand	Common directors and direct shareholding by the Company's director(s)
Sahaviriya Steel Group Co., Ltd.	Thailand	Common directors and direct and indirect shareholding by the Company's director(s)
C.A.R. Services Co., Ltd.	Thailand	The direct and indirect shareholding by the Company's director(s)
Sahaviriya Panich International Co., Ltd.	Thailand	Common directors and direct and indirect shareholding by the Company's director(s)
Line Transport Co., Ltd.	Thailand	Common directors with the subsidiary and direct and indirect shareholding by the Company's director(s)
Saha Special Steel Co., Ltd.	Thailand	The direct and indirect shareholding by the Company director(s)
Bangpakong Lighter Co., Ltd.	Thailand	Common directors and direct and indirect shareholding by the Company's director(s)

Name of entities	Country of incorporation/ nationality	Nature of relationships
Bangpakong Port Co., Ltd.	Thailand	Common directors and direct and indirect shareholding by the Company's director(s)
Bangsaphan Transport Co., Ltd.	Thailand	The direct and indirect shareholding by the Company's director(s)
Prachuap Bangsaparn Co., Ltd.	Thailand	Indirect shareholding by the Company director(s)
Sahaviriya Iron and Steel Co., Ltd.	Thailand	Common directors and direct and indirect shareholding by the Company's director(s)
Thai Steel Sales Co., Ltd.	Thailand	Common directors and direct and indirect shareholding by the Company's director(s)
Prachuap Pattana Development Co., Ltd.	Thailand	Common directors and direct and indirect shareholding by the Company's director(s)
Bangpakong Karnyotha Co., Ltd.	Thailand	Indirect shareholding by the Company director(s)
Saha Logistics Holdings Co., Ltd.	Thailand	Common shareholder and directors and direct and indirect shareholding by the Company's director(s)
Sahaviriya Shipping Limited	Hong Kong	Common shareholder and directors and direct and indirect shareholding by the Company's director(s)
Sahaviriya Shipping UK Limited	United Kingdom	Common shareholder and directors and indirect shareholding by the Company's director(s)
Vanomet AG	Switzerland	Common shareholder and common director with a subsidiary
Vanomet Finance AG	Switzerland	Common shareholder and common director with a subsidiary
Vanomet International AG	Switzerland	Common shareholder and common director with a subsidiary
Vanomet Asia AG	Switzerland	Common shareholder and common director with a subsidiary
Atlantic Steel AG	Switzerland	Common shareholder and common director with a subsidiary
Saha Bangpakong Steel Co., Ltd.	Thailand	Common directors and direct and indirect shareholding by the Company's director(s)
Saha Steel Process Holdings Co., Ltd.	Thailand	Common directors and direct and indirect shareholding by the Company's director(s)
Sahaviriya Capital Holdings Co., Ltd.	Thailand	Common directors and direct and indirect shareholding by the Company's director(s)
Bangna 26 Property Co., Ltd.	Thailand	Common directors and direct and indirect shareholding by the Company's director(s)
Sahaviriya Panich Co., Ltd.	Thailand	Common directors and direct shareholding by the Company's director(s)
KP Captial Co., Ltd.	Thailand	Common directors and direct and indirect shareholding by the Company's director(s)
Pichai Agriculture & Land Co., Ltd.	Thailand	Common directors and direct shareholding by the Company's director(s)
Saha Long Steel Holding Co., Ltd.	Thailand	Common directors and direct and indirect shareholding by the Company's director(s)

Name of entities	Country of incorporation/ nationality	Nature of relationships
Sahaviriya Credit Foncier Co., Ltd.	Thailand	Common directors and direct shareholding by the Company's director(s)
Sahaviriya Orchid Co., Ltd.	Thailand	Common directors and direct and indirect shareholding by the Company's director(s)
Surasak Muang-Chol Property Co., Ltd.	Thailand	Common directors and direct and indirect shareholding by the Company's director(s)
Bangsaphan Steel Trading Co., Ltd.	Thailand	Common directors and direct shareholding by the Company's director(s)
C B S Consultant Co., Ltd.	Thailand	Common directors and direct shareholding by the Company's director(s)
SMI Trading Co., Ltd.	Thailand	Common directors and direct and indirect shareholding by the Company's director(s)
SMI Product Co., Ltd.	Thailand	Common directors and direct and indirect shareholding by the Company's director(s)
SST Bangpakong Co., Ltd.	Thailand	Common directors and direct and indirect shareholding by the Company's director(s)
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)
Lam Pharam 3 Property Co., Ltd.	Thailand	Common directors and direct and indirect shareholding by the Company's director(s)
North-South Sathorn Property Co., Ltd.	Thailand	Common directors and direct and indirect shareholding by the Company's director(s)
Prachuap Steel Co., Ltd.	Thailand	Common directors and indirect shareholding by the Company's director(s)
Pomprachul Steel Co., Ltd.	Thailand	Common directors and indirect shareholding by the Company's director(s)
Saha H-Beem Co., Ltd.	Thailand	Common directors and indirect shareholding by the Company's director(s)
Saha Panish holding Co., Ltd.	Thailand	Common directors and direct and indirect shareholding by the Company's director(s)
SSP Access Co., Ltd.	Thailand	Common directors and direct and indirect shareholding by the Company's director(s)
SV Nittan Co., Ltd.	Thailand	Common directors and indirect shareholding by the Company's director(s)
Key management personnel	Thailand	Persons having authority and responsibility for planning directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the Group.

The pricing policies for particular types of transactions are explained further below:

	Transactions of the Company with subsidiary companies and jointly-controlled entities	Transactions with related companies
Sale of goods and materials	<ul style="list-style-type: none"> ● Third party pricing used, dependent on volume and relevant market considerations. 	<ul style="list-style-type: none"> ● Third party pricing used, dependent on volume and relevant market considerations.
Rendering of port services	<ul style="list-style-type: none"> ● Port services rendered are charged based on Ministry of Transportation-determined rates, dependent on service volume and relevant market considerations. 	<ul style="list-style-type: none"> ● Port services rendered are charged based on Ministry of Transportation-determined rates, dependent on service volume and relevant market considerations.
Rendering of other services	<ul style="list-style-type: none"> ● Charges for rendering of services and maintenance-related services are based on agreements and common credit term. 	<ul style="list-style-type: none"> ● Charges for rendering of services and maintenance-related services are based on agreements and common credit term.
Dividend income	<ul style="list-style-type: none"> ● Right to receive dividends 	<ul style="list-style-type: none"> ● Right to receive dividends.
Other income	<ul style="list-style-type: none"> ● 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 jointly-controlled entities are based on agreements. 	<ul style="list-style-type: none"> ● Sales of scrap material are priced based on scrap weight and the prices set by the Company. ● Revenue from providing management staff to related parties are based on agreements.
Purchase of goods	<ul style="list-style-type: none"> ● Purchases of goods for production are based on third party prices under terms and conditions normally applicable to similar transactions. ● Certain purchases of steel slab between the company and subsidiaries are based on the agreed price formula. ● Purchases of rolls are charged on agreed prices. 	<ul style="list-style-type: none"> ● Purchases of raw material for production are based on market price.
Receiving of other services	<ul style="list-style-type: none"> ● Maintenance-related services are charged based on long-term maintenance service agreements. The term of the agreement can be modified according to business circumstances. 	<ul style="list-style-type: none"> ● Transportation charges are based on agreements, dependent on cargo weight and distance. ● Warehouse rental is charged based on rental agreements. ● Cut sheet services are charged based on agreements. ● Rental charges for staff accommodation are fixed on an annual basis and agreed with the lessor.
Receiving of port services	<ul style="list-style-type: none"> ● Port services rendered are charged based on Ministry of Transportation-determined rates, dependent on service volume and relevant market considerations. 	
Selling and administrative expense	<ul style="list-style-type: none"> ● Port services rendered are charged based on Ministry of Transportation-determined rates, dependent on service volume and relevant market considerations. 	<ul style="list-style-type: none"> ● Domestic transportation services are charged based on agreements, dependent on cargo weight and distance. ● Office rental is charged based on rental agreements. ● Rental charges for staff accommodation are fixed on an annual basis and agreed with the lessor. ● Commission expense is charged based on agreements.
Interest and financial charges		<ul style="list-style-type: none"> ● Interest and financial charges are based on agreed rate, which approximate market rate.

Significant transactions for the years ended 31 December with related parties were summarised as follows:

Year ended 31 December	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	(in thousand Baht)			
Subsidiaries				
Purchases of goods and receiving of services	-	-	26,789,417	23,661,627
Purchases of machinery and equipment	-	-	18,468	20,999
Dividend income	-	-	128,850	92,700
Other income	-	-	27,912	18,883
Jointly-controlled entities				
Sales of goods and materials	2,573,214	3,315,763	2,569,145	3,190,989
Rendering of services	70,545	143,221	-	70,690
Purchases of goods and receiving of services	800,486	619,704	-	-
Other income	14,117	18,961	14,107	18,961
Selling and administrative expenses	1,665	2,121	1,661	2,121
Other related parties				
Sales of goods	47,372,204	39,093,697	32,479,075	34,836,048
Rendering of services	30,083	22,555	-	-
Purchases of goods and receiving of services (including other expense related)	30,601,463	34,453,323	1,252,686	7,864,664
Other income	58,473	22,407	56,715	20,927
Selling and administrative expenses	351,723	354,669	345,705	349,546
Finance costs	408,679	689,888	129,276	208,847
Key management personnel				
Key management personnel compensation				
Short-term benefits	130,495	134,976	55,020	44,587
Statutory severance pay	2,623	1,952	1,669	1,533
Other long-term benefits	33	34	21	23
Total key management personnel compensation	133,151	136,962	56,710	46,143

For the year ended 31 December 2013, intercompany sales to other related parties described above excluded indirect sales of goods from a subsidiary to the Company through a related company of Baht 16,695 million (2555: 12,404 million) which had been eliminated in the consolidation financial statements.

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

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	(in thousand Baht)			
Trade accounts receivable from related parties				
Jointly-controlled entity				
Thai Cold Rolled Steel Sheet Public Company Limited	10,473	10,284	421	-
Other related parties				
B.S. Metal Co., Ltd.	1,978,862	1,931,019	1,978,862	1,931,009
Sahaviriya Panich International Co., Ltd.	1,978,010	1,880,286	1,978,010	1,880,286
Vanomet AG	524,879	709,443	-	-
Others	9,887	4,385	-	-
	4,502,111	4,535,417	3,957,293	3,811,295
Less allowance for doubtful accounts	-	(41,708)	-	-
Net	4,502,111	4,493,709	3,957,293	3,811,295
Subsidiaries				
Sahaviriya Steel Industries UK Limited (Mainly is raw materials procured for and advance payment for purchase of goods)	-	-	2,371,008	-
West Coast Engineering Co., Ltd.	-	-	7,544	801
Prachuap Port Co.,Ltd.	-	-	1,762	-

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	(in thousand Baht)			
Jointly-controlled entity				
Red car Bulk Terminal Limited	119,535	108,211	-	-
Thai Cold Rolled Steel Sheet Public Company Limited	7	79	7	79
Other related parties				
Vanomet AG (mainly an advance payment for purchase of goods)	1,667,813	2,297,378	396,102	156,790
Sahaviriya Plate Mill Public Company Limited	385,318	-	385,318	-
Sahaviriya Shipping UK	83,026	-	-	-
Line Transport Co., Ltd.	7,350	612	6,992	528
Prapawit Building Property Co., Ltd.	208	1,515	-	-
Others	2,240	43	438	2
Total	2,265,497	2,407,838	3,169,171	158,200
Subsidiaries				
West Coast Engineering Co., Ltd.	-	-	536	590
Jointly-controlled entity				
Redcar Bulk Terminal Limited	369,238	-	-	-
Thai Cold Rolled Steel Sheet Public Company Limited	3,139	2,178	273	317
Other related parties				
Thai Coated Steel Sheet Co., Ltd.	4,252	3,957	4,252	3,957
Bangsaphan Barmill Public Company Limited	3,780	6,215	3,780	6,215
B.S. Metal Co., Ltd.	388	150	388	150
Total	380,797	12,500	9,229	11,229

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	(in thousand Baht)			
Long-term other receivable from related party				
Subsidiaries				
Sahaviriya Steel Industries UK Limited	-	-	572,896	520,106
Total	-	-	572,896	520,106
Trade accounts payable to related parties				
Subsidiaries				
West Coast Engineering Co., Ltd.	-	-	79,028	79,028
Prachuap Port Co., Ltd.	-	-	59,465	59,465
Sahaviriya Steel Industries UK Limited	-	-	19,933	19,933
Other related parties				
Vanomet AG	3,583,132	2,080,578	3,016,663	3,016,663
Line Transport Co., Ltd.	2,018	7,232	1,987	1,987
B.S. Metal Co., Ltd.	660	254	660	660
Others	451	-	402	402
Total	3,586,261	2,088,064	3,178,138	3,178,138
Other payables to related parties				
Subsidiaries				
Prachuap Port Co., Ltd.	-	-	17,393	17,393
West Coast Engineering Co., Ltd.	-	-	18,496	18,496
Jointly-controlled entity				
Redcar Bulk Terminal Limited	471,029	266,250	-	-
Thai Cold Rolled Steel Sheet Public Company Limited	62	56	62	62
Other related parties				
Vamomet AG	1,067,525	-	6,832	-
Line Transport Co., Ltd.	18,270	23,280	18,270	23,261
Bangpakong Lighter Co., Ltd.	8,325	20,363	8,325	20,363
Bangpakong Port Co., Ltd.	1,274	3,082	1,274	3,082
Prapawit Building Property Co., Ltd.	1,511	1,369	1,251	1,145
Sahaviriya Panich International Co., Ltd.	-	39,250	-	39,250
Sahaviriya Plate Mill Public Company Limited	-	28,037	-	28,037
Sahaviriya Inter Steel Holdings Co., Ltd.	-	4,783	-	4,783
Others	452	403	442	332
Total	1,568,448	386,873	72,345	167,736

In September 2012, the Company submitted the explanation letter to the Securities and Exchange Commission Thailand that on 30 August 2012, the Company was informed that Vanomet Holding AG (“Vanomet”) is the major shareholders of the Company, which holds the Company’s ordinary share of 2,801,063,841 shares, 15.32% (18.72% as at 31 December 2013) of the Company’s issued shares since 2010. The shareholding has been held through the domestic and foreign custodians of Vanomet.

