

SAHAVIRIYA STEEL INDUSTRIES PUBLIC COMPANY LIMITED,
ITS SUBSIDIARIES
AUDITOR'S REPORT AND INTERIM FINANCIAL INFORMATION
FOR THE SIX-MONTH PERIODS ENDED 30 JUNE 2017
(UNAUDITED/ REVIEWED ONLY)

AUDITOR'S REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To The Shareholders of

SAHAVIRIYA STEEL INDUSTRIES PUBLIC COMPANY LIMITED

I was engaged to audit the accompanying consolidated and separate financial statements of SAHAVIRIYA STEEL INDUSTRIES PUBLIC COMPANY LIMITED, AND ITS SUBSIDIARIES (the Group), and of SAHAVIRIYA STEEL INDUSTRIES PUBLIC COMPANY LIMITED (the "Company") as at 30 June 2017, the consolidated and separate statements of income and comprehensive income, changes in equity and cash flows for the six-month periods then ended, and the condensed notes to financial statements. The Company's management is responsible for the preparation and presentation of this interim financial information, in all material respects, in accordance with Thai Accounting Standard No. 34 Interim Financial Reporting. My responsibility is to express a conclusion on this interim financial information based on my reviews.

Scope of Review

Except as explained in the basis of disclaimer of conclusion, I conducted my review in accordance with Thai Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Thai Standards on Auditing and consequently does not enable me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion.

Basis for Disclaimer of Conclusion

Material uncertainty concerning going concern basis of accounting and success of rehabilitation plan

As described in Notes 2 and 13 to the financial statements, the Group and the Company incurred a net profit for the six-month periods ended 30 June 2017 amount of Baht 2,206.6 million and Baht 2,196.4 million respectively, and as at the same date, they had accumulative deficit amount of Baht 69,278.3 million and Baht 69,234.1 million respectively.

As outlined in the rehabilitation plan (the Plan), the Company needs to generate sufficient cash flows to meet both its working capital requirement and its operating obligations by issuing new capital, conversion of outstanding debt to equity, seeking new financing as well as restructuring its debts owed to creditors. Note 13 to the accompanying financial statements are described the Company's progress with these activities.

However, the rehabilitation to consider that the Plan is succeeded, the following events must occur 1) the Company has repaid the outstanding principal to every creditor as stipulated in the Plan in the amount not less than 25% of the outstanding principal and either 2) the Company has secured new funding from an investor to repay debt such that the shareholders' equity of the Company becomes positive or 3) debt to equity conversion as stipulated in the plan has been executed such that the shareholders' equity of the Company becomes positive.

Since the Plan has just commenced in late 2016, it is too early to conclude the success of the Plan as of the date of this report. These circumstances indicate the existence of a material uncertainty which casts significant doubt about the Group's and the Company's ability to successfully meet all obligations according to the Plan as well as ability to continue as going concern.

Management has the opinion that despite the above circumstances, the Group and the Company should be able to generate sufficient cash flows from future operations to cover operating costs and to meet financing commitments, the commencement and implementation of the Plan, and the support of the major lenders. The consolidated and separate financial statements have been prepared by management on the going concern basis on the assumption that the business rehabilitation will be achieved and such further capital and credit facilities will be secured to the extent that the Group's and the Company's operations require. The validity of this assumption is dependent on 1) the success of the Plan, which has recently commenced, including 1.1) the measures taken to improve profitability and cash flows, 1.2) the success of capital restructuring, and 1.3) the ability to repay debts on schedule over the periods; and 2) the availability of financing from other sources to meet funding requirements.

I consider that, whilst adequate disclosures have been made in this regard, these circumstances indicate the existence of a material uncertainty which casts significant doubt about the Group's and the Company's ability to continue as going concern. If the Group and the Company were unable to continue as going concerns, the realizable value of assets may be significantly less than their carrying value. These 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 were unable to neither generate the sufficiency cash flows nor raise additional finance from other sources.

Material uncertainty concerning the balance of long-term loans from financial institution, trade payable, other payable to related party, other current liabilities and other noncurrent liabilities

As described in Notes 2 and 13 to the financial statements, the Company's creditors who submitted an application for debt settlement. The Company has disputed with certain creditors due to incorrect balance, duplicated balance or ungrounded debt. As at the date of this report, there are two creditors where the final judgment of the debt claim has not been received from the Official Receiver. Total debt claim including principal and interest of these two creditors amounted to Baht 3,113.7 million.

The Group and the Company had not recorded the said debt of those two creditors amount in the consolidated and separate financial statements as at 30 June 2017 which is a discrepancy in debt balance amount of Baht 3,113.7 million as a result of the pending trial of the Official Receiver.

Due to the material uncertainty which is dependent on the final judgment from the Official Receiver or the outcome of the appeal, I was unable to determine whether any adjustments might have been found necessary in respect of recorded or unrecorded other payable to related party, other current liabilities and other noncurrent liabilities as at June 30, 2017.

Compare financial performance and corresponding figures.

As described in Notes 2 to the financial statements, the consolidated and separate statements of income, comprehensive income, changes in shareholders' equity and cash flows for the six-month periods ended 30 June 2017 which presented for comparative purpose, have been prepared by management of the Company that were not reviewed by auditor.

Disclaimer of Conclusion

Because of the matter described in the Basis of Disclaimer of Conclusion having materially, I therefore am unable to give the conclusion on the abovementioned interim financial information.

Emphasis of Matter

I draw attention on Note 3 to the financial statements, in during the six-month periods ended 30 June 2017 the Group and the Company sold goods to related companies and joint venture in the normal course of business totaling Baht 2,928.4 million which represented 25.96 percent of the Group's total sales.and Baht 2,928.4 million which represented 25.96 per cent of the Company total sales. As at June 30, 2017, the Group's and the Company's outstanding trade accounts receivable from those related parties amounted to Baht 3,911.8 million and Baht 3,903.3 million, respectively. Moreover, for the six-month periods ended 30 June 2017, the Group and the Company purchased goods from related companies in the normal course of business totaling Baht 64.3 million and Baht 63.6 million respectively.

Others

The consolidated and separate statements of financial position as at 31 December 2016, Sahaviriya Steel Industries Public Company Limited, and its subsidiaries (the "Group"), and of Sahaviriya Steel Industries Public Company Limited (the "Company") which presented for comparative purpose, were audited by the other auditor whose report no opinion expression dated 28 February 2017 1) Material uncertainty concerning going concern basis of accounting and success of rehabilitation plan 2) Material uncertainty concerning the balance of long-term loans from financial institution, trade accounts payable, other payables to related party, other current liabilities and other non-current liabilities 3) Limitation of audit scope on comparative information.

D I A International Audit Company Limited

(Mrs. Suvimol Chrityakierne)

C.P.A. (Thailand)

Registration No. 2982

15 August 2017

Sahaviriya Steel Industries Public Company Limited and its Subsidiaries

Statements of financial position

As at 30 June 2017

Unit: Thousand Baht

Assets	Note	Consolidated financial statements		Separate financial statements	
		30 June 2017 (Unaudited/ reviewed only)	31 December 2016 (Audited)	30 June 2017 (Unaudited/ reviewed only)	31 December 2016 (Audited)
Current asset:					
Cash and cash equivalents		516,523	425,056	436,502	356,536
Trade accounts receivable	4	1,380,151	1,504,399	1,357,471	1,475,556
Other receivables from related parties	3	268,531	267,707	292,946	281,248
Inventories	5	7,226,629	6,509,746	7,207,935	6,496,265
Other current assets		1,065,970	987,974	922,550	944,096
Assets held for disposal from liquidation of subsidiary	2(e)	-	-	-	-
Total current assets		10,457,804	9,694,882	10,217,404	9,553,701
Non-current asset:					
Restricted deposit at financial institution		5,292	4,683	-	-
Investments in subsidiaries	6	-	-	279,000	279,000
Investments in joint venture	7	2,643,936	2,706,332	3,159,668	3,159,668
Other long-term investment	8	-	-	-	-
Property, plant and equipment	9	11,453,863	11,634,087	10,027,756	10,153,951
Intangible assets		135,288	142,488	129,662	133,043
Deferred tax assets	10	25,684	25,667	-	-
Other non-current assets		20,145	19,736	17,971	17,810
Total non-current assets		14,284,208	14,532,993	13,614,057	13,743,472
Total assets		24,742,012	24,227,875	23,831,461	23,297,173

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

Sahaviriya Steel Industries Public Company Limited and its Subsidiaries

Statements of financial position

As at 30 June 2017

Unit: Thousand Baht

Liabilities and shareholders' equity	Note	Consolidated financial statements		Separate financial statements	
		30 June 2017 (Unaudited/ reviewed only)	31 December 2016 (Audited)	30 June 2017 (Unaudited/ reviewed only)	31 December 2016 (Audited)
Current liabilities					
Bank overdrafts and short-term loans from financial institutions and related parties	3, 11	124,028	335,636	7,991	231,265
Trade accounts payable	12	2,635,765	2,244,304	2,602,978	2,204,976
Other payables to related parties	3	35,469	36,169	49,523	45,067
Current portion of long-term loans from financial institutions	11	1,013,619	1,013,619	1,013,619	1,013,619
Current portion of finance lease liabilities	11	26,795	48,705	-	-
Current portion of hire purchase liabilities	11	274	1,000	259	840
Provisions under guarantees and other contracts	11	455,668	455,668	455,668	455,667
Provision for onerous contracts		321	19,152	321	19,152
Current portion of other payables under rehabilitation plan	11	60,633	73,450	60,633	73,450
Current portion of accrued interest under rehabilitation plan	11	-	4,404	-	4,404
Income tax payable		-	4,502	-	-
Other current liabilities		663,085	506,801	589,669	466,212
Total current liabilities		5,015,657	4,743,410	4,780,661	4,514,652
Non-current liabilities:					
Long-term loans from financial institutions	11	24,092,618	24,599,428	24,092,618	24,599,428
Other payables under rehabilitation plan	11	1,886,078	1,910,854	1,886,078	1,910,854
Provisions under guarantees and other contracts	11	26,801,505	28,489,628	26,801,505	28,489,628
Accrued interest under rehabilitation plan	11	7,932,611	7,617,098	7,932,611	7,617,098
Finance lease liabilities	11	25,755	37,111	-	-
Employee benefit obligations		186,258	178,572	154,376	147,465
Deferred tax liabilities	10	62,962	90,430	32,314	63,139
Other non-current liabilities		824	824	824	824
Total non-current liabilities		60,988,611	62,923,945	60,900,326	62,828,436
Total liabilities		66,004,268	67,667,355	65,680,987	67,343,088

