

**SAHAVIRIYA STEEL INDUSTRIES PUBLIC COMPANY LIMITED**

**AND SUBSIDIARIES**

**AUDITOR'S REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2019**

## **INDEPENDENT AUDITOR'S REPORT**

**To The Shareholders of SAHAVIRIYA STEEL INDUSTRIES PUBLIC COMPANY LIMITED**

### ***Qualified Audit Opinion***

I have audited the consolidated financial statements of SAHAVIRIYA STEEL INDUSTRIES PUBLIC COMPANY LIMITED AND SUBSIDIARIES (“the Group”) and of SAHAVIRIYA STEEL INDUSTRIES PUBLIC COMPANY LIMITED (“the Company”) which comprise the consolidated and separate statements of financial position as at December 31, 2019, the consolidated and sperate statements of comprehensive income, changes in shareholders’ equity and cash flows for the year then ended, and notes to financial statements, including a summary of significant accounting policies.

In my opinion, except for the possible effect of the matter described in the Basis for Qualified Opinion , the accompanying consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position as at December 31, 2019 and the consolidated and separate financial performance and cash flows for the year then ended of SAHAVIRIYA STEEL INDUSTRIES PUBLIC COMPANY LIMITED and its subsidiaries and of SAHAVIRIYA STEEL INDUSTRIES PUBLIC COMPANY LIMITED, in accordance with Thai Financial Reporting Standards (“TFRSs”).

### ***Basis for Qualified Audit Opinion***

#### ***Insufficient audit evidence***

As stated in notes 23 to financial statements, with reference to obligation under rehabilitation plan, I did not receive confirmations from 4, which comprise of principal loan amount Baht 1,506.4 million and accrued interest amount of Baht 284.5 million. In addition, other 5 confirmations of stated the principal amount differently from the book value amount. The book value overstated principal loan of Baht 4,515.2 million and USD 117.2 million and accrued interest of amount Baht 1,697.5 million and USD 13.2 million. Another 2 banks stated that accrued interest is understated by USD 93.7 million. I am unable to obtain any other appropriate audit evidence for satisfaction as to the debt obligations under rehabilitation plan.

Due to impacts that might occur from the results from stated bank confirmations, I am unable to conclude whether or not to adjust the stated transactions, which might have impacts to the financial statements.

***Material uncertainty on going concern***

As at December 31, 2019 and 2018, the consolidated and separate statements of financial position are as follows;

As stated in notes 2 to financial statements, the Group and the Company incurred a loss for the year ended 2019 in the amount of Baht 1,777.0 million and Baht 2,401.8 million respectively. As at December 31, 2019 and 2018, the Group and the Company have operating deficit of Baht 43,415.6 million and Baht 43,907.8 million, respectively and negative shareholders' equity of Baht 41,258.2 million and Baht 42,294.8 million respectively.

As stipulated in the rehabilitation plan, the Company needs to generate sufficient cash flows to meet both its working capital requirement and for settlement the debts from operation by issuing new share capital, conversion of outstanding debt to equity, as well as seeking new financing. The Company has explained the progress of these activities in notes 2 to financial statements. However, to consider that the successful of the Plan should have the following events; 1) the Company has made repayments for the outstanding principal to all creditors as stipulated in the Plan in the amount not less than 25% of the outstanding principal and either 2) the Company has obtained new funding from an investor to settle debt which resulting to the shareholders' equity of the Company becomes positive, or 3) conversion of debt to equity as stipulated in the Plan resulting to the shareholders' equity of the Company becomes positive. The realizable value of assets may materially less than carrying value of the Group and the Company be unable to continue the operations as a going concern. These consolidated and separate financial statements do not include the reclassification and any adjustments of asset and liabilities which might be necessary should the Group and the Company be unable to operate as rehabilitation plan.

From the aforementioned circumstance, that indicated the material uncertainty of the Group and the Company's operations as a going concern. Accordingly, my opinion does not change from the stated statements.

