**Sahaviriya Steel Industries Public Company Limited and its Subsidiaries**

**Condensed notes to financial statements**

**For the six -month periods ended 30 June 2019**

**(Unaudited/ Reviewed only)**

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**Condensed notes to financial statements**

**For the six -month periods ended 30 June 2019**

**(Unaudited/ Reviewed only)**

**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, it subsidiaries and its joint venture are hereinafter collectively referred to as “the Group”.

The Company was listed on the Stock Exchange of Thailand in September 1994.

The major shareholders are Krung Thai Bank Public Company held at 40.49%, Siam Commercial Bank Public Company Limited held at 40.22% and Tisco Bank public Company Limited held at 7.87% of share capital.

The principal businesses of the Company are manufacturing and distributing of hot rolled coils. Details of the Company’s subsidiaries and joint venture are given in Note 6 and 7.

**2 Basis for interim financial statements preparation**

(a) Basis of adoption

The interim financial statements are prepared on a condensed basis and in accordance with Thai Accounting Standard No. 34 (Revised 2018) Interim Financial Reporting; guidelines promulgated by the Federation of Accounting Professions; and applicable rules and regulations of the Securities and Exchange Commission.

The interim financial statements are prepared to provide an update on the financial statements for the year ended 31 December 2018. They do not include all of the financial information required for full annual financial statements but focus on new activities, events and circumstances to avoid repetition of information previously reported. Accordingly, these interim financial statements should be read in conjunction with the financial statements of the Company and subsidiaries for the year ended 31 December 2018.

The accounting policies and methods of computation applied in these interim financial statements are consistent with those applied in the financial statements for the year ended 31 December 2018 except that the Group has adopted all the new and revised TFRS that are effective for annual periods beginning on or after 1 January 2019. The adoption of these new and revised TFRS did not have any material effect on the accounting policies, methods of computation, financial performance or position of the Company.

***(b) Basis of measurements***

These financial statements have been prepared under the historical cost convention, except as transaction disclosed in related accounting policy.

***(c) Functional and presentation currency***

The financial statements are prepared and presented in Thai Baht which is the Company’s functional currency. All financial information presented in Thai Baht has been rounded in the notes to the financial statements to the nearest thousand unless otherwise stated.

(d) Use of estimates and judgments

The preparation of financial statements in conformity with TFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The preparation of interim financial statements, the management made significantly judgments in conformity with the accounting policy of the Group and the uncertainly in estimates as the same of the preparation of the financial statements for the year ended 31 December 2018.

***(e) Going concern***

For the six-month periods ended 30 June 2019, the Group incurred a comprehensive income amount of Baht 1,261.4 million *(2018: net profit amount of Baht 325.9 million)* and as at the same date, the Group had cumulative deficit of amount of Baht 39,222.0 million *(31 December 2018: amount of Baht 40,474.7 million).* Negative shareholders amounted to Baht 37,057.0 million (31 December 2018 : amount of Baht 38,298.8 million)

For the six-month-periods ended 30 June 2019, the Company incurred a net profit amount of Baht 1,207.0 million *(2018: net profit amount of Baht 348.8 million)* and as at the same date, the Company had cumulative deficit amount of Baht 39,170.2 million *(31 December 2018: amount of Baht 40,377.2 million).* Negative shareholders amounted to Baht 37,557.2 million (31 December 2018 : amount of Baht 38,764.2 million)

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

The consolidated and separate financial statements have been prepared by management on the going concern basis on the assumption that the business rehabilitation will be achieved and such further capital and credit facilities will be secured to the extent that the Group’s and the Company’s operations require. However, the validity of this assumption is dependent on the success of the business rehabilitation plan as well as the measures taken to improve profitability and cash flows, the success of capital restructuring, the ability to repay debts on schedule over the periods and the availability of financing from other sources to meet funding requirements.

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

***(f) Liquidation and Deconsolidation of SSI UK and Financial statements of SSI UK***

Sahaviriya Steel Industries UK Limited (“SSI UK”) is an integrated iron and steel slab producer*,* from theresults of operating loss and continuously reducing of the world steel price, as a result, In 2015, SSI UK has stopped its steel slab manufacturing and the liquidator was appointed and become control. The Company has no a power to control the business or operation of SSI UK Limited anymore. With this cause, assets and liabilities of SSI UK were eliminated from the consolidated financial statements and instead of the recognition of investment in SSI UK which were amortized in full by net realizable value during the 2015.

Net interests and carrying value of investments in SSI UK has been transferred to assets held for disposal in the separate financial statements as at 30 June 2019 and 31 December 2018. Details are as follows:

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

***(g) NEW FINANCIAL REPORTING STANDARDS***

***1) Issued and revised financial reporting standards adoption during the period***

During the period, the Company has adopted a number of revised financial reporting standards and interpretations (revised 2018) which are effective for fiscal years beginning on or after 1 January 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes and clarifications directed towards disclosures in the notes to financial statements. The adoption of these financial reporting standards does not have any significant impact on the Company’s financial statements. However the new standard involves changes to key principles, which are summarized below:

TFRS 15 Revenue from Contracts with Customers

TFRS 15 supersedes the following accounting standards together with related interpretations.

|  |  |
| --- | --- |
| **Thai Accounting Standards:** |  |
| TAS 11 (Revised 2017) | Construction contracts |
| TAS 18 (Revised 2017) | Revenue |
| **Thai Standing Interpretations Committee:** | |
| TSIC 31 (Revised 2017) | Revenue - Barter Transactions Involving Advertising Services |
| **Thai Financial Reporting Interpretations Committee:** | |
| TFRIC 13 (Revised 2017) | Customer Loyalty Programmes |
| TFRIC 15 (Revised 2017) | Agreements for the Construction of Real Estate |
| TFRIC 18 (Revised 2017) | Transfers of Assets from Customers |

The Group and the Company Entities are to apply this standard to all contracts with customers unless those contracts fall within the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers, with revenue being recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model.

The Company adopted TFRS 15 that have no significantly impacts on the financial statements of the Company.

***2) Financial reporting standards that will become effective in the future***

Financial reporting standards that will be effective for the financial statements that have accounting periods beginning on or after January 1, 2020. The Federation of Accounting Professions issued a number of new financial reporting standards and interpretations, which are effective for fiscal years beginning on or after January 1, 2020. These new standards involve changes to key principles, which are summarized below.

**Financial reporting standards related to financial instruments**

A set of TFRSs related to financial instruments consists of five accounting standards and interpretations, as follows:

|  |  |
| --- | --- |
| **Thai Financial Reporting Standards** | |
| TFRS 7 | Financial Instruments: Disclosures |
| TFRS 9 | Financial Instruments |
| **Thai Accounting Standards** | |
| TAS 32 | Financial Instruments: Presentation |
| **Thai Financial Reporting Interpretations Committee** | |
| TFRIC 16 | Hedges of a Net Investments in a Foreign Operation |
| TFRIC 19 | Extinguishing Financial Liabilities with Equity Instruments |

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortized cost taking into account the type of instrument, the characteristics of the contractual cash flows and the Company’s business model, calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. When the TFRSs related to financial instruments are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

The management of the Company is currently evaluating the impact of these standards to the financial statements.

**Thai Financial Reporting Standards No. 16 Leases**

TFRS 16 Leases set out the principals of the recognition, measurement, presentation and disclosure of leases, and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is low value.

Accounting by lessors is substantially unchanged from TAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles to those used under TAS 17.

TFRS 16 supersedes the following accounting standards together with related interpretations.

|  |  |
| --- | --- |
| **Thai Accounting Standards:** |  |
| TAS 17 (Revised 2018) | Leases |
| **Thai Standing Interpretations Committee:** | |
| TSIC 15 (Revised 2018) | Operating Leases - Incentives |
| TSIC 27 (Revised 2018) | Evaluating The Substance of Transactions Involving the Legal Form |
|  | of a Lease |
| **Thai Financial Reporting Interpretations Committee:** | |
| TFRIC 4 (Revised 2018) | Determining whether an Arrangement contain a Lease |

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

**3 Related parties**

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence.