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

Sahaviriya Steel Industries Public Company Limited and its Subsidiaries

Statement of financial position

As at 30 June 2017

Unit: Thousand Baht

Liabilities and shareholders' equity	Note	Consolidated financial statements		Separate financial statements	
		30 June 2017 (Unaudited/ reviewed only)	31 December 2016 (Audited)	30 June 2017 (Unaudited/ reviewed only)	31 December 2016 (Audited)
Shareholders' equity					
Share capital	14				
Authorized share capital		32,166,262	50,263,663	32,166,262	50,263,663
Issued and paid-up share capital		32,166,262	32,166,262	32,166,262	32,166,262
Discount on ordinary shares issuance		(5,678,076)	(5,678,076)	(5,678,076)	(5,678,076)
Equity distribution from shareholders from repurchase of subordinated convertible debentures		366,207	366,207	366,207	366,207
Retained earnings (deficit)					
Appropriated					
Legal reserve		530,227	530,227	530,227	530,227
Unappropriated (deficit)		(69,278,348)	(71,473,832)	(69,234,146)	(71,430,535)
Equity attributable to owners of the Company		(41,893,728)	(44,089,212)	(41,849,526)	(44,045,915)
Non-controlling interests		631,472	649,732	-	-
Capital deficiency/total shareholders' equity		(41,262,256)	(43,439,480)	(41,849,526)	(44,045,915)
Total liabilities and shareholders' equity		24,742,012	24,227,875	23,831,461	23,297,173

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

Sahaviriya Steel Industries Public Company Limited and its Subsidiaries

Statements of income

For the six-month periods ended 30 June 2017

(Unaudited/ Reviewed only)

Unit: Thousand Baht

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2560	2559
Income					
Revenue from sale of goods		11,282,847	8,226,637	11,282,328	8,222,779
Revenue from rendering of services		158,780	493,398	-	323,584
Net gain on exchange rate		1,729,005	877,184	1,728,790	877,184
Dividend income	3, 6	-	-	30,600	-
Other income		21,346	19,473	24,787	24,372
Total income		13,191,978	9,616,692	13,066,505	9,447,919
Expenses					
Cost of sales		9,735,165	6,056,833	9,778,437	6,077,605
Cost of rendering of services		103,738	260,150	-	163,929
Selling expenses		177,344	173,283	172,777	170,985
Administrative expenses		291,769	328,194	262,245	297,290
Interest provisions from discontinued operations		-	1,159,215	-	1,159,215
Management benefit expenses	3	45,518	37,650	38,780	31,073
Loss l from severe flooding - net	20	87,812	-	148,836	-
Loss on onerous contracts (reversal)		(18,831)	87,504	(18,831)	87,504
Finance costs		524,746	2,218,016	518,698	2,205,858
Total expenses		10,947,261	10,320,845	10,900,942	10,193,459
Share of profit (loss) of equity-accounted investee					
Joint venture	7	(62,396)	51,250	-	-
Profit (loss) before income tax		2,182,321	(652,903)	2,165,563	(745,540)
Income tax (expense) benefits	10	24,303	(7,394)	30,826	2,437
Profit (loss) for the period		2,206,624	(660,297)	2,196,389	(743,103)
Profit (loss) attributable to:					
Owners of the Company		2,195,484	(674,116)	2,196,389	(743,103)
Non-controlling interests		11,140	13,819	-	-
Profit (loss) for the period		2,206,624	(660,297)	2,196,389	(743,103)
Basic earnings(loss) per share (Baht)	17	0.07	(0.02)	0.07	(0.02)

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

Sahaviriya Steel Industries Public Company Limited and its Subsidiaries

Statements of comprehensive income

For the six-month periods ended 30 June 2017

(Unaudited/ Reviewed only)

Unit: Thousand Baht

Note	Consolidated financial statements		Separate financial statements	
	2017	2016	2560	2559
Profit (loss) for the period	2,206,624	(660,297)	2,196,389	(743,103)
Other comprehensive income				
Item that will not be reclassified subsequently to profit or loss :				
Actuarial gains (losses) on defined benefits plan				
- The Group	-	13,757	-	-
Other comprehensive income-net of tax	-	13,757	-	-
Other comprehensive income for the period	2,206,624	(646,540)	2,196,389	(743,103)
Total comprehensive income attributable to:				
Owners of the Company	2,195,484	(660,359)	2,196,389	(743,103)
Non-controlling interests	11,140	13,819	-	-
Total comprehensive income for the period	2,206,624	(646,540)	2,196,389	(743,103)

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

Sahaviriya Steel Industries Public Company Limited and its Subsidiaries

Statements of changes in equity

For the six-month periods ended 30 June 2017

(Unaudited/ Reviewed only)

Unit: Thousand Baht

	Consolidated financial statements							Total shareholders' equity
	Issued and paid-up share capital	Discount on ordinary shares issuance	Equity distribution from shareholders from repurchase of subordinated convertible debentures	Retained earnings (deficit)		Equity attributable to owners of the Company	Non-controlling interests	
Legal reserve				Unappropriated (deficit)				
Balance as at 1 January 2016	32,166,262	(5,678,076)	366,207	530,227	(68,655,133)	(41,270,513)	630,154	(40,640,359)
Comprehensive income for the period								
Profit (loss)	-	-	-	-	(674,116)	(674,116)	13,819	(660,297)
Other comprehensive income	-	-	-	-	13,757	13,757	-	13,757
Total comprehensive income for the period	-	-	-	-	(660,359)	(660,359)	13,819	(646,540)
Balance as at 30 June 2016	32,166,262	(5,678,076)	366,207	530,227	(69,315,492)	(41,930,872)	643,973	(41,286,899)
Balance as at 1 January 2017	32,166,262	(5,678,076)	366,207	530,227	(71,473,832)	(44,089,212)	649,732	(43,439,480)
Comprehensive income for the period								
Profit (loss)	-	-	-	-	2,195,484	2,195,484	11,140	2,206,624
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	2,195,484	2,195,484	11,140	2,206,624
Dividends paid to non-controlling interests	-	-	-	-	-	-	(29,400)	(29,400)
Balance as at 30 June 2017	32,166,262	(5,678,076)	366,207	530,227	(69,278,348)	(41,893,728)	631,472	(41,262,256)

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

Sahaviriya Steel Industries Public Company Limited and its Subsidiaries

Statements of changes in equity

For the six-month periods ended 30 June 2017

(Unaudited/ Reviewed only)

Unit: Thousand Baht

	Separate financial statements					Total shareholders' equity
	Issued and paid-up share capital	Discount on ordinary shares issuance	Equity distribution from shareholders from repurchase of subordinated convertible debentures	Legal reserve	Retained earnings (deficit) Unappropriated (deficit)	
Balance as at 1 January 2016	32,166,262	(5,678,076)	366,207	530,227	(68,428,644)	(41,044,024)
Comprehensive income for the period						
Profit (loss)	-	-	-	-	(743,103)	(743,103)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	(743,103)	(743,103)
Balance as at 30 June 2016	32,166,262	(5,678,076)	366,207	530,227	(69,171,747)	(41,787,127)
Balance as at 1 January 2017	32,166,262	(5,678,076)	366,207	530,227	(71,430,535)	(44,045,915)
Comprehensive income for the period						
Profit (loss)	-	-	-	-	2,196,389	2,196,389
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	2,196,389	2,196,389
Balance as at 30 June 2017	32,166,262	(5,678,076)	366,207	530,227	(69,234,146)	(41,849,526)

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

Sahaviriya Steel Industries Public Company Limited and its Subsidiaries

Statements of cash flows

For the six-month periods ended 30 June 2017

(Unaudited/ Reviewed only)