***Emphasis of Matter***

***Restated financial statement***

As stated in notes 4 to financial statements in 2019, the Company already adjusted the obligation under rehabilitation plan and financial cost according to the Company plan. The Company brought all facts occurred in the past to present and corrected errors and reclassified all financial statements from 2017. I have already audited and confirm that the Company appropriately adjusted the stated transactions. As the result, I do not express qualify opinion to the stated matter.

***Allowance for doubtful accounts***

As stated in notes 6 and 8, the Company had 2 related party receivables amounted to Baht 3,579.9 million that overdue over 12 months. In 2019, the management estimated that chance that those receivables can be collected is rare, so the Company decided to fully set up allowance for doubtful accounts for the whole amount of Baht 3,579.9 million. I do not express a qualify opinion to the stated matter.

***Transactions between related parties***

I draw your attention to notes 6 to the consolidated and separate financial statements, for the year 2019, the Company had sold goods to related companies and joint venture in the normal course of business totaling Baht 2,253.1 million and Baht 589.7 million respectively, which represented 11.5 percent of the Group's total sales.

***Provision under guarantee***

As stated in notes 3 (e) to financial statements with reference to Sahaviriya Steel Industries UK's ("SSI UK") intended to discontinue its operation and the liquidator have been appointed and entered into control such subsidiary. As a result, the major lender demanded immediate payment of the outstanding balances of borrowings which was secured by SSI UK's property, plant and equipment and a guarantee by the Company. The major lenders of the subsidiary called for the responsibility of the Company in being a guarantor for the outstanding debts. The Company recorded provisions under guarantees agreement for borrowings of SSI UK in full in 2015 for the amount of Baht 29,976 million. Nevertheless, the lenders may be received the partial repayments from the liquidation in the future. Such amounts will be deducted from the previously recorded provisions under guarantees agreement. Currently, the subsidiary is under liquidation process.

***Collection from related companies receivable***

As stated in Note 25 to financial statement, the Company have two related companies receivables, the outstanding balance of such receivables is Baht 3,579.9 million as at December 31, 2019. The Company has fully set up allowance for doubtful loss. Such amount is higher than the amount required to complied in rehabilitation plan, which required the Company to collect from two related companies not less than the amount of Baht 300 million per annum and all outstanding debt balance as at the end of 2019 must not exceeding Baht 2,640.0 million, not complying may cause the default. However, the incident is not the cause of default because Board of creditor not yet notice for such defaulting. Currently, the Company still follow up for collection and negotiate the repayment condition.

### **Key Audit Matters**

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of my audit of the consolidated and separate financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters. In addition to the matters described in the Material Uncertainty Related to Going Concern section, I have determined the matters described below to be the key audit matters to be communicated in my report.

### **Asset**

Impairment of property, plant and equipment

As describe in notes 16 to the financial statements, the Group's and the Company's property, plant and equipment which are stated at cost less accumulated depreciation and impairment losses are significant amount. The management exercise judgment in determining the impairment loss due to the recoverable amount of the property, plant and equipment is determined on value in use by estimate future cash flows that the entity expects to derive from the assets which related to the projection of future operating performance, future plan and determination of an appropriate discount rate and key assumptions. Therefore, I have identified that considering the impairment loss of property, plant and equipment is the significant matter that requires special attention in the audit.

My audit procedure on such matter

I verified the impairment of property, plant and equipment by consider and assess the reasonable and supportable assumptions and approaches in preparation of the estimate of future cash inflows or outflows which the Group and the Company expected to derive from the continuing use of the property, plant and equipment. Including assess the Group and the Company's reasonable discount rate which used for calculation of the recoverable amount of the property, plant and equipment and considered the adequacy of the information disclosure related to impairment of property, plant and equipment.

### **Other Information**

Management is responsible for the other information. The other information comprise the information included in the annual report of the Group, but does not include the financial statements and my auditor's report thereon, which is expected to be made available to me after the date of this auditor's report.

My opinion on the consolidated and separate financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the consolidated and separate financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and the management of the Group.