Related parties may be individuals or other entities.

| **Name of entities** | **Country of incorporation/ nationality** | **Nature of relationships** |
| --- | --- | --- |
| Prachuap Port Co., Ltd. | Thailand | Subsidiary, shareholding in the proportion of 51.00%  Common director |
| West Coast Engineering Co., Ltd. | Thailand | Subsidiary, shareholding in the proportion of 99.99%  Common director |
| Thai Cold Rolled Steel Sheet  Public Company Limited | Thailand | Joint venture, shareholding in the proportion of 35.19%  Common director |
| Sahaviriya Group Corporation Limited | Thailand | Major shareholder, shareholding and direct and indirect shareholding by the Company’s director(s) |
| Vanomet Holding AG | Switzerland | Major shareholder, shareholding and common director with a subsidiary |
| Sahaviriya Inter Steel Holdings Co., Ltd. | Thailand | Major shareholder, shareholding and common directors and direct and indirect shareholding by the Company’s director(s) |
| Thai Coated Steel Sheet Co., Ltd. | Thailand | Shareholding by the Company and common directors |
| Bangsaphan Barmill Public Company Limited | Thailand | Common directors and direct and indirect shareholding by the Company’s director(s) |
| B.S. Metal Co., Ltd. | Thailand | Common directors and direct and indirect shareholding by the Company’s director(s) |
| Sahaviriya Plate Mill Public Company Limited | Thailand | Common directors and direct and indirect shareholding by the Company’s director(s) |
| Prapawit Building Property  Co., Ltd. | Thailand | Common directors and direct and indirect shareholding by the Company’s director(s) |
| Western Housing Co., Ltd. | Thailand | Common directors and direct shareholding by the Company’s director(s) |
|  |  |  |
| Sahaviriya Management Co.,Ltd. | Thailand | Common directors and direct and indirect shareholding by the Company’s director(s) |
| C.A.R. Services Co., Ltd. | Thailand | The direct and indirect shareholding by the Company’s director(s) |
| Sahaviriya Panich Corporation Co., Ltd. | Thailand | Common directors and direct and indirect shareholding by the Company’s director(s) |
| Line Transport Co., Ltd. | Thailand | Common directors with the subsidiary and direct and indirect shareholding by the Company’s director(s) |
| Saha Special Steel Co., Ltd. | Thailand | Direct and indirect shareholding by the Company director(s) |
| Bangpakong Lighter Co., Ltd. | Thailand | Common directors and direct and indirect shareholding by the Company’s director(s) |
| Bangpakong Port Co., Ltd. | Thailand | Common directors and direct and indirect shareholding by the Company’s director(s) |
| ABC Trading Co., Ltd. | Thailand | Indirect shareholding by the Company director(s) |
| Sahaviriya Steel Corporation Co.,Ltd. | Thailand | Common directors and direct and indirect shareholding by the Company’s director(s) |
| Thai Steel Sales Co., Ltd. | Thailand | Common directors and direct and indirect shareholding by the Company’s director(s) |
| Prachuap Pattana Development Co.,Ltd | Thailand | Common directors and direct and indirect shareholding by the Company’s director(s) |
| SVL Corporation Co., Ltd | Thailand | Common shareholder and directors and direct and indirect shareholding by the Company’s director(s) |
| Sahaviriya Shipping Limited | Hong Kong | Common shareholder and directors and direct and indirect shareholding by the Company’s director(s) |
| Vanomet AG | Switzerland | Common shareholder and common director with a subsidiary |
| Vanomet Finance AG | Switzerland | Common shareholder and common director with a subsidiary |
| Vanomet International AG | Switzerland | Common shareholder and common director with a subsidiary |
| Atlantic Steel AG | Switzerland | Common shareholder and common director with a subsidiary |
| Bangpakong Shape Steel Co., Ltd. | Thailand | Common directors and direct and indirect shareholding by the Company’s director(s) |
| Steel Process Holdings Co., Ltd. | Thailand | Common directors and direct and indirect shareholding by the Company’s director(s) |
| Sahaviriya Capital Holdings Co., Ltd. | Thailand | Common directors and direct and indirect shareholding by the Company’s director(s) |
| Bangna 26 Property Co., Ltd. | Thailand | Common directors and direct and indirect shareholding by the Company’s director(s) |
| Praram 3 Thasai Co., Ltd. | Thailand | Common directors and direct shareholding by the Company’s director(s) |
| KP Capital Co., Ltd. | Thailand | Common directors and direct and indirect shareholding by the Company’s director(s) |
| Pichai Agriculture & Land Co., Ltd. | Thailand | Common directors and direct shareholding by the Company’s director(s) |
| Long Steel Holding Co., Ltd. | Thailand | Common directors and direct and indirect shareholding by the Company’s director(s) |
| Sahaviriya Credit Foncier Co., Ltd. | Thailand | Common directors and direct shareholding by the Company’s director(s) |
| Sahaviriya Orchid Co., Ltd. | Thailand | Common directors and direct and indirect shareholding by the Company’s director(s) |
| Surasak Muang-Chol Property Co., Ltd. | Thailand | Common directors and direct and indirect shareholding by the Company’s director(s) |
| Bangsaphan Steel Trading Co., Ltd. | Thailand | Common directors and direct shareholding by the Company’s director(s) |
| C B S Consultant Co., Ltd. | Thailand | Common directors and direct shareholding by the Company’s director(s) |
| Bangpakong Steel Holdings Co., Ltd. | Thailand | Common directors and direct and indirect shareholding by the Company’s director(s) |
| Tong Real Estate Co., Ltd. | Thailand | Common directors and direct and indirect shareholding by the Company’s director(s) |
| Krisna Residence Co., Ltd. | Thailand | Common directors and direct and indirect shareholding by the Company’s director(s) |
| Growth Water Woods Co., Ltd. | Thailand | Common directors and direct and indirect shareholding by the Company’s director(s) |
| Chonglom Property Co., Ltd. | Thailand | Common directors and direct and indirect shareholding by the Company’s director(s) |
| Chumphontanee Property Co., Ltd. | Thailand | Common directors and direct and indirect shareholding by the Company’s director(s) |
| Soi Hiland Property Co., Ltd. | Thailand | Common directors and direct and indirect shareholding by the Company’s director(s) |
| Larn Pharam 3 Property Co., Ltd. | Thailand | Common directors and direct and indirect shareholding by the Company’s director(s) |
| Prachuap Steel Co., Ltd. | Thailand | Common directors and indirect shareholding by the Company’s director(s) |
| Pomprachul Steel Co., Ltd. | Thailand | Common directors and indirect shareholding by the Company’s director(s) |
| Bangplakod Steel Co., Ltd. | Thailand | Common directors and indirect shareholding by the Company’s director(s) |
| Panich holdings Co., Ltd. | Thailand | Common directors and direct and indirect shareholding by the Company’s director(s) |
| SSP Asset Co., Ltd. | Thailand | Common directors and direct and indirect shareholding by the Company’s director(s) |
| SV Nittan Co., Ltd. | Thailand | Common directors and indirect shareholding by the Company’s director(s) |
| Phrapradaeng Shape Steel Co., Ltd. | Thailand | Common directors and indirect shareholding by the Company’s director(s) |
| Amarin Steel Co, Ltd. | Thailand | Common directors and direct and indirect shareholding by the Company’s director(s) |
| Kim Heng Seng Steel Co., Ltd. | Thailand | Common directors and direct and indirect shareholding by the Company’s director(s) |
| Saha Land Property Holding Co., Ltd. | Thailand | Common directors and indirect shareholding by the Company’s director(s) |
| SCJ & Associates Co., Ltd. | Thailand | Common directors and direct and indirect shareholding by the Company’s director(s) |
| T C H Asset Co., Ltd. | Thailand | Common directors and direct and indirect shareholding by the Company’s director(s) |
| Thanarom Property Sale Co., Ltd. | Thailand | Common directors and direct and indirect shareholding by the Company’s director(s) |
| Thipayasombat Co., Ltd. | Thailand | Common directors and indirect shareholding by the Company’s director(s) |
| Western Security Guard Co., Ltd | Thailand | Common directors and indirect shareholding by the Company’s director(s) |
| Key management personnel | Thailand | Persons having authority and responsibility for planning directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the Group. |