Significant agreements with related parties

Slab offtake agreement

The Company entered into a slab offtake agreement with SSI UK for a minimum purchase commitment of 1,500,000 metric tons per year or such quantities to ensure 2,500,000

metric tons per year of slab sales from SSI UK inclusive of third party sales, with prices determined on an arm’s length basis at market price. The offtake agreement becomes effective in April 2012 and terminates in April 2019 (or 7 years). Either party can issue intention written letter informing the other party to terminate the agreement.

Port service agreement

The Company’s subsidiary, SSI UK, entered into a port service agreement with Redcar Bulk Terminal Limited, which is its jointly-controlled entity, with a minimum volume for raw materials and finished goods commitment of 10 million tones per year, with prices determined on an arm’s length basis at market services rate. The subsidiary does not have any termination rights under this service agreement.

6 Cash and cash equivalents

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	(in thousand Baht)			
Cash on hand	747	682	600	600
Cash at banks	162,351	241,456	104,373	60,849
Total	163,098	242,138	104,973	61,449

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

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	(in thousand Baht)			
Thai Baht	155,399	115,547	104,973	61,449
United States Dollars	5,869	122,648	-	-
Pound Sterling	1,052	3,880	-	-
Euro	778	63	-	-
Total	163,098	242,138	104,973	61,449

7 Trade accounts receivable

	Note	Consolidated financial statements		Separate financial statements	
		2013	2012	2013	2012
(in thousand Baht)					
Related parties	5	4,502,111	4,535,417	3,957,293	3,811,295
Other parties		889,888	1,732,669	297,298	324,354
Total		5,391,999	6,268,086	4,254,591	4,135,649
Less allowance for doubtful accounts		(283,809)	(430,118)	(283,809)	(283,809)
Net		5,108,190	5,837,968	3,970,782	3,851,840
Bad and doubtful debts expenses for the year (reversal)		(146,309)	146,309	-	-

Aging analyses for trade accounts receivable were as follows:

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
(in thousand Baht)				
Related parties				
Within credit terms	4,335,630	4,125,842	3,957,293	3,811,295
Overdue:				
Less than 3 months	153,811	216,888	-	-
3-6 months	6,032	-	-	-
6-12 months	6,638	96,224	-	-
Over 12 months	-	96,463	-	-
	4,502,111	4,535,417	3,957,293	3,811,295
Less allowance for doubtful accounts	-	(41,708)	-	-
	4,502,111	4,493,709	3,957,293	3,811,295

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	(in thousand Baht)			
Other parties				
Within credit terms	366,956	494,635	3,915	40,545
Overdue:				
Less than 3 months	154,734	683,737	9,574	-
3-6 months	45,856	198,508	-	-
6-12 months	-	68,065	-	-
Over 12 months	322,342	287,724	283,809	283,809
	889,888	1,732,669	297,298	324,354
Less allowance for doubtful accounts	(283,809)	(388,410)	(283,809)	(283,809)
	606,079	1,344,259	13,489	40,545
Net	5,108,190	5,837,968	3,970,782	3,851,840

The normal credit terms granted by the Group ranges from 30 to 120 days. Trade receivable from other parties aged over 12 months in 2013 was collected subsequently in January 2014 of Baht 23.5 million.

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

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	(in thousand Baht)			
Thai Baht	4,348,338	4,192,484	4,254,591	4,135,649
United States Dollars	734,293	795,759	-	-
Pound Sterling	292,679	1,237,844	-	-
Euro	13,128	41,999	-	-
Other	3,561	-	-	-
Total	5,391,999	6,268,086	4,254,591	4,135,649

8 Inventories

	Note	Consolidated financial statements		Separate financial statements	
		2013	2012	2013	2012
(in thousand Baht)					
Finished goods		3,837,326	3,851,034	3,858,515	3,865,191
Work in progress		68,350	32,936	-	-
Raw materials		5,717,432	10,713,230	2,073,459	6,755,843
Spare parts and factory supplies		2,036,444	2,193,649	1,222,876	1,250,059
Inventories under collateral management agreement	15	3,112,322	-	3,112,322	-
Goods in transit		3,088,186	5,436,948	3,088,186	4,775,306
		17,860,060	22,227,797	13,355,358	16,646,399
Less allowance for decline in value		(472,504)	(613,154)	(255,323)	(345,491)
Net		17,387,556	21,614,643	13,100,035	16,300,908
Carrying value of inventories subject to retention of title clauses or otherwise pledged to secure liabilities		12,454,903	14,181,237	8,978,731	10,472,735

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
(in thousand Baht)				
Inventories recognised as an expenses in 'cost of sales of goods':				
Cost	69,920,137	72,957,665	43,124,851	48,070,173
Reversal of write-down	(155,156)	(692,941)	(90,168)	(296,919)
Net	69,764,981	72,264,724	43,034,683	47,773,254

9 Investments in subsidiaries

	Separate financial statements	
	2013	2012
(in thousand Baht)		
At 1 January	24,080,276	12,534,552
Acquisitions	3,680,516	11,545,724
At 31 December	27,760,792	24,080,276

Investments in subsidiaries as at 31 December 2013 and 2012, and dividend income from those investments for the years then ended were as follows:

Type of business	Separate financial statements											
	Ownership interest		Paid-up capital		Cost method		Impairment		At cost - net		Dividend income	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012		
	(in thousand Baht)											
Subsidiaries	(%)											
Prachuap Port Co., Ltd.	51.00	51.00	400,000	400,000	204,000	204,000	-	-	204,000	204,000	68,850	10,200
West Coast Engineering Co., Ltd.	99.99	99.99	75,000	75,000	75,000	75,000	-	-	75,000	75,000	60,000	82,500
Sahaviriya Steel Industries UK Limited	100.00	100.00	557 million	480.7 million	27,481,792	23,801,276	-	-	27,481,792	23,801,276	-	-
Total					27,760,792	24,080,276	-	-	27,760,792	24,080,276	128,850	92,700

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

During the year ended 31 December 2013, the Company increased the equity investment in SSI UK totaling approximately USD 120.6 million.

At 31 December 2013 and 2012, the entire common shares of the Company in SSI UK of 556,999 shares and 480,736 shares, respectively, have been pledged as collateral against the banks.

In 2013, the management performed test of impairment of certain investments in subsidiaries and measure recoverable amounts at fair value less cost to sell method.

10 Investments in jointly-controlled entities

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	(in thousand Baht)			
At 1 January	3,499,196	4,683,314	3,159,668	4,502,797
Revaluation of property, plant and	159,662	-	-	-
Share of net profit (loss) of equity - accounted				
jointly - controlled entities	250,730	(988)	-	-
Others	(70,297)	(1,183,130)	-	(1,343,129)
At 31 December	3,839,291	3,499,196	3,159,668	3,159,668

In October 2012, the Company signed a Partnership agreement with JFE and MISI (both are the Company's joint venture partner in the existing jointly-controlled entity, Thai Cold Rolled Steel Sheet Public Company Limited ("TCR")). Under the agreement, the Company will sell a portion of its share capital in TCR. As at 31 December 2013, the portion of shares in TCR of Baht 1,183 million and Baht 1,343 in consolidated financial statement and separate financial statement, respectively, which are intended for sales, is presented under "Assets classified as held for sale" and has been measured at the lower of its carrying amount and fair value less costs to sell.

In February 2013, the Company completed the sales of such portion of its shareholding in TCR to JFE and MISI and received the total proceeds of USD 50 million (equivalent to approximately Baht 1,568 million) a transaction in which the Company recognised a gain on sale of investment in jointly-controlled entity of Baht 363 million and Baht 225 million in the consolidated financial statements and separate financial statements, respectively. After completion of the transaction, the Company's shareholding in TCR is 35.19%.

In 2013, a jointly-controlled entity of the Company engaged an independent professional valuer to revalue its property, plant and equipment. The Group has recognized the revaluation in "Investment in jointly-controlled entities" together with revaluation surplus of Baht 160 million according to the ownership interest and presented as "Revaluation surplus" in equity.

At the extraordinary meeting of shareholders of TCR held in October 2013, the shareholders approved the reduction of share capital and paid-up share capital to eliminate the deficit by reducing par value of Baht 10 per share to Baht 4.5 per share. Therefore, the share capital decreased from Baht 10,703 million to Baht 4,816.3 million. However, the Company still maintains the same ownership interest at 35.19%.

Investments in jointly-controlled entities as 31 December 2013 and 2012, and dividend income from those investments for the years then ended were as follows:

Consolidated financial statements														
Type of business	Ownership interest		Paid-up capital		Cost method		Equity method		Impairment		At equity - net		Dividend income	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
	(in thousand Baht)													
Jointly-controlled entities														
Direct holding														
Thai Cold Rolled Steel Sheet Production and distribution of cold rolled coils	35.19	50.15 ^(*)	4,816,350	10,703,000	3,817,962	3,817,962	2,795,675	2,783,278	-	-	2,795,675	2,783,278	-	-
Indirect holding														
Redcar Bulk Terminal Limited	50.00	50.00	GBP 26.5 million	GBP 26.5 million	767,624	767,624	726,653	715,918	-	-	726,653	715,918	-	-
Total					4,585,586	4,585,586	3,522,328	3,499,196	-	-	3,522,328	3,499,196	-	-

(*) Includes shares held by the Company which will be disposed in February 2013 and presented as asset classified as held for sales.

Thai Cold Rolled Steel Sheet Public Company Limited and Redcar Bulk Terminal Limited were incorporated in Thailand and United Kingdom, respectively.

As at 31 December 2013 and 2012, a subsidiary of the Company has pledged all common shares in a jointly-controlled entity, Redcar Bulk Terminal Limited, as collateral against credit facilities provided by the banks.

Separate financial statements											
Type of business	Ownership interest		Paid-up capital		Cost method		Impairment		At cost - net		Dividend income
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	
	(in thousand Baht)										
Jointly - controlled entity	(%)										
Thai Cold Rolled Steel Production and Sheet Public distribution of cold rolled coils	35.19	50.15 ⁽¹⁾	4,816,350	10,703,000	3,817,962	3,817,962	658,294	658,294	3,159,668	3,159,668	-
Total			3,817,962	3,817,962	658,294	658,294	3,159,668	3,159,668	3,159,668	3,159,668	-

The following summarised financial information on interests in jointly-controlled entities which have been accounted for at the equity method in the consolidated financial statements represents the Group's share:

	Ownership interest (%)	(in thousand Baht)										Net profit (loss)
		Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Total revenues	Total expenses			
Jointly-controlled entities												
2013												
Thai Cold Rolled Steel Sheet Public Company Limited	35.19	1,122,965	3,230,590	4,353,555	999,844	506,408	1,506,252	4,162,751	4,287,678		(124,927)	
Redcar Bulk Terminal Limited	50.00	485,002	627,852	1,112,854	165,980	6,928	172,909	654,173	278,516		375,657	
Total		1,607,967	3,858,442	5,466,409	1,165,824	513,336	1,679,161	4,816,924	4,566,194		250,730	
2012												
Thai Cold Rolled Steel Sheet Public Company Limited	50.15 ^(*)	1,572,120	5,837,659	7,409,779	1,792,563	728,335	2,520,898	7,370,321	7,425,901		(55,580)	
Redcar Bulk Terminal Limited	50.00	276,274	646,828	923,102	124,353	85,701	210,054	474,697	420,105		54,592	
Total		1,848,394	6,484,487	8,332,881	1,916,916	814,036	2,730,952	7,845,018	7,846,006		(988)	

(*) Includes shares held by the Company which will be disposed in February 2013 and presented as asset classified as held for sales.