Unit: Thousand Baht

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Cash flows from operating activities				
Profit (loss) for the period	2,206,624	(660,297)	2,196,389	(743,103)
Adjustments for				
Depreciation and amortization	257,603	277,997	203,622	216,206
Finance costs	524,746	2,218,016	518,698	2,205,858
Unrealized gain on exchange rate	(1,680,290)	(830,973)	(1,680,451)	(831,983)
Bad debts and doubtful accounts (reversal)	8,032	(71)	8,032	-
Loss on devaluation of inventories (reversal)	193,829	(73,291)	174,999	(73,291)
Employee benefit provisions	10,273	12,038	8,349	9,844
Loss on onerous contracts (reversal)	(18,831)	87,504	(18,831)	87,504
Loss (gain) on disposal of property, plant and equipment	41,915	(1,023)	12,975	(874)
Loss on impairment of assets under construction	-	8,200	-	-
Interest obligations from discontinued operations	-	1,159,215	-	1,159,215
Share of profit of joint venture (net of income tax)	62,396	(51,250)	-	-
Dividend income	-	-	(30,600)	-
Reversed income tax expenses (benefits)	(24,303)	7,394	(30,826)	(2,437)
Profit (loss) from operating activities before changes in operating assets and liabilities	1,581,994	2,153,459	1,362,356	2,026,939
Changes in operating assets and liabilities				
Trade accounts receivable	(98,830)	26,683	(105,190)	10,983
Other receivables from related parties	(823)	948	(11,698)	(14,078)
Inventories	(833,974)	(1,948,798)	(809,931)	(1,951,046)
Other current assets	(102,802)	(312,351)	(14,356)	(308,649)
Other non-current assets	(409)	(26)	(160)	7
Trade accounts payable	450,498	298,565	456,561	297,275
Other payables to related parties	(700)	27,097	4,456	38,427
Other current liabilities	155,174	(27,519)	120,096	(25,817)
Other non-current liabilities	-	(93)	-	-
Cash provided from operating activities	1,150,128	217,965	1,002,134	74,041
Employee benefit obligations paid	(2,587)	(2,732)	(1,438)	(2,332)
Income tax paid	(18,626)	(18,791)	(583)	(9,108)
Net cash provided by operating activities	1,128,915	196,442	1,000,113	62,601

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

Sahaviriya Steel Industries Public Company Limited and its Subsidiaries

Statements of cash flows

For the six-month periods ended 30 June 2017

(Unaudited/ Reviewed only)

Unit: Thousand Baht

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Cash flows from investing activities				
(Increase) Decrease in restricted deposit at financial institution	(608)	8,059	-	-
Acquire of property, plant and equipment	(160,737)	(30,775)	(132,505)	(12,530)
Acquire of intangible assets	(382)	(551)	(269)	(551)
Sales of property, plant and equipment	1	1,045	-	888
Dividend received	-	-	30,600	-
Net cash used in investing activities	(161,726)	(22,222)	(102,174)	(12,193)
Cash flows from financing activities				
Finance cost paid	(51,820)	(31,030)	(45,216)	(18,691)
Increase (Decrease) in bank overdrafts and short-term loans				
from financial institutions	11,666	-	-	-
Decrease in short-term loans from financial institutions	-	(139,712)	-	-
Repayments for long-term loans	(506,810)	-	(506,810)	-
Debt settlement to other creditors under rehabilitation plan	(37,593)	-	(37,593)	-
Payments for debts under guarantees and other contracts	(227,773)	-	(227,773)	-
Payments for hire purchase and finance lease liabilities	(33,992)	(38,880)	(581)	(1,989)
Dividends paid	(29,400)	-	-	-
Net cash used in financing activities	(875,722)	(209,622)	(817,973)	(20,680)
Net increase (decrease) in cash and cash equivalents	91,467	(35,402)	79,966	29,728
Cash and cash equivalents at as 1 January	425,056	156,509	356,536	44,537
Cash and cash equivalents at as 30 June	516,523	121,107	436,502	74,265
Significant non-cash transactions				
Assets acquired under hire purchase and finance lease				
agreements	-	17,698	-	-
Other payables for property, plant and equipment acquisition	4,628	197	4,628	197

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

Sahaviriya Steel Industries Public Company Limited and its Subsidiaries

Notes to interim financial statements

For the six -month periods ended 30 June 2017

(Unaudited/ Reviewed only)

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Sahaviriya Steel Industries Public Company Limited and its Subsidiaries

Notes to interim financial statements

For the six- month periods ended 30 June 2017

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

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

During the year the Company’s major shareholders during the financial year were Sahaviriya Group Corporation Limited (13.18% shareholding, incorporated in Thailand), Vanoment Holding AG (16.56% shareholding, incorporated in Switzerland) and Sahaviriya Inter Steel Holdings Co., Ltd. (4.86% shareholding, incorporated in Thailand.)

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

2. BASIS FOR INTERIM FINANCIAL STATEMENTS PREPARATION

(a) Basis of adoptiop

The interim financial statements are prepared on a condensed basis and in accordance with Thai Accounting Standard No. 34 (Revised 2016) Interim Financial Reporting; guidelines promulgated by the Federation of Accounting Professions; and applicable rules and regulations of the the Securities and Exchange Commission.

The interim financial statements are prepared to provide an update on the financial statements for the year ended December 31, 2016. 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 December 31, 2016.

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 2016 except that the Group has adopted all the new and revised TFRS that are effective for annual periods beginning on or after 1 January 2017. 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 Group

The consolidated and separate statements of income and comprehensive income, consolidated and separate statements of changes in shareholders equity, and consolidated and separate statements of cash flows for the six-month periods ended 30 June 2016 which presented for comparative purpose, have been prepared by management of the Company, were not reviewed by the auditor.

(b) *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.

(c) *Use of estimates and judgements*

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

The preparation of interim financial statements, the management made significantly judgments in conformity with the accounting policy of the Group and the uncertainty in estimates as the same of the preparation of the financial statements for the year ended 31 December 2016.

(d) operations

Going concern

For the six-month periods ended 30 June 2017, the Group incurred a net profit amount of Baht 2,206.6 million (2016: net loss amount of Baht 660.3 million) and as at the same date, the Group had cumulative deficit of amount of Baht 69,278.3 million (31 December 2016: amount of Baht 71,473.8 million)

For the six-month-periods ended 30 June 2017, the Company incurred a net profit amount of Baht 2,196.4 million (2016: net loss amount of Baht 743.1 million) and as at the same date, the Company had cumulative deficit amount of Baht 69,234.1 million (31 December 2016: amount of Baht 71,430.5 million)

Since in 2015, Sahaviriya Steel Industry UK Limited, had stopped its steel slab manufacturing and the liquidator was appointed and becomes control as well as was called for the loans repayment. The Company also was required the responsibility in being a guarantor. Besides, the creditor of the Company called for total loans repayment of the Company immediately. These factors may cause the Board of directors allowed the Company to file the petition for rehabilitation its business to the Central Bankruptcy Court on 1 October 2015. The Central Bankruptcy Court ordered to approve with the rehabilitation plan on 15 December 2016. The Plan is determined the Company to be a planner, the details of rehabilitation plan disclosed in the Note 13 to financial statements.

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

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

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

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

Net interests and carrying value of investments in SSI UK has been transferred to assets held for disposal in the separate financial statements as at 30 June 2017 and 31 December 2016. Details are as follows:

Unit : Thousand Baht

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

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, 13.18% shareholding and direct and indirect shareholding by the Company's director(s)
Vanomet Holding AG	Switzerland	Major shareholder, 16.56% shareholding and common director with a subsidiary
Sahaviriya Inter Steel Holdings Co., Ltd.	Thailand	Major shareholder, 4.86% Shareholding and common directors and direct and indirect shareholding by the Company's director(s)
Thai Coated Steel Sheet Co., Ltd.	Thailand	Shareholding by the Company and common directors
Bangsaphan Barmill Public Company Limited	Thailand	Common directors and direct and indirect shareholding by the Company's director(s)
B.S. Metal Co., Ltd.	Thailand	Common directors and direct and indirect shareholding by the Company's director(s)
Sahaviriya Plate Mill Public Company Limited	Thailand	Common directors and direct and indirect shareholding by the Company's director(s)
Prapawit Building Property Co., Ltd.	Thailand	Common directors and direct and indirect shareholding by the Company's director(s)
Western Housing Co., Ltd.	Thailand	Common directors and direct shareholding by the Company's director(s)

Name of entities	Country of incorporation/ nationality	Nature of relationships
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	Indirect shareholding by the Company director(s)
ABC Trading Co., Ltd.	Thailand	Common directors and direct and indirect shareholding by the Company's director(s)
Sahaviriya Steel Corporation Co.,Ltd. (formerly Sahaviriya Iron and Steel Co., Ltd.)	Thailand	Common directors and direct and indirect shareholding by the Company's director(s)
Thai Steel Sales Co., Ltd.	Thailand	Common directors and direct and indirect shareholding by the Company's director(s)
Prachuap Pattana Development Co.,Ltd	Thailand	Common directors and direct and indirect shareholding by the Company's director(s)
SVL Corporation Co., Ltd (formerly Sahaviriya Logistics Co., Ltd.)	Thailand	Common shareholder and directors and direct and indirect shareholding by the Company's director(s)
Sahaviriya Shipping Limited	Hong Kong	Common shareholder and directors and direct and indirect shareholding by the Company's director(s)
Vanomet AG	Switzerland	Common shareholder and common director with a subsidiary
Vanomet Finance AG	Switzerland	Common shareholder and common director with a subsidiary
Vanomet International AG	Switzerland	Common shareholder and common director with a subsidiary
Atlantic Steel AG	Switzerland	Common shareholder and common director with a subsidiary

Name of entities	Country of incorporation/ nationality	Nature of relationships
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)
Saha Long Steel Holding Co., Ltd.	Thailand	Common directors and direct and indirect shareholding by the Company's director(s)
Sahaviriya Credit Foncier Co., Ltd.	Thailand	Common directors and direct shareholding by the Company's director(s)
Sahaviriya Orchid Co., Ltd.	Thailand	Common directors and direct and indirect shareholding by the Company's director(s)
Surasak Muang-Chol Property Co., Ltd.	Thailand	Common directors and direct and indirect shareholding by the Company's director(s)
Bangsaphan Steel Trading Co., Ltd.	Thailand	Common directors and direct shareholding by the Company's director(s)
C B S Consultant Co., Ltd.	Thailand	Common directors and direct shareholding by the Company's director(s)
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)

Name of entities	Country of incorporation/ nationality	Nature of relationships
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)

Name of entities	Country of incorporation/ nationality	Nature of relationships
SCJ & Associates Co., Ltd.	Thailand	Common directors and direct and indirect shareholding by the Company's director(s)
T C H Asset Co., Ltd.	Thailand	Common directors and direct and indirect shareholding by the Company's director(s)
Thanarom Property Sale Co., Ltd.	Thailand	Common directors and direct and indirect shareholding by the Company's director(s)
Thipayasombat Co., Ltd.	Thailand	Common directors and indirect shareholding by the Company's director(s)
Key management personnel	Thailand	Persons having authority and responsibility for planning directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the Group.