The pricing policies for particular types of transactions are explained further below:

| **Transactions** | **Pricing policies with subsidiary companies and joint venture** | **Pricing policies** **with related companies** |
| --- | --- | --- |
|  |  |  |
| Sale of goods | Third party pricing used, dependent on volume and relevant market considerations. | The pricing policies for particular types of transactions are explained further below: |
| Rendering of port services | Port services rendered are charged based on Ministry of Transportation determined rates, dependent on service volume and relevant market considerations. | Port services rendered are charged based on Ministry of Transportation determined rates, dependent on service volume and relevant market considerations. |
| Rendering of other services | Charges for rendering of services and maintenance-related services are based on agreements and common credit term. | Charges for rendering of services and maintenance-related services are based on agreements and common credit term. |
| Dividend income | Right to receive dividends | Right to receive dividends. |
| Other income | Sales of scrap material are priced based on scrap weight and the prices set by the Company.  Revenue from providing management staff to subsidiaries and joint venture are based on agreements. | Sales of scrap material are priced based on scrap weight and the prices set by the Company.  Revenue from providing management staff to related parties are based on agreements. |
| Purchase of goods | Purchases of goods for production are based on third party prices under terms and conditions normally applicable to similar transactions.  Certain purchases of steel slab between the company and subsidiaries are based on the agreed price formula.  Purchases of rolls are changed on agreed prices. | Purchases of raw material for production are based on market price. |
| Receiving of other services | Maintenance-related services are charged based on long-term maintenance service agreements. The term of the agreement can be modified according to business circumstances. | Transportation charges are based on agreements, dependent on cargo weight and distance.  Warehouse rental is charged based on rental agreements.  Cut sheet services are charged based on agreements. |
| Receiving of port services | Port services rendered are charged based on Ministry of Transportation determined rates, dependent on service volume and relevant market considerations. |  |
| Distribution costs and  administrative expense | Port services rendered are charged based on Ministry of Transportation-determined rates, dependent on service volume and relevant market considerations. | Domestic transportation services are charged based on agreements, dependent on cargo weight and distance.  Office rental is charged based on rental agreements.  Commission expense is charged based on agreements. |

Significant transactions for the six-month periods ended 30 June 2019 and 2018 with related parties are summarized as follows:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  |  |  | Unit : Thousand Baht | |
|  | **Consolidated**  **financial statements** | | **Separate**  **financial statements** | | |
|  | 2019 | 2018 | 2019 | | 2018 |
| **Subsidiaries** |  |  |  | |  |
| Sales of goods | - | - | - | | 1,297 |
| Purchases of goods and receiving of services | - | - | 208,130 | | 204,953 |
| Dividend income | - | - | 20,400 | | 30,600 |
| Other income | - | - | 10,696 | | 13,545 |
| Distribution costs and administrative expenses | - | - | 8 | | 2,197 |
|  |  |  |  | |  |
| **Joint venture** |  |  |  | |  |
| Sales of goods | 589,741 | 1,080,402 | 589,741 | | 1,080,402 |
| Rendering of services | 63,680 | 57,604 | - | | - |
| Purchases of goods and receiving of services | 56 | 102 | - | | - |
| Dividend income | - | 22,601 | - | | 22,601 |
| Other income | 7,480 | 6,679 | 7,480 | | 6,679 |
| Distribution costs and administrative expenses | 13,485 | 83 | 13,485 | | 83 |
|  |  |  |  | |  |
| **Other related parties** |  |  |  | |  |
| Sales of goods | 1,400,975 | 1,291,584 | 1,400,975 | | 1,291,584 |
| Rendering of services | 8,966 | 5,922 | - | | - |
| Purchases of goods and receiving of services  (including other related expenses) | 30,715 | 37,952 | 29,583 | | 35,634 |
| Other income | 21,833 | 40,954 | 20,507 | | 39,817 |
| Distribution costs and administrative expenses | 164,131 | 123,788 | 159,264 | | 122,257 |
|  |  |  |  | |  |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  |  |  | Unit : Thousand Baht | |
|  | **Consolidated**  **financial statements** | | **Separate**  **financial statements** | | |
|  | 2019 | 2018 | 2019 | | 2018 |
| **Key management** |  |  |  | |  |
| Key management personnel remuneration |  |  |  | |  |
| Short-term benefits | 47,176 | 39,772 | 41,637 | | 32,980 |
| Statutory severance pay | 2,226 | 1,322 | 2,226 | | 1,321 |
| Other long-term benefits | 72 | 39 | 72 | | 39 |
| **Total key management personnel remuneration** | **49,474** | **41,133** | **43,935** | | **34,340** |

Balances as at 30 June 2019 and 31 December 2018 with related parties were as follows:

|  |  |  |  | Unit : Thousand Baht | |
| --- | --- | --- | --- | --- | --- |
|  | **Consolidated**  **financial statements** | | **Separate**  **financial statements** | | |
|  | 30 June  2019 | 31 December 2018 | 30 June  2019 | | 31 December 2018 |
| ***Trade accounts receivable from* *related parties*** | |  |  | |  |
| **Joint venture** |  |  |  | |  |
| Thai Cold Rolled Steel Sheet  Public Company Limited | 12,521 | 70,558 | - | | 64,036 |
|  |  |  |  | |  |
| **Other related parties** |  |  |  | |  |
| B.S. Metal Co., Ltd. | 1,837,056 | 1,876,515 | 1,837,056 | | 1,876,500 |
| Sahaviriya Panich Corporation Co., Ltd. | 1,787,646 | 1,822,424 | 1,787,646 | | 1,822,424 |
| Others | 2,941 | 2,356 | - | | - |
| **Total** | 3,640,164 | 3,771,853 | 3,624,702 | | 3,762,960 |
| *Less* Allowance for doubtful accounts | (2,736,667) | (2,736,667) | (2,736,667) | | (2,736,667) |
| **Net** | **903,497** | **1,035,186** | **888,035** | | **1,026,293** |
|  |  |  |  | |  |

|  |  |  |  | Unit : Thousand Baht | |
| --- | --- | --- | --- | --- | --- |
|  | **Consolidated**  **financial statements** | | **Separate**  **financial statements** | | |
|  | 30 June  2019 | 31 December 2018 | 30 June  2019 | | 31 December 2018 |
| ***Other receivables from related parties*** |  |  |  | |  |
| **Subsidiaries** |  |  |  | |  |
| West Coast Engineering Co., Ltd. | - | - | 39,038 | | 43,404 |
| Prachuap Port Co., Ltd. | - | - | 53 | | 53 |
|  |  |  |  | |  |
| **Joint venture** |  |  |  | |  |
| Thai Cold Rolled Steel Sheet  Public Company Limited | 30 | 3 | 30 | | 3 |
|  |  |  |  | |  |
| **Other related parties** |  |  |  | |  |
| Vanomet AG (an advance payment for purchase of goods) | 228,528 | 262,512 | 228,528 | | 262,512 |
| Vanomet International AG (an advance payment for purchase of goods) | - | 43,850 | - | | 43,850 |
| Sahaviriya Plate Mill Public Company Limited (net of allowance for doubtful accounts amount of Baht 48 million) | 405 | - | 405 | | - |
| Line Transport Co., Ltd. | 249 | 104 | - | | - |
| B.S. Metal Co., Ltd (net of allowance for doubtful accounts amount of Baht 17 million) | 1,412 | - | 1,412 | | - |
| Others | 900 | 1,059 | 233 | | 983 |
| **Total** | **231,524** | **307,528** | **269,699** | | **350,805** |