Contingent liabilities and commitments relating to the jointly-controlled entity:

	2013	2012
Contingent liabilities directly incurred by the Group		
Group's share of the jointly-controlled entity' contingent liabilities	Baht 20 million	Baht 21 million and USD 2 million
Capital commitments in relation to interest in jointly-controlled entity		
Group's share of the jointly-controlled entity according to		
- in capital expenditure	Baht 12 million, USD 0.18 million and Yen 86 million	Baht 32 million, USD 0.15 million and Yen 142 million
- in non-cancellable operating lease commitments	Baht 11 million	Baht 15 million
- in raw materials purchases	Baht 17 million and Yen 11 million	Baht 31 million, USD 4 million and Yen 0.75 million

In 2013, the management performed test of impairment of investments in jointly-controlled entities those had indicator for impairment, which the method used to measure recoverable amounts is fair value less cost to sell approach.

11 Other long-term investment

Other long-term investment as at 31 December 2013 and 2012, and dividend income from this investment for the years then ended were as follows:

Consolidated financial statements												
	Ownership interest		Paid-up capital		Cost method		Impairment		At cost - net		Dividend income	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
	(in thousand Baht)											
Thai Coated Steel Sheet Company Limited	3.70	3.70	2,206,900	2,206,900	294,000	294,000	294,000	294,000	-	-	-	-
Total			294,000	294,000	294,000	294,000	294,000	294,000	-	-	-	-
Separate financial statements												
	Ownership interest		Paid-up capital		Cost method		Impairment		At cost - net		Dividend income	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
	(in thousand Baht)											
Thai Coated Steel Sheet Company Limited	3.70	3.70	2,206,900	2,206,900	294,000	294,000	294,000	294,000	-	-	-	-
Total			294,000	294,000	294,000	294,000	294,000	294,000	-	-	-	-

12 Property, plant and equipment

	Consolidated financial statements						
	Land and land improvement	Factory and office buildings	Machinery, tool and factory equipment	Office furniture, fixtures and equipment	Vehicles	Assets under construction and installation	Total
	(in thousand Baht)						
Cost / revaluation							
At 1 January 2012	2,978,255	3,423,236	36,841,372	191,175	84,804	20,914,009	64,432,851
Additions	-	1,113	611,906	10,976	6,301	4,773,211	5,403,507
Transfers	4,005	6,719	23,743,440	5,113	-	(23,759,277)	-
Disposals	(643)	(3,695)	(330,747)	(15,991)	(8,736)	-	(359,812)
Effect of movements							
in exchange rates	(43,288)	158,222	(1,307,349)	-	-	70,878	(1,121,537)
At 31 December 2012 and							
1 January 2013	2,938,329	3,585,595	59,558,622	191,273	82,369	1,998,821	68,355,009
Additions	-	127	92,118	18,234	14,643	580,750	705,872
Transfers	-	87,566	2,174,116	6,316	-	(2,238,621)	29,377
Disposals	-	-	(4,260)	(5,729)	(396)	-	(10,385)
Revaluation	(51,106)	(716,273)	566,098	-	-	-	(201,281)
Effect of movements in							
exchange rates	89,141	36,528	2,345,980	-	-	21,648	2,493,297
At 31 December 2013	2,976,364	2,993,543	64,732,674	210,094	96,616	362,598	71,371,889

	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 2012	685,208	2,189,924	11,195,301	152,416	61,334	-	14,284,183
Depreciation charge for the year	6,560	107,584	1,794,173	15,786	7,790	-	1,931,893
Depreciation on revaluation	146	57,000	311,115	-	-	-	368,261
Disposals	(643)	(1,660)	(37,902)	(13,821)	(8,211)	-	(62,237)
Effect of movements in exchange rates	-	(2,297)	(26,149)	-	-	-	(28,446)
At 31 December 2012 and							
1 January 2013	691,271	2,350,551	13,236,538	154,381	60,913	-	16,493,654
Depreciation charge for the year	6,054	115,582	2,250,348	16,503	8,915	-	2,397,402
Depreciation on revaluation	(3,045)	19,543	351,536	-	-	-	368,034
Revaluation	(42,400)	(634,677)	157,682	-	-	-	(519,395)
Disposals	-	-	(3,829)	(5,605)	(396)	-	(9,830)
Effect of movements in exchange rates	-	2,293	215,188	-	-	-	217,481
At 31 December 2013	651,880	1,853,292	16,207,463	165,279	69,432	-	18,947,346

	Consolidated financial statements						
	Land and land improvement	Factory and office buildings	Machinery, tool and factory equipment	Office furniture, fixtures and equipment	Vehicles	Assets under construction and installation	Total
	(in thousand Baht)						
Net book value							
At 1 January 2012							
Owned assets	2,293,047	1,233,312	25,626,664	38,643	8,801	20,914,009	50,114,476
Assets under finance leases and hire-purchases	-	-	19,407	116	14,669	-	34,192
	2,293,047	1,233,312	25,646,071	38,759	23,470	20,914,009	50,148,668
At 31 December 2012 and 1 January 2013							
Owned assets	2,247,058	1,235,044	46,022,304	36,851	5,576	1,998,821	51,545,654
Assets under finance leases and hire-purchases	-	-	299,780	41	15,880	-	315,701
	2,247,058	1,235,044	46,322,084	36,892	21,456	1,998,821	51,861,355
At 31 December 2013							
Owned assets							
Assets under finance leases	2,324,484	1,140,251	48,205,254	44,815	11,142	362,598	52,088,544
and hire-purchases	-	-	319,957	-	16,042	-	335,999
	2,324,484	1,140,251	48,525,211	44,815	27,184	362,598	52,424,543

The gross amount of the Group's fully depreciated property, plant and equipment that was still in use as at 31 December 2013 amounted to Baht 729 million (2012: Baht 839 million).

Capitalised borrowing cost relating to the acquisition of assets amounted to Baht 58 million (2012: Baht 52 million), with a capitalisation rate of 4.8% to 4.9% per annum (2012: 4.8% to 4.9% per annum).

	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	
	(in thousand Baht)						
Cost / revaluation							
At 1 January 2012	1,054,553	2,948,184	25,144,504	155,280	60,661	95,252	29,458,434
Additions	-	942	46,412	6,548	4,396	138,226	196,524
Transfers	1,580	6,329	54,729	4,131	-	(66,769)	-
Disposals	-	-	(18,378)	(6,033)	(4,747)	-	(29,158)
At 31 December 2012 and 1 January 2013	1,056,133	2,955,455	25,227,267	159,926	60,310	166,709	29,625,800
Additions	-	-	62,065	16,192	10,067	14,784	103,108
Transfers	-	5,255	22,000	3,277	-	(79,666)	(49,134)
Disposals	-	-	(819)	(5,225)	-	-	(6,044)
Revaluation	(48,552)	(716,858)	791,165	-	-	-	25,755
At 31 December 2013	1,007,581	2,243,852	26,101,678	174,170	70,377	101,827	29,699,485
Depreciation and impairment losses							
At 1 January 2012	375,217	2,105,055	9,298,735	124,404	41,445	-	11,944,856
Depreciation charge for the year	3,219	92,096	498,920	12,180	6,215	-	612,630
Depreciation on revaluation	-	55,168	281,017	-	-	-	336,185
Disposals	-	-	(6,581)	(6,019)	(4,747)	-	(17,347)
At 31 December 2012 and 1 January 2013	378,436	2,252,319	10,072,091	130,565	42,913	-	12,876,324
Depreciation charge for the year	1,159	91,987	516,905	13,287	6,939	-	630,277
Depreciation on revaluation	63	17,672	322,242	-	-	-	339,977
Revaluation	(40,746)	(639,555)	326,801	-	-	-	(353,500)
Disposals	-	-	(462)	(5,109)	-	-	(5,571)
At 31 December 2013	338,912	1,722,423	11,237,577	138,743	49,852	-	13,487,507

	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	
(in thousand Baht)							
Net book value							
At 1 January 2012							
Owned assets	679,336	843,129	15,845,769	30,876	4,547	95,252	17,498,909
Assets under hire-purchase	-	-	-	-	14,669	-	14,669
	679,336	843,129	15,845,769	30,876	19,216	95,252	17,513,578
At 31 December 2012 and 1 January 2013							
Owned assets	677,697	703,136	15,155,176	29,361	4,627	166,709	16,736,706
Assets under hire-purchase	-	-	-	-	12,770	-	12,770
	677,697	703,136	15,155,176	29,361	17,397	166,709	16,749,476
At 31 December 2013							
Owned assets	668,669	521,429	14,864,101	35,427	4,483	101,827	16,195,936
Assets under hire-purchase	-	-	-	-	16,042	-	16,042
	668,669	521,429	14,864,101	35,427	20,525	101,827	16,211,978

The gross amount of the Company's fully depreciated property, plant and equipment that was still in use as at 31 December 2013 amounted to Baht 647 million (2012: Baht 624 million).

In October 2006, the FAP issued Notification No. 25/2549 allowing entities which carry their assets at revalued amounts to calculate depreciation to be charged to the income statements based on the historical cost of the assets instead of on the revalued amounts. TAS 16 (Revised 2009)

Property, Plant and Equipment, states that depreciation shall be recognised within profit or loss. During years ended 31 December 2011, the FAP issued a notification allowing entities to continue the existing method for another period of 5 years or less. The Group has decided to follow this notification. However, had the depreciation charge been calculated based on the revalued amounts, net income and earnings per share attributable to equity owners of the Company would have been affected as follows:

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Decrease in profit for the years (in thousand Baht)	360,965	368,261	333,932	336,185
Decrease in earnings per share (Baht per share)	0.012	0.019	0.011	0.018
Decrease in earnings per share (Baht per share)	0.012	0.019	0.011	0.018

In December 2012, the Group engaged an independent professional valuer to revalue its property, plant and equipment. The revaluation of its property, plant and equipment has been finished during the first quarter of 2013. The valuation methods were as follows:

- 1) Sales comparison approach, which was based on recent sales and listing of comparable property, for:
 - Land
- 2) Cost approach, which was based on the cost of reproducing or replacing the property, less depreciation from physical deterioration and functional and economic/ external obsolescence, for:
 - Land and land improvement;
 - Building and building improvement; and
 - Machinery and equipment.

As at 31 December 2013, the Group provided allowance for assets revaluation of Baht 12.7 million (2012: nil) and reversed allowance for impairment loss of Baht 1.7 million (2012: Baht 2.1 million).

As at 31 December 2013, the Group have mortgaged/pledged assets amounting to approximately Baht 51,412 million (2012: Baht 50,901 million) (the Company: Baht 16,051 million (2012: Baht 16,169 million)) as collateral against bank overdrafts, short-term loans and long-term loans from financial institutions and letter of guarantee for electricity, port and goods warehouse, as described in Note 14.

In 2013, the management of Sahaviriya Steel Industry UK performed test of impairment of their property, plant and equipment which confirmed that the subsidiary value are supported by their recoverable amounts as determined by fair value less costs to sell method.

13 Deferred tax

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

	Consolidated financial statements			
	Assets		Liabilities	
	2013	2012	2013	2012
	(in thousand Baht)			
Total	1,662,963	8,658	(2,924,427)	(3,199,689)
Set off of tax	(1,659,694)	(8,535)	1,659,694	8,535
Net deferred tax assets (liabilities)	3,269	123	(1,264,733)	(3,191,154)

	Separate financial statements			
	Assets		Liabilities	
	2013	2012	2013	2012
	(in thousand Baht)			
Deferred tax liabilities	-	-	(1,185,703)	(1,177,847)

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

	Consolidated financial statements				
	At 1 January 2013	(Charged) / Credited to:			At 31 December 2013
		Profit or loss	Other compre- hensive income	Exchange differences	
	(in thousand Baht)				
Deferred tax assets					
Inventories	444	-	-	-	444
Other current assets	-	201	-	-	201
Property, plant and equipment	9	721	-	-	730
Employee benefit obligations	8,205	890	-	-	9,095
Capital allowances under UK Act	-	1,547,658	-	104,835	1,652,493
Total	8,658	1,549,470	-	104,835	1,662,963
Deferred tax liabilities					
Other current assets	(91)	(58)	-	-	(149)
Property, plant and equipment	(3,181,802)	378,221	8,742	(112,661)	(2,907,500)
Long-term loans from financial institutions	(14,874)	-	-	-	(14,874)
Finance lease liabilities	(2,922)	1,018	-	-	(1,904)
Total	(3,199,689)	379,181	8,742	(112,661)	(2,924,427)

During the year ended 31 December 2013, SSI UK recognised deferred tax assets on the capital allowances according to Capital Allowance Act 2001 under United Kingdom's laws, which is not exceeded deferred tax liabilities.