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

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

Significant transactions for the six-month periods ended 30 June 2017 and 2016 with related parties are summarized as follows:

	Unit : Thousand Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Subsidiaries				
Purchases of goods and receiving of services	-	-	235,979	128,457
Dividend income	-	-	30,600	-
Other income	-	-	7,281	9,238
Finance costs	-	-	-	796
Joint venture				
Sales of goods	1,328,624	-	1,328,624	-
Rendering of services	45,235	62,567	-	30,485
Purchases of goods and receiving of services	3,062	1,605	3,062	1,605
Other income	5,212	5,020	5,212	5,020
Selling and administrative expenses	315	-	314	-
Other related parties				
Sales of goods	1,599,786	1,980,530	1,599,785	1,980,147
Rendering of services	6,545	305,366	-	294,703
Purchases of goods and receiving of services (including other related expenses)	61,233	58,956	60,534	48,490
Other income	3,091	7,386	1,971	6,559
Selling and administrative expenses	190,976	172,513	189,265	170,205
Finance costs	-	51	-	51

Unit : Thousand Baht

	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Key management personnel remuneration				
Short-term benefits	44,157	36,686	37,419	30,109
Statutory severance pay	1,322	957	1,322	957
Other long-term benefits	39	7	39	7
Total key management personnel remuneration	45,518	37,650	38,780	31,073

Balances as at 30 June 2017 and 31 December 2016 with related parties were as follows:

Unit : Thousand Baht

	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2017	31 December 2016	30 June 2017	31 December 2016
Trade accounts receivable from related parties				
Joint venture				
Thai Cold Rolled Steel Sheet Public Company Limited	20,195	18,710	13,586	10,895
Other related parties				
B.S. Metal Co., Ltd.	1,977,852	2,236,547	1,977,781	2,236,476
Sahaviriya Panich Corporation Co., Ltd.	1,911,908	1,960,782	1,911,908	1,960,782
Others	1,833	2,077	-	-
Total	3,911,788	4,218,116	3,903,275	4,208,153
Less Allowance for doubtful accounts	(2,736,667)	(2,736,667)	(2,736,667)	(2,736,667)
Net	1,175,121	1,481,449	1,166,608	1,471,486

Unit : Thousand Baht

	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2017	31 December 2016	30 June 2017	31 December 2016
<i>Other receivables from related parties</i>				
Subsidiaries				
West Coast Engineering Co., Ltd.	-	-	24,824	13,541
Joint venture				
Thai Cold Rolled Steel Sheet Public Company Limited	20	42	20	42
Other related parties				
Vanomet AG (an advance payment for purchase of goods)	267,190	267,190	267,190	267,190
Sahaviriya Plate Mill Public Company Limited (net of allowance for doubtful accounts amount of Baht 48 million)	-	-	-	-
Line Transport Co., Ltd.	359	-	-	-
B.S. Metal Co., Ltd (net of allowance for doubtful accounts amount of Baht 13 million)	733	-	733	-
Others	229	475	179	475
Total	268,531	267,707	292,946	281,248

Unit : Thousand Baht

	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2017	31 December 2016	30 June 2017	31 December 2016
Accrued income				
Subsidiary				
West Coast Engineering Co., Ltd.	-	-	400	382
Joint venture				
Thai Cold Rolled Steel Sheet Public Company Limited	1,139	1,395	286	556
Other related parties				
Thai Coated Steel Sheet Co., Ltd.	4,044	3,824	4,044	3,824
Bangsaphan Barmill Public Company Limited	4,679	5,658	4,679	5,658
B.S. Metal Co., Ltd.	271	219	271	219
Others	1,212	949	-	-
Total	11,345	12,045	9,680	10,639

Unit : Thousand Baht

	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2017	31 December 2016	30 June 2017	31 December 2016
Trade accounts payable to related parties				
Subsidiaries				
West Coast Engineering Co., Ltd.	-	-	23,677	3,400
Prachuap Port Co., Ltd.	-	-	3,750	7,588
Other related parties				
B.S. Metal Co., Ltd.	400	1,145	400	1,145
Western Security Guard Co., Ltd.	217	208	-	-
SVL Corporation Co., Ltd.	24,694	34,828	24,676	34,810
Others	72	40	40	40
Total	25,383	36,221	52,543	46,983

Unit : Thousand Baht

	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2017	31 December 2016	30 June 2017	31 December 2016
<i>Other payables to related parties</i>				
Subsidiaries				
Prachuap Port Co., Ltd.	-	-	215	7,451
West Coast Engineering Co., Ltd.	-	-	5,717	2,206
Joint venture				
Thai Cold Rolled Steel Sheet Public Company Limited	12	303	12	8
Other related parties				
Prapawit Building Property Co., Ltd.	1,642	310	1,640	270
Thai Steel Sales Co., Ltd.	-	11,319	-	11,319
SVL Corporation Co., Ltd.	36,546	18,877	36,546	18,885
Sahaviriya Plate Mill Public Company Limited	-	4,724	-	4,300
Others	6,016	636	5,393	628
Total	44,216	36,169	49,523	45,067

Unit : Thousand Baht

	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2017	31 December 2016	30 June 2017	31 December 2016
<i>Short-term loans from related parties</i>				
Subsidiaries				
Prachuap Port Co., Ltd.	-	-	7,991	7,991
Other related parties				
The Company's director	-	223,274	-	223,274
Total	-	223,274	7,991	231,265

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

	Unit : Thousand Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	31 December		31 December	
	30 June 2017	2016	30 June 2017	2016
Subsidiaries				
At 1 January	-	-	7,991	8,000
Decrease	-	-	-	(9)
At 30 June	-	-	7,991	7,991
Other related parties				
At 1 January	223,274	637,000	223,274	637,000
Increase	-	-	-	-
Decrease	(223,274)	(413,726)	(223,274)	(413,726)
At 30 June	-	223,274	-	223,274

In July 2015, the Board of Directors of the Company approved to borrow an interest-free short-term loan facility amount of Baht 1,700 million from a director to improve the Group's liquidity.

On 1 February 2016, the Company's director, a loan creditor entered into sell and buy agreement and transferred the right on claiming to B.S. Metal Co., Ltd. in the amount of Baht 223.3 million and in 2017, BS Metal Co., Ltd. taken the debt amount in accordance with the right on claiming to offset with trade accounts receivable amount with the Company. As a result, as at 30 June 2017, the Company has no outstanding balance of short-term loans with the director.

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 2017, the consortium has not operated the commercial operations.

4. Trade accounts receivable

Unit : Thousand Baht

	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2017	2016	2017	2016
Related parties	3,911,788	4,218,116	3,903,275	4,208,153
Other parties	489,909	307,809	474,672	287,879
Total	4,401,697	4,525,925	4,377,947	4,496,032
<i>Less</i> Allowance for doubtful accounts	(3,021,546)	(3,021,526)	(3,020,476)	(3,020,476)
Net	1,380,151	1,504,399	1,357,471	1,475,556

Aging analyses for trade accounts receivable were as follows:

Unit : Thousand Baht

	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2017	2016	2017	2016
Related parties				
Within credit terms	191,332	1,476,186	187,529	1,471,486
Overdue:				
Less than 3 months	834,622	941,810	830,036	936,667
3-6 months	2,017,129	966,847	2,017,128	966,793
6-12 months	868,635	833,273	868,582	833,207
Over 12 months	70	-	-	-
	3,911,788	4,218,116	3,903,275	4,208,153
<i>Less</i> Allowance for doubtful accounts	(2,736,667)	(2,736,667)	(2,736,667)	(2,736,667)
	1,175,121	1,481,449	1,166,608	1,471,486

Unit : Thousand Baht

	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2017	31 December 2016	30 June 2017	31 December 2016
Other parties				
Within credit terms	190,262	19,823	180,158	4,070
Overdue:				
Less than 3 months	11,358	2,860	10,705	-
3-6 months	3,210	-	-	-
6-12 months	-	-	-	-
Over 12 months	285,078	285,126	283,809	283,809
	489,908	307,809	474,672	287,879
Less Allowance for doubtful accounts	(284,878)	(284,859)	(283,809)	(283,809)
	205,030	22,950	190,863	4,070
Net	1,380,151	1,504,399	1,357,471	1,475,556

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

5. Inventories

Unit : Thousand Baht

	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2017	31 December 2016	30 June 2017	31 December 2016
Finished goods	1,745,113	1,654,806	1,763,884	1,666,492
Work in progress	42,645	26,192	-	-
Raw materials	3,389,744	2,515,451	3,395,896	2,522,113
Spare parts and factory supplies	752,490	778,511	751,422	772,777
Inventories under collateral management agreement (Note 12)	571,942	29,175	571,942	29,175
Goods in transit	1,407,041	1,994,128	1,407,041	1,994,128
	7,908,975	6,998,263	7,890,185	6,984,685
Less Allowance for decline in value	(682,346)	(488,517)	(682,250)	(488,420)
Net	7,226,629	6,509,746	7,207,935	6,496,265
Carrying value of inventories subject to retention of title clauses or otherwise pledged to secure liabilities	-	3,902,128	-	3,894,381