|  |  |  |  | Unit : Thousand Baht | |
| --- | --- | --- | --- | --- | --- |
|  | **Consolidated**  **financial statements** | | **Separate**  **financial statements** | | |
|  | 30 June  2019 | 31 December 2018 | 30 June  2019 | | 31 December 2018 |
| ***Accrued income*** |  |  |  | |  |
| **Subsidiary** |  |  |  | |  |
| West Coast Engineering Co., Ltd. | - | - | 451 | | 549 |
|  |  |  |  | |  |
| **Joint venture** |  |  |  | |  |
| Thai Cold Rolled Steel Sheet  Public Company Limited | 5,198 | 5,462 | 180 | | 174 |
|  |  |  |  | |  |
| **Other related parties** |  |  |  | |  |
| Thai Coated Steel Sheet Co., Ltd. | 4,818 | 4,966 | 4,818 | | 4,966 |
| Bangsaphan Barmill Public Company Limited | 4,903 | 4,652 | 4,903 | | 4,652 |
| B.S. Metal Co., Ltd. | 157 | 139 | 157 | | 139 |
| **Total** | **15,076** | **15,219** | **10,509** | | **10,480** |

|  |  |  |  | Unit : Thousand Baht | |
| --- | --- | --- | --- | --- | --- |
|  | **Consolidated**  **financial statements** | | **Separate**  **financial statements** | | |
|  | 30 June  2019 | 31 December 2018 | 30 June  2019 | | 31 December 2018 |
| ***Trade accounts payable to related parties*** |  |  |  | |  |
| **Subsidiaries** |  |  |  | |  |
| West Coast Engineering Co., Ltd. | - | - | 14,258 | | 16,177 |
| Prachuap Port Co., Ltd. | - | - | 10,686 | | 3,108 |
|  |  |  |  | |  |
| **Other related parties** |  |  |  | |  |
| B.S. Metal Co., Ltd. | 1,144 | 530 | 994 | | 530 |
| Western Security Guard Co., Ltd. | 223 | 266 | - | | - |
| SVL Corporation Co., Ltd. | 17,259 | 13,293 | 17,249 | | 13,283 |
| Others | 294 | 79 | 42 | | 41 |
| **Total** | **18,920** | **14,168** | **43,229** | | **33,139** |

|  |  |  | Unit : Thousand Baht | |
| --- | --- | --- | --- | --- |
|  | **Consolidated**  **financial statements** | | **Separate**  **financial statements** | |
|  | 30 June  2019 | 31 December 2018 | 30 June  2019 | 31 December 2018 |
| ***Other payables to related parties*** |  |  |  |  |
| **Subsidiaries** |  |  |  |  |
| Prachuap Port Co., Ltd. | - | - | - | - |
| West Coast Engineering Co., Ltd. | - | - | 79,283 | 5,299 |
|  |  |  |  |  |
| **Joint venture** |  |  |  |  |
| Thai Cold Rolled Steel Sheet  Public Company Limited | - | 98,235 | - | 98,235 |
|  |  |  |  |  |
| **Other related parties** |  |  |  |  |
| Prapawit Building Property Co., Ltd. | 2,029 | 219 | 2,029 | 219 |
| Thai Steel Sales Co., Ltd. | 2,814 | 2,687 | 2,334 | 2,327 |
| SVL Corporation Co., Ltd. | 30,245 | 22,247 | 30,245 | 22,247 |
| B.S. Metal Co., Ltd. | 23,071 | 13,866 | 23,071 | 13,866 |
| Others | 13,734 | 6,086 | 13,565 | 5,889 |
| **Total** | **71,893** | **143,340** | **150,527** | **148,082** |

|  |  |  | Unit : Thousand Baht | |
| --- | --- | --- | --- | --- |
|  | **Consolidated**  **financial statements** | | **Separate**  **financial statements** | |
|  | 30 June  2019 | 31 December 2018 | 30 June  2019 | 31 December 2018 |
| ***Short-term borrowings from related parties*** |  |  |  |  |
| **Subsidiaries** |  |  |  |  |
| Prachuap Port Co., Ltd. | - | - | 7,991 | 7,991 |
| **Total** | **-** | **-** | **7,991** | **7,991** |

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

|  |  |  | Unit : Thousand Baht | |
| --- | --- | --- | --- | --- |
|  | **Consolidated**  **financial statements** | | **Separate**  **financial statements** | |
|  | 30 June  2019 | 31 December 2018 | 30 June  2019 | 31 December 2018 |
| **Subsidiaries** |  |  |  |  |
| At 1 January 2019 | - | - | 7,991 | 7,991 |
| Unchangeable | - | - | - | - |
| **At 30 June 2019** | **-** | **-** | **7,991** | **7,991** |
|  |  |  |  |  |

***Significant agreements with related parties***

*Consortium agreement*

On 20 January 2015 a subsidiary has entered into a consortium agreement with a local company in order to jointly-operate for projects from the State Railway of Thailand. As at 30 June 2019, the consortium has not operated the commercial operations.

**4 Trade accounts receivable**

|  |  |  |  | Unit : Thousand Baht | |
| --- | --- | --- | --- | --- | --- |
|  | **Consolidated**  **financial statements** | | **Separate**  **financial statements** | | |
|  | 30 June  2019 | 31 December 2018 | 30 June  2019 | | 31 December 2018 |
| Related parties (Note 3) | 3,640,164 | 3,771,853 | 3,624,702 | | 3,762,960 |
| Other parties | 476,472 | 402,726 | 437,370 | | 324,594 |
| **Total** | 4,116,636 | 4,174,579 | 4,062,072 | | 4,087,554 |
| *Less* Allowance for doubtful accounts | (3,021,429) | (3,021,485) | (3,020,476) | | (3,020,476) |
| **Net** | **1,095,207** | **1,153,094** | **1,041,596** | | **1,067,078** |

Aging analyses for trade accounts receivable were as follows:

|  |  |  |  | Unit : Thousand Baht | |
| --- | --- | --- | --- | --- | --- |
|  | **Consolidated**  **financial statements** | | **Separate**  **financial statements** | | |
|  | 30 June  2019 | 31 December 2018 | 30 June  2019 | | 31 December 2018 |
| **Related parties** |  |  |  | |  |
| Within credit terms | 7,714 | 71,438 | - | | 64,036 |
| Overdue: |  |  |  | |  |
| Less than 3 months | 7,748 | 165,981 | - | | 164,490 |
| 3-6 months | - | 1,042,429 | - | | 1,042,429 |
| 6-12 months | 1,132,697 | 1,172,003 | 1,132,697 | | 1,172,003 |
| Over 12 months | 2,492,005 | 1,320,002 | 2,492,005 | | 1,320,002 |
|  | 3,640,164 | 3,771,853 | 3,624,702 | | 3,762,960 |
| *Less* Allowance for doubtful accounts | (2,736,667) | (2,736,667) | (2,736,667) | | (2,736,667) |
|  | 903,497 | 1,035,186 | 888,035 | | 1,026,293 |

|  |  |  |  | Unit : Thousand Baht | |
| --- | --- | --- | --- | --- | --- |
|  | **Consolidated**  **financial statements** | | **Separate**  **financial statements** | | |
|  | 30 June  2019 | 31 December 2018 | 30 June  2019 | | 31 December 2018 |
| **Other parties** |  |  |  | |  |
| Within credit terms | 187,418 | 82,328 | 151,710 | | 19,167 |
| Overdue: |  |  |  | |  |
| Less than 3 months | 3,532 | 34,242 | 1,851 | | 21,409 |
| 3-6 months | - | 209 | - | | 209 |
| 6-12 months | - | 761 | - | | - |
| Over 12 months | 285,522 | 285,186 | 283,809 | | 283,809 |
|  | 476,472 | 402,726 | 437,370 | | 324,594 |
| *Less* Allowance for doubtful accounts | (284,762) | (284,818) | (283,809) | | (283,809) |
|  | 191,710 | 117,908 | 153,561 | | 40,785 |
| **Net** | **1,095,207** | **1,153,094** | **1,041,596** | | **1,067,078** |

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

As at 30 June 2019, the Management of the Company has not considered to provide additionally allowance for doubtful accounts since the Management expected to receive the payment from overdue related parties. At present, the Company still has goods selling to related parties with the payment conditions as stipulated in the Plan.