	Consolidated financial statements				
	At 1 January 2012	(Charged) / Credited to:			At 31 December 2012
		Profit or loss	Other compre- hensive income	Exchange differences	
	(in thousand Baht)				
Deferred tax assets					
Inventory	-	444	-	-	444
Property, plant and equipment	39	(30)	-	-	9
Employee benefit obligations	7,531	674	-	-	8,205
Total	7,570	1,088	-	-	8,658
Deferred tax liabilities					
Other current assets	(95)	5	-	-	(90)
Property, plant and equipment	(3,925,772)	590,789	74,595	78,586	(3,181,802)
Long-term loans from financial institutions	(14,874)	-	-	-	(14,874)
Finance lease liabilities	(3,577)	655	-	-	(2,922)
Total	(3,944,318)	591,449	74,595	78,586	(3,199,688)

	Separate financial statements			
	At 1 January 2013	(Charged) / credited to:		At 31 December 2013
		Profit or loss	Other compre- hensive income	
	(in thousand Baht)			
Deferred tax liabilities				
Property, plant and equipment	(1,162,973)	547	(8,403)	(1,170,829)
Long-term loans from financial institutions	(14,874)	-	-	(14,874)
Total	(1,177,847)	547	(8,403)	(1,185,703)

	Separate financial statements			At 31 December 2013
	At 1 January 2013	(Charged) / credited to:		
		Profit or loss	Other compre- hensive income	
	(in thousand Baht)			
Deferred tax liabilities				
Property, plant and equipment	(1,230,210)	-	67,237	(1,162,973)
Long-term loans from financial institutions	(14,874)	-	-	(14,874)
Total	(1,245,084)	-	67,237	(1,177,847)

Deferred tax assets (liabilities) arising from temporary differences and unused tax losses that have not been recognised in the financial statements as at 31 December were as follows:

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	(in thousand Baht)			
Deferred tax assets				
- Deductible temporary differences	419,308	490,480	364,930	438,120
- Tax losses	4,700,335	4,919,472	1,211,977	1,177,888
Deferred tax liability				
- Deductible temporary differences	(9,968)	(17,641)	(9,968)	(17,641)
Net	5,109,675	5,392,311	1,566,939	1,598,367

The deductible temporary differences do not expire under current tax legislation. The Group has not recognised deferred tax assets in respect of these items because it is not probable that future taxable profit against which the Group can utilise the benefits therefrom.

14 Interest-bearing liabilities

	Note	Consolidated financial statements		Separate financial statements	
		2013	2012	2013	2012
(in thousand Baht)					
Current					
Bank overdraft - unsecured		281,231	-	-	-
Short-term loans from financial institutions					
- secured		21,607,371	25,308,703	11,693,814	16,122,283
Current portion of long-term loans from financial institutions					
- secured		1,924,004	4,563,773	1,811,783	2,207,073
Current portion of finance lease liabilities		49,845	46,848	-	-
Current portion of liabilities under hire purchase agreements		6,896	4,966	5,212	3,963
Total		23,869,347	29,924,290	13,510,809	18,333,319
Non-current					
Long-term loans from financial institutions					
- secured		27,879,311	20,424,804	12,057,875	8,065,068
Subordinated convertible debentures	18	149	1,317,709	149	1,317,709
Finance lease liabilities		161,063	210,908	-	-
Liabilities under hire purchase agreements		6,242	3,407	4,314	2,655
Total		28,046,765	21,956,828	12,062,338	9,385,432
Grand total		51,916,112	51,881,118	25,573,147	27,718,751

The periods to maturity of interest-bearing liabilities, excluding finance lease liabilities and liabilities under hire purchase agreements, as at 31 December were as follows:

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
(in thousand Baht)				
Within one year	23,812,605	29,872,476	13,505,597	18,329,356
After one year but within five years	18,766,351	20,501,253	8,303,259	8,854,271
After five years	9,113,109	1,241,260	3,754,766	528,506
Total	51,692,065	51,614,989	25,563,622	27,712,133

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

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	(in thousand Baht)			
Property, plant and equipment	51,411,732	50,901,491	16,050,520	16,169,419
Investments in subsidiaries and jointly-controlled entity	24,527,929	24,517,194	27,481,792	23,801,276
Inventories	12,454,903	14,181,237	8,978,731	10,472,735
Total	88,394,564	89,599,922	52,511,043	50,443,430

As at 31 December 2013, the significant long-term loan agreements of the Group are detailed as follows:

14.1 Company: Baht 23,900 million debt facility dated 24 February 2011 and as amended

Facilities received	Main conditions / Other conditions
<p><u>Lenders</u> : 3 commercial banks</p> <p><u>Facility A</u> : Credit facility: Baht 6,200 million</p> <ul style="list-style-type: none"> ● Baht term loan to partially-finance the acquisition purchase price, associated deal costs and general working capital purposes. ● Interest rate is based on MLR and loan had period 7 year tenure. However, this had been extended for another 3 years. ● First repayment 27 months after first draw-down (23 March 2011). <p><u>Facility B</u> : Credit facility: Baht 5,700 million</p> <ul style="list-style-type: none"> ● Baht term loan to refinance another facility provided by other commercial banks. ● Interest rate is based on MLR and loan had period 7 year tenure. However, this had been extended for another 2 years. ● First repayment 3 months after first draw-down (16 March 2011). <p><u>Facility C</u> : Credit facility: Baht 12,000 million</p> <ul style="list-style-type: none"> ● Revolving facility to refinance amounts owed to other commercial banks and for general corporate purposes (subject to maximum short-term loans of Baht 2,000 million). <p>Interest charged at lower of MLR or money market rate plus margin.</p>	<p><u>Main conditions</u></p> <ol style="list-style-type: none"> 1) Consolidated Debt to Equity ratio of below 2:1 for 2011 and 2012 (1.5:1 thereafter). 2) Debt Service coverage ratio of at least 1.2:1 Testing conducted on a quarterly basis from 31 December 2011 onward. 3) Assets disposal, merger and acquisition and dividends payment. <p><u>Other conditions</u></p> <ul style="list-style-type: none"> ● Commitment fees as specified in the agreements. ● Maintaining shareholding structure, Public company status etc. ● Guaranteed by SSI UK, according to loan rescheduling agreement in third quarter 2013. Guarantee has been extended to cover as the ultimate balance of sums payable by SSI.

14.2 SSI UK: USD 790 million debt facilities

Facilities received	Main conditions / Other conditions
<p><u>Lenders:</u> 3 commercial banks</p> <p><u>Facility A:</u> Credit facility: USD 250 million</p> <ul style="list-style-type: none"> ● USD Term loans to finance the acquisition purchase price and investment in Redcar Bulk Terminal Limited. ● Repayable in 5-7 years, But has been extended for 2 more years of which first repayment 27 months after first draw-down month (24 March 2011). <p><u>Facility B:</u> Credit facility: USD 150 million</p> <ul style="list-style-type: none"> ● USD term loan to finance capital expenditure and start-up costs. ● Repayable in 7 years, But has been extended for 2 more years of which first repayment 27 months after first draw-down of facility A (24 March 2011). <p><u>Facility C:</u> Credit facility: USD 90 million</p> <ul style="list-style-type: none"> ● USD term loan to finance capital expenditure. ● Repayable in 7 for C1 and 4 for C2 years, But has been extended for 2 more years of which first repayment 27 months after first draw-down of facility A (24 March 2011). <p>The first repayment of all Facility A, Facility B and Facility C have been then extended to December 2014.</p> <p><u>Revolving Facility 1:</u> Credit facility: USD 200 million</p> <ul style="list-style-type: none"> ● Revolving facility to pay first TCP Working Capital, L/C amounts in respect of capital expenditure and start up costs and general corporate purposes relate to initial purchase of steel making plants. ● Repay each loan on the last day of its interest period. <p><u>Revolving Facility 2:</u> Credit facility: USD 100 million</p> <ul style="list-style-type: none"> ● Revolving facility to general corporate purposes. ● Repay each loan on the last day of its interest period. ● Revolving facility had 6 months tenor after first draw-down (30 April 2012), but has been then additionally extended until 30 September 2015. <p>Interest on all facilities is payable at LIBOR + Margin.</p>	<p><u>Main conditions</u></p> <ol style="list-style-type: none"> 1) Consolidated long term debt to EBITDA ratio of below 2.5:1 for 2013 (2.0:1 thereafter). 2) Debt Service coverage ratio of at least 1.2:1 (for the period of 27 months following initial utilisation to final maturity for Facility A). 3) Current asset/current liability ratio of at least 1:1 from 31 December 2011 onwards. 4) Requirement for lenders to pre-authorise corporate mergers, acquisitions or changes in ownership. 5) Commitment, cancellation and other fees applicable. 6) All debt facilities guaranteed by the Company. 7) Only additional Revolving Facility obtained in 2012 of USD 100 million is personal guaranteed by the president of SSI. 8) Conditions subsequent include completing liquidity shortfall plan by 30 June 2012 and the Company injecting into SSI UK additional equity of at least USD 250 million by 31 July 2012.

14.3 Company: Interest rate swap agreements

The Company entered into various interest rate swap agreements, in order to hedge interest rate risk exposures for principal amounting to Baht 5,547 million. Under these agreements, the Company has swapped its floating MLR rate exposure on amounts due to the Banks for fixed rates of 7.835% to 7.9%. These agreements are valid from 30 June 2011 to 31 March 2014.

14.4 Group: Other interest-bearing liabilities

In addition to the above borrowings, the Group has secured interest-bearing liabilities as follows:

Bank overdrafts and short-term loans of the Company are secured by the pledge of raw materials and finished goods owned by the Company, and for those banks providing both short-term and long-term loans, the Company has additionally made a mortgage of land and construction thereon and machinery of the Company and assigned beneficiary rights under insurance policies to the lenders. These loan agreements contain certain covenants as stipulated in the agreement that, among other things, required the Company to maintain according to the agreement such as maintenance of financial ratios.

Short-term loans of PPC, a subsidiary company, are secured by the mortgage of certain PPC owned land and construction and/or future construction thereon. The bank overdraft and short-term loans of WCE, a subsidiary company, are secured by mortgage of certain WCE owned land and construction thereon and the assignment of beneficiary rights under insurance policies to the lender.

Various long-term loans of the Company and its subsidiaries are secured by the mortgage/pledge of land with construction thereon and machinery, and the assignment of beneficiary rights under insurance policies to the lenders. For those banks providing both short-term and long-term loan facilities, the Company has additionally made a second pledge of raw materials and finished goods of the Company. These loan agreements contain certain covenants as stipulated in the agreement that, among other things, required the Company to maintain of financial ratios, the minimum maintenance of the Company's shareholding in PPC and WCE, restrictions on dividend payment in each fiscal year, and a prohibition on the Company pledging their investments

in shares of subsidiaries or creating any obligation thereon. During the third quarter of 2013, the long-term loan of PPC had been fully repaid therefore covenants as stipulated in the agreement were terminated. However, PPC are in the process of withdrawing secured assets from the bank security.

As at 31 December 2013, the Group had unutilised credit facilities totalling Baht 354 million and the Company had unutilised credit facilities totalling Baht 201 million (2012: Baht 294 million and USD 40 million for the Group and Baht 38 million for the Company).

As at 31 December 2013, the Company and SSI UK were unable to maintain financial covenant ratios and pay due debt of Baht 136 million committed to certain of its debt providers. However, these breaches of covenants were waived by creditors of the Company and SSI UK.

In addition, during 2012, the Company and SSI UK identified a need for additional working capital facilities to fund to operate the SSI Teesside plant. This need was driven by sluggish market conditions, the impact of severe flooding in the last quarter of 2011 and requests from certain working capital lenders not to extend short-term facilities upon their expiry and wide fluctuation of global commodity prices. In order to maintain Group liquidity and to comply with requests made by long-term lenders, the Company entered into negotiations with a group of working capital lenders ("the Working Capital Lenders") to defer repayment and maintain facilities into the future.

In 2013, the Company has reached the conclusion on loan rescheduling with all of eight short-term and long-term lenders. All lenders have entered into the Intercreditor Memorandum of Understanding with the Company as well as of five short-term lenders have entered into the Loan Rescheduling Agreement. The key points of loan rescheduling are as follows:

- Five short-term lenders with combined outstanding debt of approximately Baht 4,486.4 million agreed to change the status of loans from working capital loans to three-year amortising long-term loan with quarterly principal repayment starting from June 2013 and ending December 2015. Among those five short-term lenders, two of which had previously

filed lawsuit cases, as mentioned in Note 32, against the Company have now withdrawn the lawsuit cases.

- Three long-term lenders with combined outstanding debt of approximately Baht 10,214.8 million agreed to extend the repayment period of long-term loan of which the first portion with outstanding amount of approximately Baht 6,105.6 million has been extended from ending March 2018 to March 2021, and the balance portion with outstanding amount of approximately Baht 4,109.2 million has been extended from ending March 2018 to March 2020. During the third quarter of 2013, the Company has signed the loan rescheduling agreement with 3 long-term lenders.

In November 2013, lenders of SSI UK have reached the conclusion of rescheduling loans repayment scheme by the issuance of amendment. The key points are as follows:

- To extend the first repayment from November 2013 to December 2014.
- To revise repayment schedule which resulted to the change of current portion of long-term loans from financial institutions of Baht 2,167 million to long-term loans.
- To extend the last repayment for another 2 years from March 2015-2018 to March 2017-2020.

Movement of long-term loans from financial institutions were as follows:

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	(in thousand Baht)			
At 1 January	24,988,577	21,048,058	10,272,141	10,779,593
Rescheduling of short-term loans	4,486,370	-	4,486,370	-
Proceeds	156,806	4,980,387	-	-
Repayment	(964,170)	(688,301)	(905,734)	(546,972)
Amortisation of transaction charges	77,703	57,280	16,882	39,520
Effect of movements in exchange rates	1,058,028	(408,847)	-	-
At 31 December	29,803,314	24,988,577	13,869,659	10,272,141

On 13 February 2014, the Company has provided SSI UK with a letter of continuing financial support covering the period for at least 12 months from the date that the financial statements were approved and authorised to issue, as a general requirement of statutory financial statements.