6. Investments in subsidiaries

Investments in subsidiaries as at 30 June 2017 and 31 December 2016 were as follows:

Unit : Thousand Baht

Name of entity	Type of business	Separate financial statements										Dividend income for the six-month periods ended	
		Ownership interest		Paid-up capital		Cost method		Impairment		At cost - net		30 June 2017	30 June 2016
		30 June 2017	31 December 2016	30 June 2017	31 December 2016	30 June 2017	31 December 2016	30 June 2017	31 December 2016	30 June 2017	31 December 2016	30 June 2017	30 June 2016
		(%)	(%)										
Prachuap Port Co., Ltd.	Deep-sea port and marine shipping services	51.00	51.00	400,000	400,000	204,000	204,000	-	-	204,000	204,000	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	30,600	-

7. Investments in joint venture

Investments in joint venture as 30 June 2017 and 31 December 2016 were as follows:

Unit : Thousand Baht

		Consolidated financial statements													
Name of entity	Type of business	Ownership interest		Paid-up capital		Cost method		Equity method		Impairment		At equity - net		Dividend income for the six-month periods ended	
		30 June 2017 (%)	31 December 2016 (%)	30 June 2017	31 December 2016	30 June 2017	31 December 2016	30 June 2017	31 December 2016	30 June 2017	31 December 2016	30 June 2017	31 December 2016	30 June 2017	30 June 2016
Thai Cold Rolled Steel Sheet Public Company Limited	Production and distribution of cold rolled coils	35.19	35.19	4,816,350	4,816,350	3,817,962	3,817,962	2,643,936	2,706,332	-	-	2,643,936	2,706,332	-	-
Total						3,817,962	3,817,962	2,643,936	2,706,332	-	-	2,643,936	2,706,332	-	-

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

Unit : Thousand Baht

Separate financial statements

Name of entity	Type of business	Ownership interest		Paid-up capital		Cost method		Impairment		At cost - net		Dividend income for the six-month periods ended	
		30 June 2017	31 December 2016	30 June 2017	31 December 2016	30 June 2017	31 December 2016	30 June 2017	31 December 2016	30 June 2017	31 December 2016	30 June 2017	30 June 2016
		(%)	(%)										
Thai Cold Rolled Steel Sheet Public Company Limited	Production and distribution of cold rolled coils	35.19	35.19	4,816,350	4,816,350	3,817,962	3,817,962	658,294	658,294	3,159,668	3,159,668	-	-
Total						3,817,962	3,817,962	658,294	658,294	3,159,668	3,159,668	-	-

Contingent liabilities and commitments relating to the joint venture:

	<u>30 June 2017</u>	<u>31 December 2016</u>
<i>Contingent liabilities directly incurred by the Group</i>		
Group's share of the joint venture's contingent liabilities	Baht 20 million	Baht 20 million
 <i>Capital commitments in relation to interest in joint venture</i>		
Group's share of the joint venture according to		
- from capital expenditure	Baht 59 million, USD 0.25 million, JPY 24 million, GBP 0.11 million and Euro 0.14 million	Baht 65 million, USD 0.21 million, JPY 43 million, GBP 0.11 million and Euro 0.07 million
- from non-cancellable operating lease commitments	Baht 7 million	Baht 1 million
- from raw materials and chemical purchases	Baht 135 million, and USD 8.51 million	Baht 228 million, and USD 8.55 million
- from other contracts	Baht 10 million and JPY 5 million	Baht 1 million and JPY 11 million

8. Other long-term investment

Other long-term investment as at 30 June 2017 and 31 December 2016 were as follows:

Unit : Thousand Baht

Consolidated and Separate financial statements													
Name of entity	Type of business	Ownership interest		Paid-up capital		Cost method		Impairment		At cost - net		Dividend income for the six-month periods ended	
		30 June 2017 (%)	31 December 2016 (%)	30 June 2017	31 December 2016	30 June 2017	31 December 2016	30 June 2017	31 December 2016	30 June 2017	31 December 2016	30 June 2017	30 June 2016
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	Separate
	financial statements	financial statements
Net book value At 1 January 2017	11,634,087	10,153,951
Additions during the period – Cost method	160,737	135,775
Depreciation charge for the period	(222,308)	(172,258)
Disposals	(41,916)	(12,975)
Transfers to cost of inventory	(76,737)	(76,737)
Net book value At 30 June 2017	11,453,863	10,027,756

As at 30 June 2017, the Group/ the Company has mortgaged/ pledged assets amounting to approximately Baht 9,339 million and Baht 9,027 million, respectively (*31 December 2016: Baht 9,733 million and Baht 9,418 million respectively*), 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 11.

10. Deferred tax

Deferred tax assets and liabilities as at 30 June 2017 and 31 December 2016 were as follows:

	Unit : Thousand Baht			
	Consolidated financial statements			
	Assets		Liabilities	
	30 June	31 December	30 June	31 December
	2017	2016	2017	2016
Total	35,184	37,868	(72,462)	(102,631)
Tax offsetting	(9,500)	(12,201)	9,500	12,201
Net deferred tax assets (liabilities)	25,684	25,667	(62,962)	(90,430)

Unit : Thousand Baht

Separate financial statements

	Assets		Liabilities	
	30 June 2017	31 December 2016	30 June 2017	31 December 2016
Deferred tax liabilities	-	-	(32,314)	(63,139)

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

Unit : Thousand Baht

Consolidated financial statements

	At 1 January 2017	(Charged)/ Credited to:		At 30 June 2017
		Profit or loss	Other comprehensive income	
Deferred tax assets				
Trade accounts receivable	210	4	-	214
Inventories	19	-	-	19
Other current assets	22	(22)	-	-
Property, plant and equipment	13,600	(1,486)	-	12,114
Other current liabilities	-	1,607	-	1,607
Employee benefit obligations	9,789	(3,413)	-	6,376
Taxable loss carry forward	14,228	626	-	14,854
Total	37,868	(2,684)	-	35,184
Deferred tax liabilities				
Other current assets	(312)	(127)	-	(439)
Property, plant and equipment	(93,360)	27,469	-	(65,891)
Employee benefit obligations	(6,342)	3,598	-	(2,744)
Finance lease liabilities	(2,617)	(771)	-	(3,388)
Total	(102,631)	30,169	-	(72,462)

Unit : Thousand Baht

	Separate financial statements			At 30 June 2017
	At 1 January 2017	(Charged)/Credited to:		
		Profit or loss	Other	
			comprehensive income	
Deferred tax liabilities				
Property, plant and equipment	(60,395)	30,825	-	(29,570)
Employee benefit obligations	(2,744)	-	-	(2,744)
Total	(63,139)	30,825	-	(32,314)

Deferred tax assets arising from temporary differences and unused tax losses that have not been recognised in the financial statements as at 30 June 2017 and 31 December 2016 were as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2017	2016	2017	2016
Deferred tax assets				
- Deductible temporary differences	7,792,426	7,779,268	7,738,543	7,725,190
- Tax losses	1,271,703	1,692,146	1,271,703	1,692,146
Net	9,604,129	9,471,414	9,010,246	9,417,316

Tax losses of the companies in Thailand will expire in 2017 - 2022. Temporary differences do not expire under current tax legislation. The Group and the Company has not recognized deferred tax assets in respect of these items because it is not probable that future taxable profit will be available against which the Group and the Company can utilise the benefits therefrom or temporary differences will be reversed in the future.

11. Interest-bearing liabilities

Unit : Thousand Baht

	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2017	31 December 2016	30 June 2017	31 December 2016
<i>Current</i>				
Bank overdraft and short term loan from financial institution - secured	124,028	112,362	-	-
Current portion of long-term loans from financial institutions				
- Secured	771,677	771,677	771,677	771,677
- Unsecured	241,942	241,942	241,942	241,942
Current portion of finance lease liabilities	26,795	48,705	-	-
Current portion of liabilities under hire purchase agreements	274	1,000	259	840
Other payable under the plan	23,470	23,470	23,470	23,470
Total interest bearing current liabilities	1,188,186	1,199,156	1,037,348	1,037,929
<i>Non-current</i>				
Long-term loan from financial institution				
- Secured	8,102,611	8,488,449	8,102,611	8,488,449
- Unsecured	15,990,007	16,110,978	15,990,007	16,110,978
Finance lease liabilities	25,755	37,111	-	-
Other payables under the Plan	1,545,852	1,568,104	1,545,852	1,568,104
Total interest bearing non-current liabilities	25,664,225	26,204,642	25,638,470	26,167,531

Unit : Thousand Baht

	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2017	31 December 2016	30 June 2017	31 December 2016
Provision made for loss on guarantee given by SSI TH				
- Loan SSI UK (including current portion of Baht 455,677 thousand)	26,764,573	28,384,212	26,764,573	28,384,212
- Bank letter of guarantee	-	47,827	-	47,827
- Loan Marubeni-Itochu Steel	492,600	513,257	492,600	513,257
Total interest bearing	54,109,584	56,349,094	53,932,991	56,150,756

Secured interest-bearing liabilities were secured on the following assets:

Unit : Thousand Baht

	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2017	31 December 2016	30 June 2017	31 December 2016
Property, plant and equipment	9,338,854	9,733,747	9,027,401	9,417,714
Inventories	-	3,902,128	-	3,894,381
Total	9,338,854	13,635,875	9,027,401	13,312,095

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. These loan agreements contain certain covenants as stipulated in the agreement that, among other things, required the Company to maintain financial ratios, the minimum maintenance of the Company's shareholding in PPC and WCE, restrictions on dividend payment in each fiscal year, and a prohibition on the Company pledging their investments in shares of subsidiaries or creating any obligation thereon.