**5 Inventories**

|  |  |  |  | Unit : Thousand Baht | |
| --- | --- | --- | --- | --- | --- |
|  | **Consolidated**  **financial statements** | | **Separate**  **financial statements** | | |
|  | 30 June  2019 | 31 December 2018 | 30 June  2019 | | 31 December 2018 |
|  |  |  |  | |  |
| Finished goods | 2,317,177 | 2,846,780 | 2,328,048 | | 2,859,875 |
| Work in process | 18,798 | 24,103 | 618 | | - |
| Raw materials | 1,399,274 | 1,711,265 | 1,393,372 | | 1,709,306 |
| Spare parts and factory supplies | 771,333 | 787,549 | 767,998 | | 787,549 |
| Inventories under collateral  management agreement *(Note 12)* | 1,309,545 | 2,556,226 | 1,309,545 | | 2,556,226 |
| Goods in transit | 3,390,037 | 2,593,327 | 3,390,037 | | 2,593,327 |
|  | 9,206,164 | 10,519,250 | 9,185,618 | | 10,506,283 |
| *Less* Allowance for decline in value | (535,728) | (846,324) | (535,728) | | (846,324) |
| **Total** | **8,670,436** | **9,672,926** | **8,653,890** | | **9,659,959** |
|  |  |  |  | |  |

**6 Investments in subsidiaries**

Investments in subsidiaries as at 30 June 2019 and 31 December 2018 were as follows:

|  |  | Unit : Thousand Baht | | | | | | | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **Separate financial statements** | | | | | | | | | | | | |
| **Name of entity** | **Type of business** | **Ownership proportion** | | **Paid-up capital** | | **Cost method** | | | **Impairment** | | **At cost - net** | | **Dividend income for the six-month periods ended** | |
|  |  | 30 June 2019 | 31 December 2018 | 30 June 2019 | 31 December 2018 | 30 June 2019 | 31 December 2018 | 30 June 2019 | | 31 December 2018 | 30 June 2019 | 31 December 2018 | 30 June 2019 | 30 June 2018 |
|  |  | *(%)* | *(%)* |  |  |  |  |  | |  |  |  |  |  |
| Prachuap Port Co., Ltd. | Deep-sea port and |  |  |  |  |  |  |  | |  |  |  |  |  |
|  | marine shipping |  |  |  |  |  |  |  | |  |  |  |  |  |
|  | services | 51.00 | 51.00 | 400,000 | 400,000 | 204,000 | 204,000 | - | | - | 204,000 | 204,000 | 20,400 | 30,600 |
| West Coast Engineering  Co., Ltd. | Maintenance services | 99.99 | 99.99 | 75,000 | 75,000 | 75,000 | 75,000 | - | | - | 75,000 | 75,000 | - | - |
| **Total** |  |  |  |  |  | 279,000 | 279,000 | - | | - | 279,000 | 279,000 | 20,400 | 30,600 |

**7 Investments in joint venture**

Investments in joint venture as 30 June 2019 and 31 December 2018 were as follows:

|  |  |  | | | Unit : Thousand Baht | | | | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **Consolidated financial statements** | | | | | | | | | | | | |
| Name of entity | Type of business | Ownership proportion | | Paid-up capital | | | Cost method | | Equity method | | Share of profit for the six-month periods | | Dividend income for the six-month periods ended | |
|  |  | 30  June  2019 | 31 December 2018 | 30  June  2019 | | 31 December 2018 | 30  June  2019 | 31  December  2018 | 30  June  2019 | 31 December 2018 | 30  June  2019 | 30  June  2018 | 30  June  2019 | 30  June  2018 |
|  |  | *(%)* | *(%)* |  | |  |  |  |  |  |  |  |  |  |
| Thai Cold Rolled Steel Sheet Public Company Limited | Production and distribution of cold rolled coils | 35.19 | 35.19 | 4,816,350 | | 4,816,350 | 3,817,962 | 3,817,962 | 2,621,241 | 2,598,112 | 23,129 | (38,103) | - | - |
| **Total** |  |  |  |  | |  | 3,817,962 | 3,817,962 | 2,621,241 | 2,598,112 | 23,129 | (38,103) | **-** | **-** |

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

The Company has pledged 150,176,007 common shares in a joint-venture, Thai Cold Rolled Steel Sheet Public Company Limited to Marubeni-Itochu Steel Inc. for a trading facility for the latter extended to Sahaviriya Steel Industries UK Limited. And the Company set-up a provision for loss on common shares in a joint-venture, Thai Cold Rolled Steel Sheet Public Company Limited pledged as collateral to Marubeni-Itochu Steel Inc. in the amount of Baht 513 million.

|  |  |  | | | Unit : Thousand Baht | | | | | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **Separate financial statements** | | | | | | | | | | | | | |
| Name of entity | Type of business | Ownership proportion | | Paid-up capital | | | Cost method | | Impairment | | At cost - net | | Dividend income for the six-month periods ended | |
|  |  | 30  June  2019 | 31 December 2018 | 30  June  2019 | | 31 December 2018 | 30  June  2019 | 31 December 2018 | 30  June  2019 | 31 December 2018 | 30  June  2019 | 31 December 2018 | 30  June  2019 | 30  June  2018 |
|  |  | *(%)* | *(%)* |  | |  |  |  |  |  |  |  |  |  |
| Thai Cold Rolled Steel Sheet Public Company Limited | Production and distribution of cold rolled coils | 35.19 | 35.19 | 4,816,350 | | 4,816,350 | 3,817,962 | 3,817,962 | 658,294 | 658,294 | 3,159,668 | 3,159,668 |  | 22,601 |
| **Total** |  |  |  |  | |  | **3,817,962** | **3,817,962** | **658,294** | **658,294** | **3,159,668** | **3,159,668** |  | **22,601** |

**Contingent liabilities and commitments relating to the joint venture:**

|  | **30 June 2019** | **31 December 2018** |
| --- | --- | --- |
| *Contingent liabilities directly incurred by the Group* |  |  |
| Group’s share of the joint venture’s contingent liabilities | Baht 9 million | Baht 9 million |
| *Capital commitments in relation to interest in*  *joint venture*  Group’s share of the joint venture according to |  |  |
| - from capital expenditure | Baht 34 million,  USD 0.46 million,  JPY 49.23 million and  Euro 0.14 million | Baht 60 million,  USD 0.39 million,  JPY 179 million, |
| - from non-cancellable operating lease commitments | Baht 5.28 million | Baht 7 million |
| - from raw materials and chemical purchases | Baht 12.32 million,  and USD 12 million | Baht 6.62 million,  and USD 3.59 million |
| - from other contracts | Baht 15 million  and JPY 5.28 million | Baht 13 million  and JPY 11 million |
| - from guarantees | Baht 9.29 million | Baht 9.29 million |
| - from other commitments | - | Baht 28.40 million |

**8 Other long-term investment**

Other long-term investment as at 30 June 2019 and 31 December 2018 were as follows:

|  |  |  | | Unit : Thousand Baht | | | | | | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **Consolidated and Separate financial statements** | | | | | | | | | | | | | |
| Name of entity | Type of business | Ownership proportion | | | Paid-up capital | | Cost method | | Impairment | | At cost - net | | Dividend income for the six-month periods ended | |
|  |  | 30  June  2019 | 31 December 2018 | | 30  June  2019 | 31 December 2018 | 30  June  2019 | 31 December 2018 | 30  June  2019 | 31 December 2018 | 30  June  2019 | 31 December 2018 | 30  June  2019 | 30  June  2018 |
|  |  | *(%)* | *(%)* | |  |  |  |  |  |  |  |  |  |  |
| Thai Coated Steel Sheet Co., Ltd. | Manufacturing and distribution of Electro Galvanized Steel Sheet | 3.70 | 3.70 | | 2,206,990 | 2,206,990 | 294,000 | 294,000 | 294,000 | 294,000 | - | - | - | - |
| **Total** |  |  |  | |  |  | 294,000 | 294,000 | 294,000 | 294,000 | **-** | **-** | **-** | **-** |

**9 Property, plant and equipment**

|  |  | Unit : Thousand Baht |
| --- | --- | --- |
|  | **Consolidated financial statements** | **Separate financial statements** |
|  |  |  |
| **Net book value At 1 January 2019** | 11,048,411 | 9,740,471 |
| Additions during the period – Cost method | 266,267 | 261,927 |
| Depreciation charge for the period | (353,829) | (302,009) |
| Disposals | (152) | (130) |
| **Net book value At 30 June 2019** | **10,960,697** | **9,700,259** |

As at 30 June 2019, the Group and the Company has mortgaged/ pledged assets amounting to approximately Baht 9,046 million and Baht 8,755 million, respectively *(31 December 2018: Baht 9,141 million and Baht 8,845 million respectively)*, as collateral against bank overdrafts, short-term borrowings and long-term borrowings from financial institutions, and letter of guarantee for electricity, port and goods warehouse, as described in Note 11, 13 and 20.