Finance lease and hire purchase liabilities

The Group had machinery, equipment and vehicles acquired under finance lease and hire purchase agreements. As at 31 December were payable as follows:

	Consolidated financial statements					
	2013			2012		
	Future minimum lease payments	Interest	Present value of minimum lease payments	Future minimum lease payments	Interest	Present value of minimum lease payments
	(in thousand Baht)					
Within one year	68,282	11,541	56,741	66,750	14,936	51,814
After one year but within five years	178,834	11,529	167,305	236,717	22,402	214,315
Total	247,116	23,070	224,046	303,467	37,338	266,129

	Separate financial statements					
	2013			2012		
	Future minimum lease payments	Interest	Present value of minimum lease payments	Future minimum lease payments	Interest	Present value of minimum lease payments
	(in thousand Baht)					
Within one year	5,637	425	5,212	4,282	319	3,963
After one year but within five years	4,629	315	4,314	2,888	233	2,655
Total	10,266	740	9,526	7,170	552	6,618

The Group entered into the sale and lease back agreement for machinery and equipment with a company in 2012. Lease term is for a period of 5 years. The Group has paid the deposit to the lessor in the amount of Baht 41.4 million. This deposit is presented by offsetting with liabilities under financial lease contracts in the statement of financial position.

The net book value of machinery and equipment as at 31 December 2012 is Baht 267.2 million and the surplus from the sale which is higher than the carrying amount is Baht 19.4 million. This surplus is deferred and presented net under property, plant and equipment. Amortisation of such surplus presented offsetting with depreciation expenses in the statement of comprehensive income over the term of the lease.

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

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	(in thousand Baht)			
Thai Baht	25,921,668	28,114,698	25,573,147	27,718,751
United States Dollars	25,994,444	23,766,420	-	-
Total	51,916,112	51,881,118	25,573,147	27,718,751

15 Trade accounts payable

	Note	Consolidated financial statements		Separate financial statements	
		2013	2012	2013	2012
		(in thousand Baht)			
Related parties	5	3,586,261	2,088,064	3,178,138	2,122,999
Other parties (including payable under collateral management agreement of inventories of Baht 2,559 million in 2013)		9,027,989	9,749,637	5,664,494	7,365,741
Total		12,614,250	11,837,701	8,842,632	9,488,740

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

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	(in thousand Baht)			
Thai Baht	417,518	553,491	472,750	528,553
United States Dollars	8,913,247	8,948,881	8,306,010	8,948,881
Pound Sterling	3,105,955	2,324,425	406	402
Euro	174,305	10,815	60,270	10,815
Others	3,225	89	3,196	89
Total	12,614,250	11,837,701	8,842,632	9,488,740

Inventory under collateral management agreement
The Company entered into a collateral management agreement with a company which is incorporated overseas. Under the terms of this agreement, the Company has to pay for partial deposit and for the rest when withdraw inventory from representative company. The Company retains all or a significant portion of the risks and rewards relating to the collateralized inventory. Inventory is stored in the warehouse

facilities for which that counter party appoints a representative to act as the collateral manager. These transactions are treated as inventory under collateral management agreement and trade payable under collateral management agreement within the statement of financial position. That seller provide a selling price retains a certain amount of interest, management cost and commodity benchmark price movements. As at 31 December 2013, this facility's financing costs of Baht 36.8 million (2012: nil).

16 Other current liabilities

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	(in thousand Baht)			
Accrued expenses	2,902,741	3,613,917	111,753	89,860
Other accounts payable	1,525,934	76,821	1,517,770	68,843
Advances received from sales of goods	63,186	2,166,505	15,084	669,127
Accrued interest expenses	70,540	136,510	70,348	136,477
Others	1,080,468	68,939	60,597	44,249
Total	5,642,869	6,062,692	1,775,552	1,008,556

17 Employee benefit obligations

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	(in thousand Baht)			
Statement of financial position				
Statement of financial position obligations for:				
Statutory severance pay	140,715	128,243	100,728	92,991
Other long-term employee benefits	20,933	20,863	14,997	14,642
Total	161,648	149,106	115,725	107,633
Year ended 31 December				
Statement of comprehensive income:				
Recognised in profit or loss:				
Statutory severance pay	16,757	15,198	12,022	11,124
Other long-term employee benefits	2,752	2,948	1,853	1,774
Total	19,509	18,146	13,875	12,898

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 was shown in the table below:

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	(in thousand Baht)			
Defined benefit obligations at 1 January	149,106	133,328	107,633	95,470
Benefits paid by the plan	(6,967)	(2,368)	(5,783)	(735)
Current service costs and interest	19,509	18,146	13,875	12,898
Defined benefit obligations at 31 December	161,648	149,106	115,725	107,633

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

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	(in thousand Baht)			
Current service costs	14,306	13,450	10,067	9,469
Interest on obligation	5,203	4,696	3,808	3,429
Total	19,509	18,146	13,875	12,898

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

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	(in thousand Baht)			
Cost of sales	11,441	10,666	7,099	6,607
Selling expenses	679	624	637	586
Administrative expenses	7,389	6,856	6,139	5,705
Total	19,509	18,146	13,875	12,898

Principal actuarial assumptions at the reporting date (expressed as weighted averages):

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	(%)			
Discount rate	3.5	3.5	3.5	3.5
Future salary increases	5.5 - 6.5	5.5 - 6.5	5.5	5.5

Assumptions regarding future mortality are based on published statistics and mortality tables.

18 Subordinated convertible debentures and convertible rights

Movement during the year ended 31 December of the subordinated convertible debentures and convertible rights were as follows:

	Consolidated / Separated financial statements					
	At 1 January 2013	Issuance	Amortisation charge for the year	Exercise of convertible debentures	Repurchase and cancellation	At 31 December 2013
	(in thousand Baht)					
Debentures						
Subordinated convertible debentures						
- Sahaviriya Inter Steel Holdings Limited (No. 1/2012)	1,492,000	-	-	-	(1,492,000)	-
- Minority (No. 1/2012)	5,405	-	-	-	(5,126)	279
	1,497,405	-	-	-	(1,497,126)	279
Less Convertible rights of subordinated debentures	(179,318)	-	-	-	179,293	(25)
Less Deferred expenses for issuance of subordinated debentures	(378)	-	1	-	272	(105)
Net	1,317,709	-	1	-	(1,317,561)	149
Convertible rights of subordinated debentures	179,318	-	-	-	(179,293)	25

	Consolidated / Separated financial statements					
	At 1 January 2012	Issuance	Amortisation charge for the period	Exercise of convertible debentures	Repurchase and cancellation	At 31 December 2012
	(in thousand Baht)					
Subordinated convertible debentures						
- Sahaviriya Inter Steel Holdings Limited (No. 1/2012)	-	1,644,531	-	(152,531)	-	1,492,000
- Minority (No. 1/2012)	-	5,469	-	(64)	-	5,405
- Vanomet AG (No. 2/2012)	-	600,000	-	-	(600,000)	-
	-	2,250,000	-	(152,595)	(600,000)	1,497,405
Less Convertible rights of subordinated debentures	-	(311,091)	-	18,283	113,490	(179,318)
Less Deferred expenses for issuance of subordinated debentures	-	(1,045)	310	-	357	(378)
Net	-	1,937,864	310	(134,312)	(486,153)	1,317,709
Convertible rights of subordinated debentures	-	311,091	-	(18,283)	(113,490)	179,318

At the Extraordinary General Meeting of Shareholders held on 22 September 2011, the shareholders approved the Company to issue convertible debentures in an amount not exceeding Baht 2,250 million. For the detail as follows:

The Company's existing shareholders are to be offered

- Up to Baht 1,650 million of convertible debentures at the ratio of 1,000 existing shares to 1 convertible debenture, provided that any fraction of the convertible debentures is rounded up.

These convertible debentures have:

- Par value and offering price of Baht 1,000 per unit, a 3 year term, coupon rate of 3% per annum (payable every 6 months) and can be exercised at the end of each quarter with the exercise period from 30 December 2011 to 3 years from issuance date (Board of Directors' meeting held on 26 April 2012, the Board approved to postpone the first exercise period from 30 December 2011 to be 30 June 2012).

- The initial conversion price shall not be lower than the volume weighted average of the Company's ordinary share trading price at offering period plus 10% premium and may be adjusted upwards or downwards at a certain rate or method as specified under the rights.

- Repayment of subordinated convertible debentures by ordinary shares instead of cash. The convertible debentures holders shall convert all convertible debentures at a conversion price at the convertible debentures' maturity date if the market share price equal to a maximum of 110% of the conversion price.

- Conversion price is Baht 1 per share.

If the Company's existing shareholders do not subscribe for all available convertible debentures, the other investors may subscribe to convertible debentures with:

- Term (not exceeding 5 years), coupon rate (not more than 5% per annum), par value, offering and initial conversion price and exercise period to be determined by the Company's Board of Directors.

On 23 May 2012, the convertible debentures in amount of Baht 1,650 million (No. 1/2012 due in 2015) were offered and issued to existing shareholders. Also, on 5 June

2012, the convertible debentures in amount of Baht 600 million (No. 2/2012 due in 2017) were offered and issued to specific investors. Total proceed of Baht 2,250 million has been used to subscribe newly issued ordinary shares in SSI UK.

On 29 June 2012, two holders of Convertible Debentures No. 1/2012 declared their intention to exercise their conversion right to convert the Convertible Debentures in an aggregate principal amount of 152,595 units or Baht 152.60 million, which was subsequently converted to be the Company's ordinary shares in July 2012. The Company registered the increase of its paid-up capital with the Ministry of Commerce on 4 July 2012.

The Extraordinary General Meeting of Shareholders held on 11 October 2012, the shareholder approved to repurchase and cancel its outstanding convertible debentures. Subsequently on 24 December 2012, the Company has repurchased and cancelled its outstanding convertible debenture from Vanomet AG, which is a subsidiary of the Company's shareholder, at net price of Baht 835.94 per unit, totalling Baht 501.6 million. The gain on repurchase and cancellation of convertible debentures (difference between repurchase price and the outstanding value) of Baht 98.1 million is presented separately in equity as it was treated as equity distribution from shareholders.

On 18 July 2013, the Company has repurchased and cancelled its outstanding convertible debenture of 1,492,000 units from Sahaviriya Inter Steel Holding Co., Ltd., which is Company's shareholder, at net purchase price of Baht 820 per unit, amounted to Baht 1,223.5 million. The gain on repurchase and cancellation of convertible debentures (difference between repurchase price and the outstanding value) of Baht 268.1 million is presented separately in equity as it was treated as equity distribution from shareholders.

On 16 August 2013, 6 September 2013, 4 October 2013 and 21 October 2013, the Company has repurchased and cancelled its outstanding convertible debenture totalling 5,126 units, respectively from minority, at net price of Baht 1,000 per unit, totalling Baht 5.1 million. There were no gain (loss) from this repurchase and cancellation of convertible debenture.

19 Share capital

	Par value per share (in Baht)	2013		2012	
		Number	Baht	Number	Baht
		(thousand shares / thousand Baht)			
Authorised					
At 1 January					
- ordinary shares	1	39,867,779	39,867,779	20,434,108	20,434,108
Reduction	1	-	-	(2,250,000)	(2,250,000)
Increase of new shares	1	-	-	21,683,671	21,683,671
At 31 December					
- ordinary shares	1	39,867,779	39,867,779	39,867,779	39,867,779
Issued and paid-up					
At 1 January					
- ordinary shares	1	27,080,630	27,080,630	18,184,108	18,184,108
Issue of new shares	1	5,085,628	5,085,628	8,896,522	8,896,522
At 31 December					
- ordinary shares	1	32,166,258	32,166,258	27,080,630	27,080,630
Share discount					
At 1 January					
- ordinary shares		27,080,630	4,050,175	18,184,108	1,238,242
Issue of new shares		5,085,628	1,627,901	8,896,522	2,811,933
At 31 December					
- ordinary shares		32,166,258	5,678,076	27,080,630	4,050,175

Increase of new shares

At the Extraordinary General Meeting of Shareholders held on 11 October 2012, the shareholders passed the following resolutions:

a) Decrease the Company's registered share capital by cancelling 7,273,643,293 unissued registered shares with a par value of Baht 1 per share. The capital reduction decreased the Company's registered share capital from Baht 27,707.8 million to Baht 20,434.1 million.

b) Increase the Company's registered share capital by Baht 19,433.7 million from Baht 20,434.1 million to Baht 39,867.8 million by issuing additional 19,433,670,324 ordinary shares with a par value of Baht 1 per share to be offered to existing shareholders according to their shareholding proportion, through private placement and to the Company's major shareholder.

The Company has registered its decrease and increase paid-up share capital with the Ministry of Commerce during October to December 2012.