As at 30 June 2017, the Group had unutilized credit facilities totalling Baht 76 million and the Company was cancelled all credit facilities (31 December 2016: amount of Baht 57 million for the Group and no credit facilities for the Company).

In 2015, the major lenders demanded immediate payment of the remaining balance of a loan carried at USD 788 million and GBP 1 million respectively (equivalent to Baht 28,384 million and Baht 46 million, respectively) and Baht 1.6 million of SSI UK. Subsequently, the major lenders also requested the Company to be responsible for this obligation as a guarantor.

Resulting to the Company was unable to maintain financial covenant ratios and also unable to repay principal and interest due to the bank, the major creditor of the Company has called for total loans repayment immediately caused by the Board of directors of the Company filed the petition for rehabilitation business to the Central Bankruptcy Court on 1 October 2015. As a result of the approval of the Rehabilitation Plan on 15 December 2016, all loans from financial institutions, provision made for loss on guarantee and other account payables under rehabilitation plan have been included in the Plan (see Note 13). All loans from financial institutions, provision made for loss on guarantee and other account payables under rehabilitation plan as at 30 June 2017 have been reclassified according to the terms and condition and debt repayment schedule set forth in the Plan.

Movement of long-term loans from financial institutions for the six-month periods ended 30 June 2017 were as follows:

	<i>Unit: Thousand Baht</i>
	Consolidated and Separate financial statements
	<hr/>
At 1 January 2017	25,613,047
Repayment	(506,810)
At 30 June 2017	25,106,237
	<hr/> <hr/>

Movement of provisions under guarantee contracts for the six-month periods ended 30 June 2017 were as follows:

	<i>Unit: Thousand Baht</i>
	Consolidated and Separate financial statements
	<hr/>
At 1 January 2017	28,945,295
Gain on exchange rate	(1,460,289)
Repayment	(227,833)
At 30 June 2017	27,257,173
	<hr/> <hr/>

Finance lease and hire purchase liabilities

The Group had machinery, equipment and vehicles acquired under finance lease and hire purchase agreements as at 30 June 2017 and 31 December 2016 were payable as follows:

Unit: Thousand Baht

Consolidated financial statements						
30 June 2017			31 December 2016			
		Present			Present	
Future minimum lease payments		value of minimum lease payments	Future minimum lease payments		value of minimum lease payments	
		Interest			Interest	
Within one year	29,394	2,325	27,069	53,045	3,340	49,705
After one year but within five years	27,709	1,954	25,755	40,190	3,079	37,111
Total	57,103	4,279	52,824	93,235	6,419	86,816

Unit: Thousand Baht

Separate financial statements						
30 June 2017			31 December 2016			
		Present			Present	
Future minimum lease payments		value of minimum lease payments	Future minimum lease payments		value of minimum lease payments	
		Interest			Interest	
Within one year	283	24	259	920	80	840
After one year but within five years	-	-	-	-	-	-
Total	283	24	259	920	80	840

The Group had entered into a sale and lease back agreement for machinery and equipment with a company. Lease term is for a period of 5 years. The Group has paid the deposit to the lessor in the amount of Baht 11.8 million. The net book value of machinery and equipment under sales and leaseback agreements as at 30 June 2017 is amount of Baht 47.7 million (31 December 2016: amount of Baht 243.0 million).

Restricted deposit amount of Baht 5.3 million (31 December 2016: amount of Baht 4.7 million) of a subsidiary has been used as a guarantee for a credit facility obtained by a financial institution.

The currency denomination of interest-bearing liabilities as at 30 June 2017 and 31 December 2016 was as follows:

	Unit: Thousand Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2017	2016	2017	2016
Thai Baht	27,327,177	27,918,645	27,150,583	27,720,307
United States Dollars	26,782,407	28,384,212	26,782,408	28,384,212
Pound Sterling	-	46,237	-	46,237
Total	54,109,584	56,349,094	53,932,991	56,150,756

12. Trade accounts payable

	Unit: Thousand Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2017	2016	2017	2016
Related parties	25,177	36,221	52,543	46,983
Other parties	2,610,588	2,208,083	2,550,435	2,157,993
Total	2,635,765	2,244,304	2,602,978	2,204,976

Inventory under collateral management agreement

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

13. Business rehabilitation plan

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

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

As at 15 December 2016, the Central Bankruptcy Court has ordered to approve with the Plan which determined the Company to be a planner. The significant of rehabilitation plan which was ordered for approval by the Central Bankruptcy Court is as follows:

1. Classification of the creditor

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

Class No.	Creditor	Total indebtedness amount equivalent to Thai Baht (in thousand Baht)		
		Principal	Interest	Total
1	Secured creditors	9,780,633	8,764	9,789,397
2	Financial institution creditors for the portions of debt claims that exceed the appraised value of the collateral	12,468,299	2,271,120	14,739,419
3	Financial institution creditors who are the joint creditors under the Debt Restructuring Agreement	3,968,607	526,228	4,494,835
4	Creditor of guarantee obligations for loan repayment	28,006,355	1,865,495	29,871,850
5	Suppliers of key raw materials	1,592,058	172,264	1,764,322
6	Government agencies and authorities	177,397	204,022	381,419
7	Related party creditors	872,574	587	873,161
8	Trade accounts payable	15,110	387	15,497

Class No.	Creditor	Total indebtedness amount equivalent to Thai Baht (in thousand Baht)		
		Principal	Interest	Total
9	Creditor under the guarantee agreement	3,545,460	224,786	3,770,246
10	Creditor of contingent liabilities relating to guarantees	1,185,026	-	1,185,026
11	Creditor of fines and/or damages incurred in relation to defaults of contract	279,391	-	279,391
12	Creditor of professional fees under consultant agreements	1,927,893	21,251	1,949,144
13	Issuers of bank guarantees	105,562	925	106,487
	Total	63,924,365	5,295,829	69,220,194

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

2. Capital Restructuring

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

2.1 Decrease the unissued ordinary shares

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

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

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

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

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

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

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

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

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

3. Debt repayment of each creditor class

3.1 Creditor Class 1 (Secured creditor)

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

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

- 3.2.1 Creditor Class 2 (Financial institution creditors for the portions of debt claims that exceed the appraised value of the collateral). The outstanding principal of Baht 2,319.2 million will be repaid from cash flow for debt repayment and/or excess cash. The creditor will be paid for 144 monthly instalment payments (the 1 st month commencing from the month after the month that the Court approves the Plan). The remaining principal of Baht 10,149.1 million will be repaid in the 144th month from the new funding and/or refinancing and/or excess cash.
- 3.2.2 Creditor Class 3 (Financial institution creditors who are the joint creditors under the Loan Rescheduling Agreement). The outstanding principal of Baht 722.6 million will be repaid from cash flow for debt repayment and/or excess cash. The creditor will be paid for 144 monthly instalment payments (the 1 st month commencing from the month after the month that the Court approves the Plan). The remaining principal of Baht 3,246.0 million will be repaid in the 144th month from the new funding and/or refinancing and/or excess cash.
- 3.2.3 Creditor Class 4 (Creditor of guarantee obligations for loan repayment). The outstanding principal of Baht 5,209.4 million will be repaid from cash flow for debt repayment and/or excess cash. The creditor will be paid for 144 monthly instalment payments (the 1st month commencing from the month after the month that the Court approves the Plan). The remaining principal of Baht 22,796.9 million will be repaid in the 144th month from the new funding and/or refinancing and/or excess cash.
- 3.2.4 Creditor Class 5 (Suppliers of key raw materials). The outstanding principal of Baht 291.7 million will be repaid from cash flow for debt repayment and/or excess cash. The creditor will be paid for 144 monthly instalment payments (the 1st month commencing from the month after the month that the Court approves the Plan). The remaining principal of Baht 1,300.3 million will be repaid in the 144th month from the new funding and/or refinancing and/or excess cash. However, if the creditor in Class 5 have debt payable to the Company, the Plan Administrator must set off the repayment against such debt payable before repaying the instalment payment.

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

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

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

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

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

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

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

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

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

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

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

3.4 *Creditor Class 7 (Related party creditors)*

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

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

3.5 *Creditor Class 8 (Trade creditor)*

The debt of the Creditor Class 8 comprises of the outstanding principal of Baht 15.1 million. Each Creditor will be repaid from cash flow for debt repayment under the normal business terms and conditions.

3.6 *Creditor Class 9 (Creditor under the guarantee agreement)*

3.6.1 The debt of the Creditor Class 9 comprises of the outstanding principal of Baht 3,545.5 million and the outstanding interest of Baht 224.8 million. Such debt will be repaid as stipulated in the Plan when the Creditor in Class 9 in the capacity of the joint guarantor pays the principal debt on behalf of SSI UK and the principal debt of such principal creditors as per the Senior Facilities Agreement dated 16 March 2011 (and the subsequent amendments) must be already repaid in full.

3.6.2 The right to claim of the Creditor Class 9 will be equal to half of the amount that the Creditor Class 9 in the capacity of the joint guarantor pays to the principal creditors.

3.6.3 In case the Creditor Class 9 and the Company in the capacity of the joint guarantors have individually paid the principal debt to the principal creditors in accordance with such joint guarantee agreement, the Plan Administrator must set off the amount before proceeding to the debt to equity conversion for the Creditor Class 9.

3.6.4 The remaining outstanding principal after the set-off will be repaid by the Company's ordinary shares to be newly issued with the conversion price at Baht 0.05 per share within 180 days after the date the Creditor in Class 9 submits evidences of the debt repayment to the Plan Administrator.