**10 Deferred tax**

Deferred tax assets and liabilities as at 30 June 2019 and 31 December 2018 were as follows:

|  |  |  | Unit : Thousand Baht | |
| --- | --- | --- | --- | --- |
|  | **Consolidated financial statements** | | | |
|  | **Assets** | | **Liabilities** | |
|  | 30 June 2019 | 31 December 2018 | 30 June 2019 | 31 December 2018 |
| Total | 15,509 | 19,542 | (55,505) | (54,541) |
| Tax offsetting | (11,670) | (11,191) | 11,670 | 11,191 |
| **Net deferred tax assets (liabilities)** | **3,839** | **8,351** | **(43,835)** | **(43,350)** |

|  |  |  | Unit : Thousand Baht | |
| --- | --- | --- | --- | --- |
|  | **Separate financial statements** | | | |
|  | **Assets** | | **Liabilities** | |
|  | 30 June 2019 | 31 December 2018 | 30 June 2019 | 31 December 2018 |
|  |  |  |  |  |
| **Deferred tax liabilities** | **-** | **-** | **(14,970)** | **(13,896)** |

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

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  |  | Unit : Thousand Baht | |
|  | **Consolidated financial statements** | | | |
|  |  | (Charged) / Credited to: | |  |
|  | As at 1 January  2019 | Profit or loss | Other comprehensive income | As at 30 June  2019 |
| ***Deferred tax assets*** |  |  |  |  |
| Trade accounts receivable | 202 | (11) | - | 191 |
| Property, plant and equipment | 7,398 | (1,371) | - | 6,027 |
| Non-current provisions for employee benefit | 7,001 | 2,214 | 76 | 9,291 |
| Taxable loss carry forward | 4,941 | (4,941) | - | - |
| **Total** | 19,542 | (4,109) | 76 | 15,509 |
|  |  |  |  |  |
| ***Deferred tax liabilities*** |  |  |  |  |
| Other current assets | (229) | (275) | - | (504) |
| Property, plant and equipment | (46,814) | (3,602) | - | (50,416) |
| Non-current provisions for employee benefit | (2,744) | - | 2,744 | - |
| Finance lease liabilities | (4,753) | 168 | - | (4,585) |
| **Total** | **(54,540)** | **(3,709)** | **2,744** | **(55,505)** |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  |  |  | Unit : Thousand Baht | |
|  | **Separate financial statements** | | | | |
|  |  | (Charged) / Credited to: | | |  |
|  | As at 1 January  2019 | Profit or loss | Other comprehensive income | | As at 30 June  2019 |
| ***Deferred tax liabilities*** |  |  |  | |  |
| Property, plant and equipment | (11,152) | (3,818) | - | | (14,970) |
| Non-current provisions for employee benefit | (2,744) | - | 2,744 | | - |
| **Total** | **(13,896)** | **(3,818)** | **2,744** | | **(14,970)** |

Tax expense for the six-month periods ended 30 June 2019 and 2018 are summarized as follow :

Unit : Thousand Baht

|  | **Consolidated financial statements** | | **Separate financial statements** | |
| --- | --- | --- | --- | --- |
|  | 2019 | 2018 | 2019 | 2018 |
| **Income tax recognized in profit or loss** |  |  |  |  |
| Income tax for the period | (8,870) | (17,765) | - | - |
| **Deferred tax** |  |  |  |  |
| Changes in temporary differences | (7,818) | 16,881 | (3,818) | 16,446 |
| **Total tax (expense) income** | **(16,688)** | **(884)** | **(3,818)** | **16,446** |
| Tax (income) relating to actuarial losses credited to other comprehensive income | 2,725 | - | 2,744 | - |
| **Total** | **(13,963)** | **(884)** | **(1,074)** | **16,446** |

Deferred tax assets arising from temporary differences and unused tax losses that have not been recognized in the financial statements as at 30 June 2019 and 31 December 2018 were as follows:

|  |  |  |  | Unit : Thousand Baht | |
| --- | --- | --- | --- | --- | --- |
|  | **Consolidated financial statements** | | **Separate financial statements** | | |
|  | 30 June 2019 | 31 December 2018 | 30 June 2018 | | 31 December 2018 |
| ***Deferred tax assets*** |  |  |  | |  |
| - Deductible temporary differences | 7,744,741 | 7,782,660 | 7,744,741 | | 7,782,660 |
| - Tax losses | 303,722 | 497,730 | 303,722 | | 497,730 |
| **Net** | **8,048,463** | **8,280,390** | **8,048,463** | | **8,280,390** |
|  |  |  |  | |  |

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

**11 Short term borrowings from financial institution**

As at 30 June 2019, the Group had unutilized credit facilities total amount of Baht 122.5 million and the Company had no credit facilities (at 31 December 2018: Baht 122.5 million for the Group only and no credit facilities for the Company).

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

**12 Trade accounts payable**

|  |  |  | Unit: Thousand Baht | |
| --- | --- | --- | --- | --- |
|  | **Consolidated**  **financial statements** | | **Separate**  **financial statements** | |
|  | 30 June 2019 | 31 December 2018 | 30 June 2019 | 31 December 2018 |
| Related parties (Note 3) | 18,920 | 14,168 | 43,229 | 33,139 |
| Other parties | 5,044,987 | 5,781,815 | 4,986,570 | 5,701,561 |
| **Total** | **5,063,907** | **5,795,983** | **5,029,799** | **5,734,700** |

***Inventory under collateral management agreement***

The Company entered into the collateral management agreements with two companies which are incorporated in Singapore and Japan. Under the terms of the agreements, the Company has to pay a partial deposit and the remainder when withdrawing inventory from the representative company. The Company retains all or a significant portion of the risks and rewards relating to the collateralized inventory. Inventory is stored in the warehouse facilities for which that counter party appoints a representative to act as the collateral manager. These transactions are treated as inventory under collateral management agreements and trade payable under collateral management agreements within the statement of financial position.