During the year ended 31 December 2013, the Company allocated various newly issued ordinary shares were summarised as follows:

- On 8 February 2013, the Company allocated the 350,705,883 newly issued ordinary shares, at a par value of Baht 1 per share and at the offering price of Baht 0.68 per share, under the private placement scheme. The Company received the subscription proceeds from issuance of ordinary shares of Baht 238.5 million. The Company has registered its paid-up share capital with the Ministry of Commerce on 11 February 2013.

- On 23 and 31 May 2013, the Company allocated the 665,058,825 newly issued ordinary shares, at a par value of Baht 1 per share and at the offering price of Baht 0.68 per share, under the private placement scheme. The Company received the subscription proceeds from issuance of ordinary shares of Baht 452.2 million. The Company has registered its paid-up share capital with the Ministry of Commerce on 3 June 2013.

- On 21 June 2013, the Company allocated the 91,852,942 newly issued ordinary shares, at a par value of Baht 1 per share and at the offering price of Baht 0.68 per share, under the private placement scheme. The Company received the subscription proceeds from issuance of ordinary shares of Baht 62.5 million. The Company has registered its paid-up share capital with the Ministry of Commerce on 4 July 2013.

- On 18 July 2013, the Company allocated the 1,872,948,530 newly issued ordinary shares, at a par value of Baht 1 per share and at the offering price of Baht 0.68 per share, under the private placement scheme. The Company received the subscription proceeds from issuance of ordinary shares of Baht 1,273.6 million. The Company has registered its paid-up share capital with the Ministry of Commerce on 18 July 2013.

- On 25 to 30 September 2013, the Company allocated the 544,588,233 newly issued ordinary shares, at a par value of Baht 1 per share and at the offering price of Baht 0.68 per share, under the private placement scheme. The Company received the subscription proceeds from issuance of ordinary shares of Baht 370.3 million.

- During 1 to 3 October 2013, the Company allocated the 351,470,587 newly issued ordinary shares, at a par value of Baht 1 per share and at the offering price of Baht 0.68 per share, under the private placement scheme. The Company received the subscription proceeds from issuance of ordinary shares of Baht 239 million. The allocated newly issued ordinary shares paid-up during 25 September to 3 October 2013, had been registered with the Ministry of Commerce on 4 October 2013 totalling 896,058,820 shares and had proceed from the issuance of ordinary shares totalling Baht 609.3 million.

During 4 to 10 October 2013, the Company allocated the 1,209,002,894 newly issued ordinary shares, at a par value of Baht 1 per share and at the offering price of Baht 0.68 per share, under the private placement scheme. The Company received the subscription proceeds from issuance of ordinary shares of Baht 822.1 million. The Company registered its paid-up share capital with the Ministry of Commerce on 11 October 2013.

The Company has issued ordinary shares totalling 5,085,627,894 shares (at Baht 1 per share) and received the subscription proceeds totalling Baht 3,458.2 million in 2013.

20 Reserves

Legal reserve

Section 116 of the Public Companies Act B.E. 2535 Section 116 requires that a public company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward, to a reserve account ("Legal reserve"), until this account reaches an amount not less than 10% of the registered authorised capital. The legal reserve is not available for dividend distribution.

Other components of equity

Currency translation differences

The currency translation differences account within equity comprises all foreign currency differences arising from the translation of the financial statements of foreign operations, as well as from the translation of liabilities that hedge the Company's net investment in a foreign operation.

Valuation surplus

The valuation surplus account within equity comprises the cumulative net change in the valuation of property, plant and equipment included in the financial statements at valuation until such property, plant and equipment is sold or otherwise disposed of.

Movements in reserves

Movements in reserves are shown in the statements of changes in equity.

21 Segment reporting

The Group has four reportable segments, as described below, which are the Group's strategic divisions. The strategic divisions offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic divisions, the chief operating decision maker (CODM) reviews internal management reports on at least a quarterly basis. The following summary describes the operations in each of the Group's reportable segments.

Segment 1	Manufacture of hot rolled coils
Segment 2	Maintenance services
Segment 3	Deep-sea port services
Segment 4	Coke manufacturing and steel making plants

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before tax, as included in the internal management reports that are reviewed by the Group's CODM. Segment profit before tax is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Information about reportable segments

	Manufacture of hot rolled coils		Maintenance services		Deep-sea port services		Coke manufacturing and steel making plants		Elimination of inter-segment revenues		Total	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
	(in thousand Baht)											
External revenue	45,598,513	48,469,806	487,431	277,031	169,367	168,992	19,131,619	11,688,048	-	-	65,386,930	60,603,877
Inter-segment revenue	-	-	422,278	409,439	224,517	203,386	26,126,582	23,275,855	(26,773,377)	(23,888,680)	-	-
Segment profit (loss) before income tax	222,188	(1,654,542)	60,685	61,773	162,995	160,901	(9,184,103)	(14,817,673)	(151,960)	(191,273)	(8,890,195)	(16,440,814)
Segment assets	68,164,420	66,479,121	567,038	420,330	2,052,424	2,206,140	44,944,485	44,381,547	(31,002,182)	(24,967,085)	84,726,185	88,520,053

Reconciliation of reportable segment profit or loss and assets

For the year ended 31 December	2013	2012
	(in thousand Baht)	
Profit or loss		
Total loss for reportable segments	(8,738,235)	(16,249,541)
Elimination of inter-segment profits	(151,960)	(191,273)
Consolidated loss before income tax	(8,890,195)	(16,440,814)
Assets		
Total assets for reportable segments	115,728,368	113,487,138
Elimination of inter-segment assets	(31,002,182)	(24,964,085)
Consolidated total assets	84,726,186	88,520,053

As disclosed in Note 3(d), following the adoption of TFRS 8 - Operating Segments from 1 January 2013, the Group has changed its policy for reporting information on operating segments.

Geographical segments

Segment 1 is managed and operate manufacturing facilities and sales offices in Thailand

Segment 2 and 3 are operates principally in Thailand.

There are no material revenues derived from, or assets located in, foreign countries.

Segment 4

is managed and operate manufacturing facilities and sales offices in United Kingdom

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets.

Geographical information

	Revenues	
	2013	2012
(in thousand Baht)		
Thailand	46,850,449	52,610,336
Europe	14,469,302	4,654,839
United Kingdom	1,809,606	3,122,825
Mexico	1,345,439	-
North America	886,935	-
Other	1,089,596	215,877
Total	66,451,327	60,603,877

Major customer

Revenues from 2 customers of the Group's segment 1 represents approximately Baht 32,479 million (2012: Baht

34,426 million) and revenues from one customer of the Group's segment 4 represents approximately Baht 11,022 million (2012: Baht 4,131 million) of the Group's total revenues.

22 Selling expenses

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	(in thousand Baht)			
Distribution expenses	294,300	289,481	294,300	289,481
Employee benefit expenses	25,504	23,666	19,482	20,205
Others	11,936	23,475	9,979	12,148
Total	331,740	336,622	323,761	321,834

23 Administrative expenses

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	(in thousand Baht)			
Employee benefit expenses	455,476	414,030	166,252	152,837
Travelling expenses	73,958	86,826	68,776	83,663
Depreciation and amortisation expenses	42,529	25,236	26,464	18,975
Professional fees	26,359	44,928	16,436	31,421
Rental and utility expenses	24,006	31,758	25,208	19,453
Taxes and other fees	17,956	4,471	12,114	10
Advertisement and public relation expenses	11,216	13,626	10,189	13,268
Insurance premium expenses	8,057	2,355	6,431	1,256
Training expenses	3,162	2,183	1,222	1,855
Supplies	2,475	1,985	1,261	1,024
Loss on written-off assets	526	12,784	423	12,784
Loss on sales of raw materials	-	40,394	-	40,394
Others	132,582	108,639	54,620	31,904
Total	798,302	789,215	389,396	408,844

24 Employee benefit expenses

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	(in thousand Baht)			
Management				
Wages and salaries	123,759	128,580	52,237	42,168
Defined benefit plans	6,736	6,396	2,783	2,419
Post employment benefit plan	2,623	1,952	1,669	1,533
Long-term employee benefits	33	34	21	23
	133,151	136,962	56,710	46,143
Other employees				
Wages and salaries	4,084,981	3,988,508	520,619	464,679
Defined benefit plans	321,976	225,226	24,726	23,162
Post employment benefit plan	14,134	13,596	10,353	9,591
Long-term employee benefits	2,719	2,564	1,831	1,750
	4,423,810	4,229,894	557,529	499,182
Total	4,556,961	4,366,856	614,239	545,325

Defined contribution plans

The defined contribution plans comprise provident funds established by the Group for its employees. Membership to the funds is on a voluntary basis. Contributions are made monthly by the employees at rates ranging from 5% to 10% of their basic salaries and by the Group at rates ranging from 5% to 10% of the employees' basic salaries. The provident funds are registered with the Ministry of Finance as juristic entities and are managed by a licensed Fund Manager.

SSI UK Defined contribution plans

The defined contribution plans comprise pension plan established by SSI UK for its employees. Membership to the funds is on a voluntary basis. Contributions are made monthly by the employees at rates ranging from 3% to 6% of their basic salaries (dependent upon ages and length of employments) and by the subsidiary at rates ranging from 6% to 12% of the employees' basic salaries (dependent upon ages and length of employments). The pension plan is managed by a pension plan manager authorised and regulated by the Financial Services Authority.

25 Expenses by nature

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	(in thousand Baht)			
Changes in inventories of finished goods and work in progress	1,456,886	2,081,572	6,676	2,115,390
Raw materials and consumables used	47,716,439	54,960,650	40,433,582	43,677,974
Employee benefit expenses and contractual labor expenses	8,147,303	4,229,894	557,530	499,182
Fuel oil and electrical expenses	2,666,861	2,230,685	954,651	878,329
Depreciation and amortisation expenses	2,430,044	1,947,951	650,048	622,417
Maintenance expenses	2,619,673	3,083,646	375,530	312,060
Transportation expenses	1,417,734	1,505,487	294,300	289,481
Professional fees	676,334	590,840	29,341	35,441
Minimum lease payments recognised as an operating lease expenses	28,898	31,118	34,157	17,221
Advertising and public relation expenses	20,876	22,160	19,849	21,671
Loss on decline in value of inventories (reversal)	(155,156)	(692,941)	(90,168)	(296,919)
Others	4,354,171	3,806,700	482,344	396,191
Total cost of sales of goods and cost of rendering of services, selling expenses and administrative expenses	71,380,063	73,797,762	43,747,840	48,568,438

26 Finance costs

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	(in thousand Baht)			
Interest expenses	3,513,541	3,832,482	1,970,875	2,044,654
Bank charges	21,547	50,209	11,645	21,338
Loss on interest rate swap agreements	51,745	43,553	51,744	43,553
Total	3,586,833	3,926,244	2,034,264	2,109,545

27 Income tax expense

Income tax recognised in profit or loss

	Note	Consolidated financial statements		Separate financial statements	
		2013	2012	2013	2012
(in thousand Baht)					
Current tax expense					
Current year		21,513	22,845	-	-
Deferred tax expense	13				
Movements in temporary differences		(1,928,650)	(592,537)	(548)	-
Total		(1,907,137)	(569,692)	(548)	-

Income tax recognised in other comprehensive income

	Consolidated financial statements					
	2013			2012		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
(in thousand Baht)						
Foreign currency translation differences for foreign operations	370,537	-	370,537	(209,969)	-	(209,969)
Revaluation of property, plant and equipment	324,593	(64,919)	259,674	-	-	-
Depreciation on revaluation surplus	(360,965)	73,661	(287,304)	(368,261)	74,595	(293,666)
Total	334,165	8,742	342,907	(578,230)	74,595	(503,635)

	Separate financial statements					
	2013			2012		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
(in thousand Baht)						
Revaluation of property, plant and equipment	379,295	(75,189)	304,106	-	-	-
Depreciation on revaluation surplus	(333,932)	66,786	(267,146)	(336,185)	67,237	(268,948)
Total	45,363	(8,403)	36,960	(336,185)	67,237	(268,948)

Reconciliation of effective tax rate

	Consolidated financial statements			
	2013		2012	
	Rate (%)	(in thousand Baht)	Rate (%)	(in thousand Baht)
Loss before income tax expense		(8,890,195)		(16,440,814)
Income tax using the Thai corporation tax rate	20	(1,778,039)	23	(3,781,387)
Income tax reduction	-	-	1	(91,882)
Effect of different tax rates in foreign jurisdictions	3	(270,640)	1	(178,273)
Income not subject to tax (reversal)	1	(68,543)	-	(47,555)
Expenses not deductible for tax purposes	(1)	90,500	(1)	195,045
Recognition of previously unrecognized tax losses	2	(219,137)	-	-
Current year losses for which no deferred tax asset was recognised	(20)	1,766,795	(18)	2,915,497
Unrecognise deferred tax assets during the year	1	(63,498)	-	(45,054)
Under provided in prior years	(2)	170,933	-	43,858
Effect of capital allowance under UK Act	17	(1,547,658)	-	-
Others	-	12,150	(3)	420,059
Total	21	(1,907,137)	3	(569,692)

	Separate financial statements			
	2013		2012	
	Rate (%)	(in thousand Baht)	Rate (%)	(in thousand Baht)
Profit (loss) before income tax expense		209,445		(1,654,542)
Income tax using the Thai corporation tax rate	20	41,889	23	(380,545)
Income not subject to tax	(12)	(25,854)	1	(19,436)
Expenses not deductible for tax purposes	7	14,845	(4)	67,173
Current year losses for which no deferred tax asset was recognised	16	34,090	(23)	377,624
Unrecognise deferred tax assest during the year	(31)	(65,517)	3	(44,816)
Total	-	(547)	-	-

Income tax reduction

Royal Decree No. 530 B.E. 2554 dated 21 December 2011 grants a reduction in the corporate income tax rate for the three accounting periods 2012, 2013 and 2014; from 30% to 23% for the accounting period 2012 which begins on or after 1 January 2012 and to 20% for the following two accounting periods 2013 and 2014 which begin on or after 1 January 2013 and 2014, respectively.