3.6.5 The Plan Administrator will negotiate with the Creditor Class 9 to make an agreement between the Company and the Creditor to reduce the debt and to waive the right of recourse with one another in order to decrease the debt burden or to waive the debt payment to each other.

3.6.6 Any other debt owed to the Creditor Class 9 including the outstanding interest, defaulted interest, fines, penalty, surcharge, statutory costs, expenses and others incurred from contracts and/or law whose repayments have not been stipulated in this Plan will be immediately waived for the entire amount after the completion of the debt repayment to such creditor under the Plan.

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

- 3.7.1 The debt of the Creditor Class 10 comprises of the outstanding principal of Baht 1,185.0 million which is contingent liability and has not been crystalized under the guarantee by the Company for SSI UK for the damages that the Creditor Class 10 may obtain or be claimed by the third party for environmental damages in relation to the Sale and Purchase Agreement and the delivery of goods per related contracts. Therefore, the Creditor Class 10 will be repaid as stipulated in the Plan only after the final judgment of their debt claims are issued and the third party, such as a governmental agency in England or a person entitled to claim, has demanded the Creditor Class 10 to pay for the damages. After the Creditor in Class 10 has already paid for such damages and submitted trustworthy evidences together with other true concerning documents to prove to the Plan Administrator that it verily pays the damages will the Creditor be paid as stipulated in the Plan.
- 3.7.2 The outstanding principal of Baht 220.4 million will be repaid from cash flow for debt repayment and/or excess cash. The creditor will be paid for 144 monthly instalment payments (the 1st month commencing from the month after the month that the Court approves the Plan). The remaining principal of Baht 964.6 million will be repaid in the 144th month from the new funding and/or refinancing and/or excess cash.
- 3.7.3 From the date after the final judgment of the debt claim is issued and the Creditor Class 10 has already paid for such damages and submitted trustworthy evidences together with other true concerning documents to prove to the Plan Administrator that it verily pays the damages until the date the total debt is paid in full, the Creditor Class 10 will be entitled to receive new interest at the rate on the principal as specified in point 3.2.5. In this regards, the creditor will receive actual interest payment at the rate of 0.1% per annum. The deferred new interest portion which is the difference between the new interest and the actual interest, will be accrued and paid in the 144th month.
- 3.7.4 The Creditor Class 10 has the right to notify the Company of its intention to receive principal repayment by Company's ordinary shares under the 2nd Debt to Equity Conversion as stipulated in the Plan. However, if the Company has proceeded the 2nd Debt to Equity Conversion to other creditor before the Creditor Class 10 receives the final judgment and pays for any damages in accordance with the Sale and Purchase Agreement and concerning contracts to such third party, the Plan Administrator has the authority to increase the Company's registered ordinary shares in advance to be the reserve shares for the debt to equity conversion of the Creditor Class 10 and will increase the number of issued and paid up shares after the final judgment of the debt claim is issued and the Creditor has submitted trustworthy evidences together with other true concerning documents to prove to the Plan Administrator that the creditor had verily paid such damages.

3.7.5 In case the Creditor Class 10 receives the Company's ordinary shares from the 2nd Debt to Equity Conversion, if there are remaining outstanding principals, the interest computed and actually paid from such date until the date the creditor's principals are fully paid will be LIBOR+4.5% per annum.

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

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

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

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

3.8.3 The Creditor Class 11 has the right to notify the Company of its intention to receive principal repayment by Company's ordinary shares under the 2nd Debt to Equity Conversion as stipulated in the Plan. However, if the Company has proceeded the 2nd Debt to Equity Conversion to other creditor before the Creditor Class 10 receives the final judgment of its claim, the Plan Administrator has the authority to increase the Company's registered ordinary shares in advance to be the reserve shares for the debt to equity conversion of the Creditor Class 11 and will increase the number of issued and paid up shares after the final judgment of the debt claim.

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

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

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

3.9.1 The outstanding principal of Baht 188.0 million will be repaid from cash flow for debt repayment and/or excess cash. The creditor will be paid for 144 monthly instalment payments (the 1st month commencing from the month after the month that the Court approves the Plan). However, the Company will repay the debt to any Creditor in Class 12 only after the Creditor has already obtained the final judgement of its debt claim.

3.9.2 The outstanding principal of Baht 776.0 million will be repaid by the increase in the Company's ordinary shares with the conversion price at Baht 0.05 per share within the last working day of the 84th month (the 1st month commencing from the month after the month that the Court approves the Plan). If, however, within such period of time, any Creditor in Class 12 has yet received the final judgment of its debt claim, the Plan Administrator must increase the Company's registered ordinary shares in advance to be the reserve shares for the debt to equity conversion of the Creditor Class 12 and increase the number of issued and paid up shares after the final judgment of the debt claim is issued.

3.9.3 The remaining outstanding principal of Baht 963.9 million including the outstanding interest of Baht 21.3 million, defaulted interest, fines, penalty, surcharge, statutory costs, expenses and others incurred from contracts and/or law whose repayments have not been stipulated in this Plan will be immediately waived for the entire amount after the completion of the debt repayment to such creditor under the Plan.

3.10 Creditor Class 13 (Issuers of bank guarantees)

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

4. Collection from related companies receivable

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

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

5. The success of the Plan

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

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

Progress of implementation of the Plan

Capital restructuring

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

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

On 24 July 2017, the Company filed the petition to the Central Bankruptcy Court for amendment the Memorandum of Association of the Company for increasing share capital for conversion debt to equity No. 1. The Court ordered for making an appointment for verify and judgment on 21 September 2017. The Company has registered the increase share capital for the future conversion debt to equity No.1 to be complied with the rehabilitation plan.

Application of debt repayment of creditors

As at 15 August 2017, there are pending applications for repayment of debts, filed by another 2 creditors, to be examined by the Official Receiver. The total claim of Baht 3,113.7 million consisted of outstanding principal and interest of the debt claims in Thai Baht equivalent of Baht 3,092.8 million and Baht 21.0 million respectively. In particular, the Company has not recorded liabilities for the debt claims from 2 out of 6 creditors (Creditor Class 10 and 12), whereby the principal and interest in Thai Baht equivalent of the debt claim from these 2 creditor are Baht 3,092.8 million and Baht 21.0 million respectively. Details of the receipt progressing for debt repayment of the creditors have not been ordered for ultimately outcome as at the date of this report as follows:

At the date of this report, there is a pending application for debt repayment of one creditor in Creditor Class 10 to be examined by the Official Receiver. The outstanding principal and interest of the debt claim in Thai Baht equivalent are Baht 1,185.1 million. The Company has not recorded this liability because management considers that the obligation will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events and it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

At the date of this report, there is a pending application for repayment of debt of Creditor Class 12. The outstanding principal and interest are Baht 1,907.7 million and Baht 21.0 million respectively. The Company has not recorded these liabilities because management considers that the obligation will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events and it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

The Company has made debt settlement to the creditors under rehabilitation plan for the six-month periods ended 30 June 2017 for total principal amount of Baht 770.2 million and total interest amount of Baht 51.9 million, totally Baht 821.2 million.

14 Share capital

Movement of share capital for the six-month periods ended 30 June 2017 and 2016 as follows:

	Par value per share <i>(in Baht)</i>	2017		2016	
		Number	Baht	Number	Baht
		<i>Thousand shares</i>	<i>Thousand Baht</i>	<i>Thousand shares</i>	<i>Thousand Baht</i>
<i>Authorized</i>					
ordinary shares					
As at 1 January	1	50,263,663	50,263,663	50,263,663	50,263,663
- Share capital decrease	1	(18,097,401)	(18,097,401)	-	-
As at 30 June	1	32,166,262	32,166,262	50,263,663	50,263,663
<i>Issued and paid-up</i>					
ordinary shares					
As at 1 January		32,166,262	32,166,262	32,166,262	32,166,262
- Non-changes	1	-	-	-	-
As at 30 June	1	32,166,262	32,166,262	32,166,262	32,166,262

Decrease the unissued ordinary shares

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

15. Segment reporting

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

Segment

Segment 1 Manufacture of hot rolled coils

Segment 2 Maintenance services

Segment 3 Deep-sea port services

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

Information about reportable segments

Information about segment income and profit for the six-month periods ended 30 June 2017 and 2016 are as follows:

	Manufacture									
	of hot rolled coils		Maintenance services		Deep-sea port services		Elimination		Total segment	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
External revenue	<u>11,282,328</u>	<u>8,546,363</u>	<u>71,204</u>	<u>68,656</u>	<u>88,095</u>	<u>105,016</u>	<u>-</u>	<u>-</u>	<u>11,441,627</u>	<u>8,720,035</u>
Inter-segment revenue	<u>-</u>	<u>-</u>	<u>209,606</u>	<u>86,843</u>	<u>28,044</u>	<u>31,738</u>	<u>(237,650)</u>	<u>(118,581)</u>	<u>-</u>	<u>-</u>
Segment profit (loss) before income tax	<u>2,165,563</u>	<u>(796,791)</u>	<u>80,598</u>	<u>13,656</u>	<u>34,558</u>	<u>40,044</u>	<u>(98,398)</u>	<u>90,188</u>	<u>2,182,321</u>	<u>(652,903)</u>
Reportable segment assets as at 30 June	<u>23,831,461</u>	<u>23,987,174</u>	<u>429,023</u>	<u>333,067</u>	<u>1,414,091</u>	<u>1,493,437</u>	<u>(932,563)</u>	<u>(378,971)</u>	<u>24,742,012</u>	<u>25,434,707</u>

16. Income tax expenses

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.