**13 Liabilities under Rehabilitation Plan**

|  |  |  | Unit : Thousand Baht | |
| --- | --- | --- | --- | --- |
|  | **Consolidated**  **financial statements** | | **Separate**  **financial statements** | |
|  | 30 June 2019 | 31 December 2018 | 30 June 2019 | 31 December 2018 |
|  |  |  |  |  |
| ***Current portion*** |  |  |  |  |
| Short-term borrowings from related parties | - | - | 7,991 | 7,991 |
| Long-term borrowings from financial institution | 1,072,311 | 1,045,962 | 1,072,311 | 1,045,962 |
| Other payables | 63,826 | 61,279 | 63,826 | 61,279 |
| Provisions under guarantee contract | 556,185 | 511,059 | 556,185 | 511,059 |
|  | **1,692,322** | **1,618,300** | **1,700,313** | **1,626,291** |
| ***Non-current portion*** |  |  |  |  |
| Long-term borrowings from financial institution | 20,508,418 | 21,057,748 | 20,508,418 | 21,057,748 |
| Other payables | 1,750,889 | 1,784,075 | 1,750,889 | 1,784,075 |
| Provisions under guarantee contract | 22,507,774 | 24,087,184 | 22,507,774 | 24,087,184 |
|  | **44,767,081** | **46,929,007** | **44,767,081** | **46,929,007** |
| **Total liabilities under rehabilitation plan** | **46,459,403** | **48,547,307** | **46,467,394** | **48,555,298** |
| Accrued interest expenses | 9,266,412 | 9,073,957 | 9,266,412 | 9,073,957 |
| **Total liabilities under business  rehabilitation plan** | **55,725,815** | **57,621,264** | **55,733,806** | **57,629,255** |

Movement of liabilities under business rehabilitation plan for the six-month periods ended 30 June 2019 and 2018 were as follows:

|  |  |  | Unit: Thousand Baht | |
| --- | --- | --- | --- | --- |
|  | **Consolidated**  **financial statements** | | **Separate**  **financial statements** | |
|  | 30 June 2019 | 31 December 2018 | 30 June 2019 | 31 December 2018 |
| At 1 January 2019 | 48,547,307 | 52,247,507 | 48,555,298 | 52,255,498 |
| Repayments | (816,261) | (3,027,477) | (816,261) | (3,027,477) |
| Conversion debt to equity | - | (500,000) | - | (500,000) |
| Unrealized loss on exchange rate | (1,271,643) | (172,723) | (1,271,643) | (172,723) |
| **At 30 June 2019** | **46,459,403** | **48,547,307** | **46,467,394** | **48,555,298** |

Liabilities under business rehabilitation of secured portion, detailed of security, land building and equipment as stated in Note 9 to financial statements.

Liabilities under rehabilitation plan as at 30 June 2019 and 31 December 2018 classified by currency as follows:

|  |  | | Unit : Thousand Baht | |
| --- | --- | --- | --- | --- |
|  | **Consolidated and Separate financial statements** | | **Separate**  **financial statements** | |
|  | 30 June 2019 | 31 December 2018 | 30 June 2019 | 31 December 2018 |
| Baht | 23,732,936 | 24,307,213 | 23,740,927 | 24,315,204 |
| USD | 22,726,467 | 24,240,094 | 22,726,467 | 24,240,094 |
| **Total** | **46,459,403** | **48,547,307** | **46,467,394** | **48,555,298** |

**14 Non-current Provisions for employee benefit**

The movement in the present value of the defined benefit obligations for the six-month periods ended 30 June 2019 were shown in the table below

|  | Unit : Thousand Baht | |
| --- | --- | --- |
|  | **Consolidated**  **financial statements** | **Separate**  **financial statements** |
|  | 2019 | 2019 |
| Defined benefit obligations at 1 January | 200,358 | 165,353 |
| **Recognized in profit or loss:** |  |  |
| Current service costs and interest | 66,246 | 54,820 |
| Others |  |  |
| Benefits paid by the plan | (1,161) | (806) |
| Actuarial losses recognized in other comprehensive income during the period | 45,588 | 45,207 |
| **Defined benefit obligations at 30 June** | **311,031** | **264,574** |
|  |  |  |

Expenses related to long-term employee benefits for the six-month periods ended 30 June 2019 recognized in statement of comprehensive income as follows:

|  |  |  |
| --- | --- | --- |
|  | Unit : Thousand Baht | |
|  | **Consolidated**  **financial statements** | **Separate**  **financial statements** |
|  | 2019 | 2019 |
| Cost of sales | 43,477 | 38,968 |
| Distribution costs | 2,402 | 2,333 |
| Administrative expenses | 20,367 | 13,519 |
| Total | 66,246 | 54,820 |

On 5 April 2019, new Labour Protection Act was published in the Royal Gazette which will become effective after 30 days from the date of its publication in the Royal Gazette onwards which determined the additional rate of severance pay in the case of termination of employment for a terminated employee who has worked for 20 consecutive years or more and shall be entitled to receive payment not less than the last rate of wages for 400 days. The Group and The Company has recorded the effects in additionally providing non-current provisions for employee benefits amount of Baht 49.7 million and 40.7 million respectively in accordance with new Labour Protection Act in this period.

**15 Business rehabilitation plan**

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

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

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

On 14 February 2017, a creditor filed to the Appeal and Specialized Court for appeal the order to approve with the plan for which the Appeal and Specialized Court ordered to dismiss a complaint. Such creditor applied a complaint to the Supreme Court on 26 February 2019. The case is still pending the Supreme Court’s trial, the ultimate outcome has not been known.

***Progress of implementation of the Plan***

***Application of debt repayment of creditors***

As from a creditor in Group 12th filed the application for receiving the debt settlement under the rehabilitation plan that the official Receiver has ordered to dismiss the application of this creditor on 25 march 2019 and subsequent, such creditor requested to ended the period to file the disputation the office Receiver’s order to the Central Bankruptcy Court of which permitted to extend the period to 19 August 2019 with the amount for receiving debt settlement for the principal and interest total amount of Baht 1,928.7 million. The application for receiving of debt settlement will becomes to an end if this creditor dose not file the application but if done, the application will be taken into the further process of the Court.

The Company has made debt settlement to the creditors under rehabilitation plan for the six-month periods ended 30 June 2019 for total principal amount of Baht 816.2 million and total interest amount of Baht 36.7 million, totally Baht 852.9 million.

**16 Share capital**

No Movement of share capital for the six-month periods ended 30 June 2019.

**17 Segment information.**

The Group has three reportable segments, as described below, which are the Group’s strategic divisions. The strategic divisions offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic divisions, the chief operating decision maker (CODM) reviews internal management reports on at least a quarterly basis. The following summary describes the operations in each of the Group’s reportable segments.

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

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before tax, as included in the internal management reports that are reviewed by the Group’s CODM. Segment profit before tax is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

***Information about reportable segments***

Information about segment income and profit for the six-month periods ended 30 June 2019 and 2018 are as follows:

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | |  | |  | |  | | Unit : Thousand Baht | |
|  | Manufacture  of hot rolled coils | | Maintenance services | | Deep-sea port services | | Elimination | | Total segment | |
|  | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
|  |  |  |  |  |  |  |  |  |  |  |
| External revenue | 14,605,395 | 16,009,219 | 194,862 | 152,139 | 94,570 | 106,078 | - | - | 14,894,827 | 16,267,436 |
| Inter-segment revenue | - | - | 178,678 | 168,506 | 30,158 | 36,944 | (208,836) | (205,450) | - | - |
| Segment profit (loss) before |  |  |  |  |  |  |  |  |  |  |
| income tax | 1,253,293 | 332,359 | 32,033 | 27,575 | 25,745 | 54,397 | 9,763 | (87,509) | 1,320,834 | 326,822 |
| Reportable segment assets  as at 30 June | 23,995,294 | 24,693,427 | 373,146 | 340,156 | 1,274,424 | 1,377,983 | (1,011,535) | (913,499) | 24,631,329 | 25,498,067 |
|  |  |  |  |  |  |  |  |  |  |  |

***Geographical segments***

|  |  |
| --- | --- |
| Segment 1 | - is managed and operates manufacturing facilities and sales offices in Thailand |
| Segment 2 and 3 | - operate principally in Thailand. There are no material revenues derived from, or assets located in, foreign countries. |

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets.