It is understood that the Government will proceed to amend the law in order to maintain the corporate income tax rate at not higher than 20% for the accounting period 2015 which begins on or after 1 January 2015 and onwards in order to give full effect to the Cabinet resolution dated 11 October 2011 to increase Thailand's tax competitiveness

28 Promotional privileges

By virtue of the provisions of the Industrial Investment Promotion Act of B.E. 2520, the Group has been granted privileges by the Board of Investment relating to (1) the manufacture of hot rolled coils and hot rolled pickled and oiled coils (2) the provision of marine shipping services (3) the provision of high-powered tug boat services (4) the manufacture of industrial machinery and equipment, mechanical parts, and the repair and improvement of industrial machinery and equipment and steel structures for industrial use.

The privileges granted include:

(a) exemption from payment of import duty on machinery approved by the Board;

(b) exemption from payment of import duty on essential raw materials and supplies imported;

(c) exemption from payment of income tax for sales of hot rolled coils and hot rolled pickled and oiled coils, to the extent that the amount sold does not exceed 1.6 million tons a year, for a period of 8 years from the date on which the income is first derived from such operations (13 May 2004);

(d) exemption from payment of income tax on net income from the provision of marine shipping services, for a period of 8 years from the date on which the income is first derived from such operations (14 November 2006) to the extent that the amount of tax exempted does not exceed 100

percent of the total investment made, excluding the price of land and working capital. The amount of income tax exempted thus must not exceed Bath 1,146 million, and such cap is to be adjusted according to the actual capital investment (excluding land cost and working capital) as of the started date operation of the project commences. In addition, the privilege also includes an exemption from payment of import duty on machinery approved by the Board;

(e) exemption from payment of income tax on net income from the provision of high-powered tug boat services, for a period of 8 years from the date on which the income is first derived from such operations (4 July 2012) to the extent that the amount of tax exempted does not exceed 100 percent of the total investment made, excluding the price of land and working capital. The amount of income tax exempted thus must not exceed Bath 300 million, and such cap is to be adjusted according to the actual capital investment (excluding land cost and working capital) as of the started date operation of the project commences; and

(f) exemption from payment of income tax on net income from manufacture of industrial machinery and equipment, mechanical parts, and the repair and improvement of industrial machinery and equipment and steel structures for industrial use, for a period of 8 years from the date on which the income is first derived from such operations, to the extent that the amount of tax exempted does not exceed 100 percent of the total investment made, excluding the price of land and working capital. The total amount of income tax exempted thus must not exceed Baht 167 million, and such cap is to be adjusted according to the actual capital investment (excluding land cost and working capital) as of the started date operation of the project commences.

As promoted companies, the Group must comply with certain terms and conditions prescribed in the promotional certificates.

Summary of revenue from promoted and non-promoted businesses as at 31 December:

	Consolidated financial statements					
	2013			2012		
	Promoted businesses	Non-promoted businesses	Total	Promoted businesses	Non-promoted businesses	Total
	(in thousand Baht)					
Export sales and services	-	44,864,338	44,864,338	-	35,205,804	35,205,804
Local sales and services	272,981	47,022,989	47,295,970	14,704,038	34,582,715	49,286,753
Eliminations	(201,427)	(26,571,951)	(26,773,378)	(174,291)	(23,714,389)	(23,888,680)
Total Revenue	71,554	65,315,376	65,386,930	14,529,747	46,074,130	60,603,877

	Consolidated financial statements					
	2013			2012		
	Promoted businesses	Non-promoted businesses	Total	Promoted businesses	Non-promoted businesses	Total
	(in thousand Baht)					
Export sales	-	613,639	613,639	-	215,877	215,877
Local sales and services	-	44,984,874	44,984,874	14,437,403	33,816,526	48,253,929
Total Revenue	-	45,598,513	45,598,513	14,437,403	34,032,403	48,469,806

29 Basic/diluted loss per share

The calculations of basic/diluted loss per share for the years ended 31 December 2013 and 2012 were based on the loss for the years attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding during the years as follows:

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	(in thousand Baht / thousand shares)			
Profit (loss) attributable to ordinary shareholders of the Company (basic)	(7,052,530)	(15,917,987)	210,003	(1,654,542)
Number of ordinary shares outstanding at 1 January	27,080,630	18,184,108	27,080,630	18,184,108
Effect of shares issued on 4 July 2012	-	75,464	-	75,464
Effect of shares issued on 7 November 2012	-	340,792	-	340,792
Effect of shares issued on 21 November 2012	-	285,495	-	285,495
Effect of shares issued on 29 November 2012	-	61,050	-	61,050
Effect of shares issued on 3 December 2012	-	60,097	-	60,097
Effect of shares issued on 24 December 2012	-	54,470	-	54,470
Effect of shares issued on 11 February 2013	311,312	-	311,312	-
Effect of shares issued on 3 June 2013	386,281	-	386,281	-
Effect of shares issued on 4 July 2013	45,549	-	45,549	-
Effect of shares issued on 18 July 2013	856,938	-	856,938	-
Effect of shares issued on 4 October 2013	218,491	-	218,491	-
Effect of shares issued on 11 October 2013	271,612	-	271,612	-
Weighted average number of ordinary shares outstanding (basic)	29,170,813	19,061,476	29,170,813	19,061,476
Profit (loss) per share (basic) (in Baht)	(0.24)	(0.84)	0.01	(0.09)

Diluted earnings per share

The calculation of diluted earnings per share for the year ended 31 December 2013 was based on the profit for the year attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding during the periods shares after adjusting for the effects of all dilutive potential ordinary as follows:

For the year ended 31 December	Separate financial statements
Profit for the year attributable to ordinary shareholders of the Company (basic)	210,003
Interest expenses on subordinated convertible debentures, net of tax	5
Profit attributable to ordinary shareholders of the Company (diluted)	210,008
Weighted average number of ordinary shares outstanding (basic)	29,170,813
Effect of conversion of subordinated convertible debentures	279
Weighted average number of ordinary shares outstanding (diluted)	29,171,092
Earnings per share (diluted) (in Baht)	0.01

The incremental shares from assumed conversions are not included in calculating the diluted per share amounts because the control number (loss from continuing operations attributable to ordinary equity holders of the parent entity adjusted for interest expense of the convertible bonds) was negative (loss rather than profit).

30 Financial instruments

Financial risk management policies

The Group is exposed to normal business risks from changes in market interest rates and currency exchange rates and from non-performance of contractual obligations by counterparties. The Group does not hold or issue derivative financial instruments for speculative or trading purposes.

Risk management is integral to the whole business of the Group. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved.

Capital management

The Board of Directors' policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board monitors the return on capital, which the Group defines as result for operating activities divided by total shareholders' equity, excluding non-controlling interests and also monitors the level of dividends to ordinary shareholders.

Interest rate risk

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Group's operations and its cash flows because loan interest rates are mainly fixed. The Group is primarily exposed to interest rate risk from its borrowings (Note 14). The Group mitigates this risk by ensuring that the majority of its borrowings are at fixed interest rates and uses derivative financial instruments, principally interest rate swaps, to manage exposure to fluctuations in interest rates on borrowings.

The effective interest rates of interest-bearing financial liabilities as at 31 December and the periods in which those liabilities mature or re-price were as follows:

	Consolidated financial statements				
	Effective interest rate	Within 1 year	After 1 year but within 5 years	After 5 years	Total
	(% per annum)	(in thousand Baht)			
2013					
Current					
Bank overdraft		281,231	-	-	281,231
Short-term loans from financial institutions	4.00-7.38	21,607,371	-	-	21,607,371
Long-term loans from financial institutions-current portion	4.24-7.40	1,924,004	-	-	1,924,004
Finance lease liabilities					
- current portion	7.56	49,845	-	-	49,845
Hire purchase liabilities					
- current portion	4.76	6,896	-	-	6,896
Non-current					
Long-term loans from financial institutions	4.24-7.40	-	18,766,202	9,113,109	27,879,311
Subordinated convertible debentures	3.00	-	149	-	149
Finance lease liabilities	7.56	-	161,063	-	161,063
Hire purchase liabilities	4.76	-	6,242	-	6,242
Total		23,869,347	18,933,656	9,113,109	51,916,112
2012					
Current					
Short-term loans from financial institutions	3.95-18.00	25,308,703	-	-	25,308,703
Long-term loans from financial institutions-current portion	5.88-7.13	4,563,773	-	-	4,563,773
Finance lease liabilities					
- current portion	5.63-6.25	46,848	-	-	46,848
Hire purchase liabilities					
- current portion	2.10-3.60	4,966	-	-	4,966
Non-current					
Long-term loans from financial institutions	6.13-7.13	-	19,843,452	581,352	20,424,804
Subordinated convertible debentures	3.00	-	1,317,709	-	1,317,709
Finance lease liabilities	5.63-6.25	-	210,908	-	210,908
Hire purchase liabilities	2.10-3.60	-	3,407	-	3,407
Total		29,924,290	21,375,476	581,352	51,881,118

	Separate financial statements				
	Effective interest rate	Within 1 year	After 1 year but within 5 years	After 5 years	Total
	(% per annum)	(in thousand Baht)			
2013					
Current					
Short-term loans from financial institutions	4.05-4.17	11,693,814	-	-	11,693,814
Long-term loans from financial institutions-current portion	7.00-7.40	1,811,783	-	-	1,811,783
Hire purchase liabilities - current portion	4.76	5,212	-	-	5,212
Non-current					
Long-term loans from financial institutions	7.00-7.40	-	8,303,110	3,754,766	12,057,876
Subordinated convertible debentures	3.00	-	149	-	149
Hire purchase liabilities	4.76	-	4,313	-	4,313
Total		13,510,809	8,307,572	3,754,766	25,573,147
2012					
Current					
Short-term loans from financial institutions	3.95-18.00	16,122,283	-	-	16,122,283
Long-term loans from financial institutions-current portion	6.13-7.13	2,207,073	-	-	2,207,073
Hire purchase liabilities - current portion	2.10-3.60	3,963	-	-	3,963
Non-current					
Long-term loans from financial institutions	6.13-7.13	-	7,536,562	528,506	8,065,068
Subordinated convertible debentures	3.00	-	1,317,709	-	1,317,709
Hire purchase liabilities	2.10-3.60	-	2,655	-	2,655
Total		18,333,319	8,856,926	528,506	27,718,751

Foreign currency risk

The Group is exposed to foreign currency risk relating to purchases which are denominated in foreign currencies. The Group primarily utilises forward exchange contracts with maturities of less than one year to hedge such financial liabilities denominated in foreign currencies. The forward ex-

change contracts entered into at the reporting date also relate to anticipated purchases, denominated in foreign currencies, for the subsequent period.

At 31 December, the Group and Company were exposed to foreign currency risk in respect of financial assets and liabilities denominated in the following currencies:

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
United States Dollars	(in thousand Baht)			
Cash and cash equivalents	5,869	122,648	-	-
Trade accounts receivable	406,632	795,759	-	-
Interest-bearing liabilities	(25,994,443)	(23,766,420)	-	-
Trade accounts payable	(8,346,778)	(8,948,881)	(8,342,809)	(8,948,881)
Gross balance sheet exposure	(33,928,720)	(31,796,894)	(8,342,809)	(8,948,881)
Forward purchase contracts	6,205,359	3,595,735	6,205,359	3,595,735
Net exposure	(27,723,361)	(28,201,159)	(2,137,450)	(5,353,146)
Pound Sterling				
Cash and cash equivalents	1,052	3,880	-	-
Trade accounts receivable	292,679	1,346,055	-	-
Trade accounts payable	(3,105,955)	(2,324,425)	(406)	(402)
Gross balance sheet exposure	(2,812,224)	(974,490)	(406)	(402)
Forward purchase contracts	-	-	-	-
Net exposure	(2,812,224)	(974,490)	(406)	(402)
Euro				
Cash and cash equivalents	778	63	-	-
Trade accounts receivable	13,128	41,998	-	-
Trade accounts payable	(174,305)	(10,815)	(60,270)	(10,815)
Gross balance sheet exposure	(160,399)	31,246	(60,270)	(10,815)
Forward purchase contracts	54,343	-	54,343	-
Net exposure	(106,056)	31,246	(5,927)	(10,815)

Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or counterparty to settle its financial and contractual obligations to the Group as and when they fall due.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. At the reporting date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet. However, due to the large number of parties comprising the Group's customer base, Management does not anticipate material losses from its debt collection.