17. Earnings per share

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

For the six-month periods ended 30 June 2017 and 2016 as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Profit (Loss) for the period attributable to ordinary shareholders of the Company (Thousand Baht)	2,195,484	(674,116)	2,196,389	(743,103)
Weighted average number of ordinary shares outstanding (basic) (Thousand shares)	32,166,262	32,166,262	32,166,262	32,166,262
Profit (Loss) per share (basic) (in Baht)	0.07	(0.02)	0.07	(0.02)

18. Commitments with non-related parties

(Unit: million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2017	31 December 2016	30 June 2017	31 December 2016
Capital commitments				
<i>Contracted but not provided for</i>				
Machinery and equipment	101	7	94	7
Total	101	7	94	7

As at 30 June 2017, the Group had capital expenditures amount of Baht 53 million, USD 0.8 million and EUR 0.4 million (31 December 2016: Baht 4.5 million, EUR 0.06 million) in relation to the acquisition and installation of machinery and equipment.

As at 30 June 2017, the Company had capital expenditures amount of Baht 46 million and EUR 0.4 million (31 December 2016: Baht 4.5 million, EUR 0.06 million) in relation to the acquisition and installation of machinery and equipment.

(Unit: million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2017	31 December 2016	30 June 2017	31 December 2016
Non-cancellable operating lease commitments				
Within one year	12	8	10	5
After one year but within five years	15	1	14	1
Total	27	9	24	6
Other commitments				
Raw materials purchases	661	1,493	661	1,493
Other agreements	436	97	415	90
Total	1,097	1,590	1,076	1,583

As at 30 June 2017, the Group had other commitments in relation to purchase spare parts and equipment supplies, and to obtain maintenance services amounting to Baht 276 million, USD 2.2 million, EUR 2 million and JPY 4.1 million (31 December 2016: Baht 84 million, USD 0.3 million, EUR 0.1 million and JPY 0.1 million).

As at 30 June 2017, the Company had other commitments in relation to purchase spare parts and equipment supplies, and to obtain maintenance services amounting to Baht 255 million, USD 2.2 million, EUR 2 million and JPY 4.1 million (31 December 2016: Baht 77 million, USD 0.3 million, GBP 6.5 million and EUR 0.1 million).

19. Contingent liabilities and contingent assets

Contingent liabilities

As at 30 June 2017 and 31 December 2016, the Group was liable to banks in respect to the following guarantees:

	(Unit: million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2017	31 December 2016	30 June 2017	31 December 2016
Electricity supply	107	107	104	104
Performance guarantees	15	31	-	-
Others	12	12	1	1
Total	134	150	105	105

As at 30 June 2017, the Group had outstanding bank guarantees issued by banks on behalf of the Company and its subsidiaries in respect of certain performance bonds as required in the normal course of the business. These included letters of guarantee for:

- To the Customs Department in respect of the establishment of a wharf and go-downs amounting to Baht 11 million (31 December 2016: amount of Baht 11 million);
- The contractual performance amounting to Baht 15 million (31 December 2016: amount Baht 298 million, GBP 0.02 million)
- Electricity usage amount of Baht 107 million (31 December 2016: amount of Baht 107 million).

Dispute

a) Land in Bangsaphan

On 9 July 2010, the Prachuabkirikhan Provincial Land Office, Bangsaphan Branch (“the Land Office”) ordered the Company and a subsidiary to submit the Certificates of Utilisation (Nor. Sor. 3 Kor) (“the Certificates”) for various plots of land, with an aggregate value of Baht 123.1 million for the Company and Baht 187.6 million for the subsidiary, for cancellation. Later, the Land Office announced that it was issuing replacement certificates for the Certificates. The Company and the subsidiary filed a lawsuit against the officers of the Land Office with the Central Administrative Court “CAC”, petitioning the CAC to order the cancellation of the announcement of the Company and the subsidiary. The Company and the subsidiary also petitioned the CAC to identify measures to provide them with temporary relief. The Court accepted the lawsuit for consideration, and is currently deliberating. However, in preparing the financial statements, the Company and the subsidiary recorded full allowance since 2007 and 2008, respectively

On 1 September 2010, the Company and the subsidiary filed a lawsuit against the Director-General of the Department of Lands and the Deputy Permanent Secretary of the Ministry of Interior with the CAC, petitioning the court to order the revocation of the order of the Director-General of the Department of Lands issued on 5 January 2010, which ordered the revocation and recharting of the area under the Certificates, and the withdrawal of the appeal decision of the Deputy Permanent Secretary of the Ministry of Interior. Also, the Company and the subsidiary requested the court to suspend the execution of a sentence of the CAC. Presently, the court is in a process of submitting the deposition of the defendant to the Company and the subsidiary. In addition, the court ordered to combine this case with the case that the Company and the subsidiary filed a lawsuit against the Prachuabkirikhan Provincial Land Office, Bangsaphan Branch, discussed above

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

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

On 6 August 2013, the Central Administrative Court ordered to stay the execution ordering the Company and its subsidiary to vacate from the National Forest and to undertake no activities on that land.

Subsequent on 23 December 2014, the CAC reversed the ordering to relieve the execution which ordered the Company and its subsidiary to vacate from the National Forest. However, the Company and subsidiary deems that the ultimate outcome will not be effected to the future operation of the Company and subsidiary.

b) Goods in-transit

On 15 August 2016 the Company has filed a petition requesting the Central Intellectual Property and International Trade Court to issue a warrant of arrest against a vessel called M.V. PANORMITIS. AV. on the grounds that the Company is entitled to file a claim following a failure to perform an obligation to deliver 38,016.95 metric tons steel slabs breach of an agreement on carriage of goods by sea regardless the facts that the petitioner is a consignee and a holder of bills of lading covering the afore-mentioned slabs which were carried by M.V. PANORMITIS. AV. The Company expected M.V. PANORMITIS. AV to deliver the goods to Prachuap Port, Bangsaphan, Thailand, which is the port of destination.

On 15 August 2016 the Court has issued the warrant against M.V. PANORMITIS. AV, upon the condition that the Company shall deposit with the Court Baht 10 million as guarantee for loss or damage which may arise from issuing such order. The Court may release the vessel should any interested party deposit with the Court Baht 20 million as guarantee for repaying the debt to the Company. On 19 August 2016, an executing officer together with representatives of the Company has served the warrant to the master of the vessel. The vessel has been arrested and anchored in the area behind Sri Chang Island, Amphoe Sri Chang, Chonburi Province.

On 19 September 2016 the Company has filed a lawsuit against South Cape Navigation S.A. and Unibulk Shipping Enterprises S.A., which are the owner and manager of M.V. PANORMITIS. AV, and on 13 October 2016 the Company has filed a lawsuit against Mr. Sorin Iosif Oproiu, the master officers, and the crews, for their failure to deliver the steel slabs to the Company as obliged by the bills of lading and breach of the carriage of goods by sea agreement.

On 5 October 2016 the Company submitted a petition requesting the Court to issue a temporary injunction order before judgment in the charge of the Company sued the ship owner and manager and the Court arranged for investigating on 11 April 2017. Subsequent on 7 July 2017, the Company and all accuse could negotiate to terminate inter-disputes by entering into the compromise agreement in presence of the Court, the accuse agreed to delivered the disputed steel to the Company immediately.

On 13 July 2017, the Company has completely carried of steel goods from the vessel M.V. PANORMITIS. AV.. At present, all goods still pending at the bonded warehouse, Prachuap Port, Bangsaphan, Prachuapkirikhan Province.

20. Effects of flooding

The Company and the Group's operation in Amphur Bangsaphan, Prachuapkirikhan had been affected by the usually severe flooding in the South of Thailand. The production plant was inundated by flood during 9-13 January 2017 resulted to the production had been temporarily ceased. The normal operations were resumed on 23 January 2017. The Group and the Company recognized expenses and indemnity from insurance caused by the damages from flooding for the six-month periods ended 30 June 2017 as follows:

Unit : thousand Baht

	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Indemnity received from insurance company	218,508	-	100,000	-
Sales of scrap income	102	-	-	-
Total realized revenues	218,610	-	100,000	-
Loss on impairment of inventories	(55,981)	-	(50,969)	-
Loss on impairment of machinery and equipment	(83,072)	-	(54,133)	-
Other expenses incurred from flooding	(167,369)	-	(143,734)	-
Total expenses related to flooding	(306,422)	-	(248,836)	-
Realized net loss in respect of flooding	(87,812)	-	(148,836)	-
Indemnity received from insurance company	218,508	-	100,000	-
Claims during the period	(135,000)	-	(100,000)	-
Accrued indemnity	83,508	-	-	-

The Company is still pending the negotiation with insurance company for the remaining indemnity that as at 15 August 2017, the ultimate outcome has not been concluded

21. Events after the reporting period

a) Decrease share capital by reducing number of share capital

On 21 December 2016, the Company has registered to decrease share capital with the Ministry of Commerce in accordance with the filing a petition to the Court for an amendment of the Memorandum of Association to decrease 31,053,243,844 ordinary shares at par value of Baht 1 each. The decreasing resulted to the share capital decreased from Baht 3,166 million to Baht 1,113 million.

b) Increase share capital for conversion debt to equity No.1

On 24 July 2017, the Company filed the petition to the Central Bankruptcy Court for amendment the Memorandum of Association of the Company for increasing share capital for conversion debt to equity No. 1. The Court ordered for making an appointment for verify and judgment on 21 September 2017.

22. APPROVAL OF INTERIM FINANCIAL STATEMENTS

These interim financial statements were approved and authorized for issue by the Company's Board of directors on 15 August 2017.