***Geographical information***

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | Unit : Thousand Baht | | | | |
|  | **Consolidated**  **financial statements** | | | **Separate**  **financial statements** | |
|  | 2019 | 2018 | | 2019 | 2018 |
| **Income** |  | |  |  |  |
| Domestic | 14,887,557 | | 16,219,939 | 14,605,395 | 16,009,219 |
| Overseas | 7,270 | | 47,497 | - | - |
| **Total** | **14,894,827** | | **16,267,436** | **14,605,395** | **16,009,219** |

***Major customer***

Revenues from 3 customers of the Group’s segment 1 represent approximately Baht 6,490 million (2018: 3 customers Baht 6,066 million)

Revenues from 3 customers of the Company’s segment 1 represent approximately Baht 6,490 million (2018: 3 customers Baht 6,066 million)

**18 Income tax**

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

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

**19 Earnings per share**

***Basic earnings per share***

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

For the six-month periods ended 30 June 2019 and 2018 as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Consolidated**  **financial statements** | | **Separate**  **financial statements** | |
|  | 2019 | 2018 | 2019 | 2018 |
| Profit (Loss) for the period attributable to ordinary shareholders of the Company (Thousand Baht) | **1,295,835** | **309,092** | **1,249,475** | **348,805** |
| Number of ordinary shares issued as at 1 January | 11,113,018 | 1,113,018 | 11,113,018 | 1,113,018 |
| Effects from share issued during the period | - | 5,222,222 | - | 5,222,222 |
| **Weighted average number of ordinary shares outstanding (basic) (Thousand shares)** | **11,113,018** | **6,335,240** | **11,113,018** | **6,335,240** |
| **Earnings (Loss) per share basic  (in Baht)** | **0.12** | **0.05** | **0.11** | **0.06** |

**20 Commitments and Contingent Liabilities**

|  |  |  | Unit: Million Baht | |
| --- | --- | --- | --- | --- |
|  | **Consolidated**  **financial statements** | | **Separate**  **financial statements** | |
|  | 30 June 2019 | 31 December 2018 | 30 June 2019 | 31 December 2018 |
|  |  |  |  |  |
| ***Capital expenditures commitment*** |  |  |  |  |
| *Contracted but not provided for* |  |  |  |  |
| Machinery and equipment | 153 | 57 | 171 | 109 |
| **Total** | **153** | **57** | **171** | **109** |

As at 30 June 2019, the Group had capital expenditures amount of Baht 63 million, USD 0.4 million and EUR 2.2 million *(31 December 2018: Baht 40.1 million, USD 0.4 million and EUR 0.3 million)* in relation to the acquisition and installation of machinery and equipment.

As at 30 June 2019, the Company had capital expenditures amount of Baht 82 million, USD 0.4 million and EUR 2.2 million *(31 December 2018: Baht 93 million, USD 0.1 million and EUR 0.4 million)* in relation to the acquisition and installation of machinery and equipment.

|  |  |  | Unit: Million Baht | |
| --- | --- | --- | --- | --- |
|  | **Consolidated**  **financial statements** | | **Separate**  **financial statements** | |
|  | 30 June 2019 | 31 December 2018 | 30 June 2019 | 31 December 2018 |
| ***Non-cancellable operating lease*** |  |  |  |  |
| ***commitments*** |  |  |  |  |
| Within one year | 11 | 13 | 8 | 9 |
| After one year but within five years | 6 | 5 | 2 | 1 |
| **Total** | 17 | **18** | **10** | **10** |
|  |  |  |  |  |
| ***Other commitments*** |  |  |  |  |
| Raw materials purchases | 1,860 | 2,722 | 1,860 | 2,722 |
| Letter of credit | - | 10 | - | - |
| Other agreements | 857 | 720 | 836 | 689 |
| **Total** | **2,717** | **3,452** | **2,696** | **3,411** |

As at 30 June 2018, the Group had other commitments in relation to purchase spare parts and equipment supplies, and to obtain maintenance services amounting to Baht 390 million, USD 5.6 million, EUR 6.3 million and JPY 4.1 million and GBP 0.3 million *(31 December 2018: Baht 347 million, USD 3.1 million, EUR 4.8 million and JPY 5.8 million and GBP 0.3 million).*

As at 30 June 2019, the Company had other commitments in relation to purchase spare parts and equipment supplies, and to obtain maintenance services amounting to Baht 427 million, USD 5.6 million, EUR 6.3 million and JPY 4.1 million *(31 December 2018: Baht 145 million, USD 3.1 million, EUR 4.8 million and JPY 5.8 million).*

The Company has forward contract lines from a financial institution for the amount of USD 90.03 million. The exchange rate of 31.05 - 31.98 Baht per USD. As at June 30, 2019, the Company entered into forward contract with a commercial which maturity date is less then three months.

***Contingent liabilities***

a) As at 30 June 2019 and 31 December 2018, the Group was liable to banks in respect to the following guarantees:

|  |  |  | (Unit: million Baht) | |
| --- | --- | --- | --- | --- |
|  | **Consolidated**  **financial statements** | | **Separate**  **financial statements** | |
|  | 30 June 2019 | 31 December 2018 | 30 June 2019 | 31 December 2018 |
| Electricity supply | 107 | 107 | 104 | 104 |
| Performance guarantees | 31 | 79 | - | - |
| Others | 11 | 16 | - | 5 |
| **Total** | **149** | **202** | **104** | **109** |

As at 30 June 2019, the Group had outstanding bank guarantees issued by banks on behalf of the Company and its subsidiaries in respect of certain performance bonds as required in the normal course of the business. These included letters of guarantee for:

* To the Customs Department in respect of the establishment of a wharf and go-downs amounting to Baht 11 million *(31 December 2018: amount of Baht 16 million),*
* The contractual performance amounting to Baht 31 million *(31 December 2018: amount of Baht 79 million),*
* Electricity usage amount of Baht 107 million *(31 December 2018: amount of Baht 107 million)*.

b) As at 30 June 2019, the Company has contingent liabilities from guarantee contracts and damages under agreement in the amount of USD 31 million with the condition that the environment damages incurred and conformed to the environment responsibility condition under the trading of integrated still mill and steel trading agreement dated 24 February 2011.

***Dispute***

**Land in Prachuabkirikhan**

a) On 9 July 2010, the Prachuabkirikhan Provincial Land Office, Bangsaphan Branch (“the Land Office”) ordered the Company and a subsidiary to submit the Certificates of Utilization (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 (Nor. Sor. 3 Kor). The Company and the subsidiary filed a lawsuit against the officers of the Land Office with the Central Administrative Court “CAC”, petitioning the CAC to order the cancellation of the announcement of the Company and the subsidiary. The Company and the subsidiary also petitioned the CAC to identify measures to provide them with temporary relief. The Court accepted the lawsuit for consideration.

On 1 September 2010, the Company and the subsidiary filed a lawsuit against the Director-General of the Department of Lands and the Deputy Permanent Secretary of the Ministry of Interior with the CAC, petitioning the court to order the revocation of the order of the Director-General of the Department of Lands issued on 5 January 2010, which ordered the revocation and recharting of the area under the Certificates, and the withdrawal of the appeal decision of the Deputy Permanent Secretary of the Ministry of Interior. Also, the Company and the subsidiary requested the court to suspend the execution of a sentence of the CAC. On 6 August 2013, the Central Administrative Court ordered to stay the execution ordering the Company and its subsidiary to vacate from the National Forest and to undertake no activities on that land. Subsequent on 23 December 2014, the CAC reversed the ordering to relieve the execution which ordered the Company and its subsidiary to vacate from the National Forest.

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

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

Which is still pending the Court’s trial

b) On 20 December 2010, the Bangsaphan Sheriff, as the official responsible for the oversight and care of the National Forest, Klong Mae-Rumphueng forest, Prachuabkirikhan province (“the Forest”), issued a written order for the Company and the subsidiary to vacate the land for which the Director-General of the Department of Lands ordered revocation of the Certificates and for which the Land Office issued replacement certificates for the Certificates within 30 January 2011.

On 30 March 2011, the Company and the subsidiary filed a lawsuit petitioning the CAC to order the cancellation of written order of the Bangsaphan Sheriff on 20 December 2010, for the Company and the subsidiary to vacate from the Forest and to undertake no activities on that land.

On 20 February 2018, the Central Administrative Court has judged to dismiss the aforementioned lawsuit, subsequent on 19 March 2018, the Company and subsidiary filed the appeal to dispute the judgment to the Central Administrative Court

Which is still pending the Court’s trial

However, the Management of the Company and subsidiaries believes that the results of trial will not be affected to the future operation of the Company and subsidiaries. In the preparation of financial statement, the Company and subsidiaries have fully recorded provision for impairment of land and asset structured on such land in the year 2007 and 2008 respectively.

**21 Approval of interim financial statements**

These interim financial statements were approved and authorized for issue by the Company’s Board of directors on 14 August 2019.