Liquidity risk

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. The fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The fair value of trade and other short-term receivables is taken to approximate the carrying value.

The fair value of investments in equity and debt securities, which are held for trading, held to maturity and available for sales, is determined by reference to their quoted bid price at the reporting date. The fair value of held-to-maturity investments is determined for disclosure purposes only.

The fair value of interest rate swaps is based on broker quotes. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date.

The fair value of forward exchange contracts is based on their listed market price, if available. If a listed market price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price at the reporting date for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

The fair value of non-derivative financial liabilities, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. In respect of the liability component of convertible notes, the market rate of interest is determined by reference to similar liabilities that do not have a conversion option.

As at 31 December, the fair value of financial assets and liabilities, together with the carrying values shown in the statement of financial position at 31 December were as follows:

	Consolidated financial statements		Separate financial statements	
	Fairvalue	Carryingvalue	Fairvalue	Carryingvalue
2013	(in thousand Baht)			
Current				
Interest rate swaps - liabilities	86,627	109,010	86,627	109,010
Forward exchange contracts - liabilities	6,450,715	6,259,702	6,450,715	6,259,702
Total	6,537,342	6,368,712	6,537,342	6,368,712
2012				
Current				
Interest rate swaps - liabilities	516,585	590,538	516,585	590,538
Forward exchange contracts - liabilities	3,591,416	3,595,735	3,591,416	3,595,735
Total	4,108,001	4,186,273	4,108,001	4,186,273

31 Commitments with non-related parties

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	(in million Baht)			
Capital commitments				
Contracted but not provided for				
Machinery and equipment	83	512	30	300
Total	83	512	30	300

As at 31 December 2013, the Group had capital commitment of Baht 17.2 million, USD 1.6 million, and EUR 0.3 million in relation to the acquisition and installation of machinery and equipments.

As at 31 December 2013, the Company had capital commitment of Baht 15.2 million, USD 0.2 million, and EUR 0.2 million in relation to the acquisition and installation of machinery and equipment.

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	(in million Baht)			
Non-cancellable operating lease commitments				
Within one year	34	71	14	5
After one year but within five years	4	19	2	2
Total	38	90	16	7
Other commitments				
Raw materials purchases	4,556	10,261	2,335	1,298
Letters of credit	-	521	-	300
Bank guarantees	186	149	106	110
Other agreements	4,615	2,149	4,579	2,147
Total	9,357	13,080	7,020	3,855

As at 31 December 2013, 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 to guarantee:

- to the Customs Department in respect of the establishment of a wharf and go-downs amounting to Baht 11 million (2012: Baht 11 million);
- contractual performance entet amounting to Baht 62.5 million, GBP 0.1 million and AUD 0.1 million (2012: Baht

21 million, GBP 0.1 million and EUR 0.1 million); and

- electricity usage Baht 106.7 million (2012: Baht 104.5 million).

As at 31 December 2013, the Group had other commitments in relation to purchase spare parts and equipment supplies, and to obtain maintenance services amounting to Baht 4,250.7 million, USD 4.4 million, EUR 4.7 million, GBP 0.1 million and JPY 1.2 million (2012: Baht 1,750.2 million, USD 2.8 million and EUR 6.4 million, GBP 0.1 million and JPY 125.1 million).

As at 31 December 2013, the Company had other commitments in relation to purchase spare parts and equipment supplies, and to obtain maintenance services amounting to Baht 4,212.2 million, USD 4.4 million, EUR 4.7 million, GBP 0.1 million and JPY 1.2 million (2012: Baht 1,748.3 million, USD 2.8 million and EUR 6.4 million, GBP 0.1 million and JPY 125.1 million).

The Company has issued guarantees in favour of the British Environment Agency in relation to landfill and radioactive source permits held by SSI UK. These guarantees

in relation to landfill permit in the first year to the third year value of GBP 3.1 million, GBP 3.3 million and GBP 2.2 million, respectively. The guarantee in relation to radioactive source permit have a value of 25,000 pounds.

Off balance sheet arrangements

Arrangements for one subsidiary are in place to ensure security of supply by consignment stock at Redcar Bulk Terminal Limited, the jointly-controlled entity.

32 Contingent liabilities and contingent assets

Contingent liabilities

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

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	(in thousand Baht)			
Electricity supply	106,652	105,652	104,452	104,452
Performance guarantees	66,955	20,736	-	-
Others	12,111	22,333	1,110	5,085
Total	185,718	148,721	105,562	109,537

Dispute

On 9 July 2010, the Prachuabkirikhan Provincial Land Office, Bangsaphan Branch ("the Land Office") ordered the Company and a subsidiary to submit the Certificates of Utilisation (Nor. Sor. 3 Kor) ("the Certificates") for various plots of land, with an aggregate value of Baht 123.1 million for the Company and Baht 187.6 million for the subsidiary, for cancellation. Later, the Land Office announced that it was issuing replacement certificates for the Certificates. The Company and the subsidiary filed a lawsuit against the officers of the Land Office with the Central Administrative Court "CAC", petitioning the CAC to order the cancellation of the announcement of the Company and the subsidiary. The Company and the subsidiary also petitioned the CAC to identify measures to provide them with temporary relief. The Court accepted the lawsuit for consideration, and is currently deliberating. However, in preparing the financial statements, the Company and the subsidiary recorded full allowance since 2007 and 2008, respectively.

On 1 September 2010, the Company and the subsidiary filed a lawsuit against the Director-General of the Department of Lands and the Deputy Permanent Secretary of the Ministry

of Interior with the CAC, petitioning the court to order the revocation of the order of the Director-General of the Department of Lands issued on 5 January 2010, which ordered the revocation and recharting of the area under the Certificates, and the withdrawal of the appeal decision of the Deputy Permanent Secretary of the Ministry of Interior. Also, the Company and the subsidiary requested the court to suspend the execution of a sentence of the CAC. Presently, the court is in a process of submitting the deposition of the defendant to the Company and the subsidiary. Also, the court ordered to combine this case with the case that the Company and the subsidiary filed a lawsuit against the Prachuabkirikhan Provincial Land Office, Bangsaphan Branch, discussed above.

On 20 December 2010, the Bangsaphan Sheriff, as the official responsible for the oversight and care of the National Forest, Klong Mae-Rumphueng forest, Prachuabkirikhan province ("the Forest"), issued a written order for the Company and the subsidiary to vacate the land for which the Director-General of the Department of Lands ordered revocation of the Certificates and for which the Land Office issued replacement certificates for the Certificates within 30 January 2011.

On 30 March 2011, the Company and the subsidiary filed a lawsuit petitioning the CAC to order the cancellation of written order of the Bangsaphan Sheriff on 20 December 2010, for the Company and the subsidiary to vacate from the Forest and to undertake no activities on that land. These are currently being considered by the CAC.

On 6 August 2013, CAC ordered to stay the execution ordering the Company and its subsidiary to vacate from the Forest and to undertake no activities on that land.

The management of the Company and the subsidiary believe that, regardless of the result, the dispute will not affect the business operations of the Company or the subsidiary.

Litigation

1) The Company has been sued by the Royal Forest Department in a civil case regarding the encroachment on a national forest reserve, with a total of Baht 4.90 million claimed and the Prachuabkirikhan Provincial Court ordered the Company to pay compensation of Baht 2 million plus interest at a rate of 7.5 percent per annum as from the date the lawsuit was lodged by the Royal Forestry Department. The Company placed a bank guarantee of Baht 3.9 million with the Appeal Court to suspend the execution of the judgement for the term of the appeal, and lodged an appeal of the judgement with the Prachuabkirikhan Provincial Court. The Company submitted an appeal to the Appeal Court and continued to the Supreme Court. The Supreme Court verdict ruled in favour of The Royal Forest Department and consequently on 20 September 2013, the Company paid claim amount of Baht 4.9 million. Case is finally complete.

2) In March 2004, the Company was named co-defendant in two civil cases before the Bangkok South Civil Court, involving total claims of Baht 126 million resulting from the incorrect issue of bills of lading by forwarding agents. Subsequently, two of the plaintiffs in these cases sued the Company in the Central Intellectual Property and International Trade Court ("CIPITC"), which has jurisdiction in the cases. Claims made totalled approximately Baht 80 million. In December 2005, CIPITC combined the two cases because they relate to the same dispute. The CIPITC ordered the Company to pay compensation of USD 200,000, together with interest as from 9 May 2003 until the Company pays the claims and legal fees. In August 2009, the Company submitted an appeal of CIPITC's judgements to the Supreme Court and

the case is currently being considered by the Supreme Court. Subsequently, one of the plaintiffs withdrew its lawsuit and did not intend to enforce settlement in accordance with the judgement given by CIPITC. The Company withdrew its appeal in relation to the plaintiff.

In preparing its financial statements, the Company has recorded a provision against this claim of Baht 7.8 million which has been held since 2009.

3) On 17 August 2012, a civil lawsuit has been filed by a financial institution against the Company at the Central Intellectual Property and International Trade Court ("CIPITC") regarding the breach of repayment of Letter of Credits and Trust Receipts agreements which issued by the said financial institution. At that date, the said financial institution requested the Company to repay the principal loan including interest amounting to approximately Baht 964 million. Subsequently on 26 March 2013 the financial institution has withdrawn the lawsuit.

4) On 23 August 2012, a civil lawsuit has been filed by a financial institution against the Company at the Bangkok South Civil Court (the "Court") regarding the breach of repayment of 2 promissory notes. The said financial institution requested the Company to repay principle and interest amounting to Baht 322 million, together with interest at default interest rate applied on the Baht 300 million principal loan amount from the date this case was filed until the Company paid the claims, fee and lawyer fees. Subsequently on 11 April 2013, the financial institution has withdrawn the lawsuit.

Contingent assets

On 6 June 2011, the Company filed a lawsuit against the Department of Land and Department of Provincial Administration ("the Departments") related to a civil case pursued by the Departments against Company to revoke land use certificates (Nor. Sor. 3 Kor). The Company's case is currently waiting for acceptance by the CAC.

33 Environment liabilities

The environmental provision is based upon environmental site assessments and environmental compliance reviews carried out in 2010 as part of the acquisition process of SSI UK. The financial effect and timing of the environmental provision are uncertain. The provision is reviewed on a periodic basis to reflecting a reassessment of the costs of compliance with European Union regulations and landfill containment.

34 Thai Financial Reporting Standards (TFRS) not yet adopted

The Group has not adopted the new and revised TFRS that have been issued but are not yet effective. Those new and revised TFRS that are applicable to the Group, which become effective for annual financial periods beginning on or after 1 January in the year indicated in the following table, are as follows:

TFRS	Topic	Year effective
TAS 1 (revised 2012)	Presentation of Financial Statements	2014
TAS 7 (revised 2012)	Statement of Cash Flows	2014
TAS 12 (revised 2012)	Income Taxes	2014
TAS 17 (revised 2012)	Leases	2014
TAS 18 (revised 2012)	Revenue	2014
TAS 19 (revised 2012)	Employee Benefits	2014
TAS 21 (revised 2012)	The Effects of Changes in Foreign Exchange Rates	2014
TAS 24 (revised 2012)	Related Party Disclosures	2014
TAS 31 (revised 2012)	Interests in Joint Ventures	2014
TAS 34 (revised 2012)	Interim Financial Reporting	2014
TAS 36 (revised 2012)	Impairment of Assets	2014
TAS 38 (revised 2012)	Intangible Assets	2014
TFRS 4	Insurance Contracts	2016
TFRS 5 (revised 2012)	Non-current Assets Held for Sale and Discontinued Operations	2014
TFRS 8 (revised 2012)	Operating Segments	2014
TFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities	2014
TFRIC 4	Determining whether an Arrangement contains a Lease	2014
TFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	2014
TFRIC 10	Interim Financial Reporting and Impairment	2014
TIC 15	Operating Leases-Incentives	2014
TIC 27	Evaluating the Substance of Transactions Involving the Legal Form of a lease	2014

Management expects to adopt and apply these new and revised TFRS in accordance with the FAP's announcement and has made a preliminary assessment of the potential impact on the consolidated and separate financial

statements of these new and revised TFRS and expects that there will be no material impact on the financial statements in the period of initial application.

35 Reclassification of accounts

Certain accounts in the 2012 financial statement have been reclassified to conform to the presentation in the 2013 financial statements.

	2012 Consolidated financial statements		
	Before reclassification	Reclassification	After reclassification
	(in thousand Baht)		
Statement of financial position			
as at 31 December 2012			
Trade accounts receivable	5,946,178	(108,210)	5,837,968
Other accounts receivable from related parties	2,299,628	108,210	2,407,838
Current-portion of long-term loans from financial institutions	2,265,509	2,298,264	4,563,773
Long-term loans from financial institutions	22,723,068	(2,298,264)	20,424,804
		-	
Statement of income for the year			
Cost of sale of goods	71,675,267	589,457	72,264,724
Cost of services	203,814	203,386	407,200
Administrative expenses	1,582,058	(792,843)	789,215
		-	

The reclassifications have been made in order to comply with the Group's transactions.



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