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

Management is responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with TFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

As part of an audit in accordance with TSAs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current year and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

D I A International Audit Company Limited

(Mrs. Suvimol Chrityakierne)

C.P.A. (Thailand)

Registration No. 2982

February 28, 2020

## Sahaviriya Steel Industries Public Company Limited and Subsidiaries

## Statements of financial position

As at 31 December 2019

Unit : Baht

Assets	Note	Consolidated financial statements			Separate financial statements		
		31 December 2019	31 December 2018 (Restated)	1 January 2018 (Restated)	31 December 2019	31 December 2018 (Restated)	1 January 2018 (Restated)
<b>Current asset:</b>							
Cash and cash equivalents	7	359,994,931	755,830,615	1,558,770,463	242,829,870	691,250,798	1,472,841,805
Trade accounts receivable	8	67,559,000	1,153,093,859	1,205,026,297	3,229,048	1,067,078,131	1,169,968,722
Other receivables from related parties	6	172,792,089	307,527,604	270,308,689	203,174,781	350,804,697	305,068,943
Inventories	9	7,463,700,630	9,672,926,352	7,368,319,367	7,440,368,806	9,659,959,172	7,357,377,713
Other current assets	10	230,002,317	242,627,788	910,982,488	174,673,268	142,507,191	852,194,922
Assets held for disposal from liquidation of subsidiary	5(h)	-	-	-	-	-	-
Total current assets		8,294,048,967	12,132,006,218	11,313,407,304	8,064,275,773	11,911,599,989	11,157,452,105
<b>Non-Current asset:</b>							
Restricted deposit at financial institution	11	7,595,649	98,330,568	56,807,634	3,633,986	92,039,430	35,784,832
Investments in subsidiaries	12	-	-	-	278,999,930	278,999,930	278,999,930
Investments in joint venture	14	2,628,781,546	2,598,112,470	2,709,650,450	2,628,781,546	3,159,668,346	3,159,668,346
Other long-term investment	15	-	-	-	-	-	-
Property, plant and equipment	16	10,926,465,042	11,048,410,953	11,302,042,288	9,711,399,205	9,740,470,652	9,902,762,583
Other intangible assets	17	12,867,820	13,294,302	128,555,280	8,546,550	7,588,266	122,571,280
Deferred tax assets	18	3,635,401	8,351,425	17,853,344	-	-	-
Other non-current assets		14,360,040	10,363,823	9,437,209	13,142,299	8,980,464	7,975,849
Total non-current assets		13,593,705,498	13,776,863,541	14,224,346,205	12,644,503,516	13,287,747,088	13,507,762,820
Total assets		21,887,754,465	25,908,869,759	25,537,753,509	20,708,779,289	25,199,347,077	24,665,214,925

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

## Sahaviriya Steel Industries Public Company Limited and Subsidiaries

## Statements of financial position (Cont'd)

As at 31 December 2019

Unit : Baht

	Note	Consolidated financial statements			Separate financial statements		
		31 December 2019	31 December 2018	1 January 2018	31 December 2019	31 December 2018	1 January 2018
			(Restated)	(Restated)		(Restated)	(Restated)
<b>Liabilities and shareholders' equity</b>							
<b>Current liabilities</b>							
Short-term borrowings from financial institutions							
	19	60,682,672	30,000,000	72,110,249	-	-	-
	20	5,148,662,542	5,795,983,020	3,033,056,160	5,188,948,531	5,734,700,076	3,002,207,617
	6	213,678,898	143,339,764	41,722,401	230,546,105	148,082,141	44,819,133
	22	2,332,033	17,401,694	15,935,722	649,383	624,794	-
Current portion of liabilities under rehabilitation plan							
	23	1,766,345,097	1,618,299,139	1,597,737,283	1,774,335,955	1,626,289,998	1,605,728,143
		-	1,072,952	691,131	-	1,072,952	691,131
		3,502,669	4,306,925	-	-	-	-
	21	318,311,626	345,596,519	513,048,746	260,325,224	268,378,665	463,209,163
		7,513,515,537	7,956,000,013	5,274,301,692	7,454,805,198	7,779,148,626	5,116,655,187
<b>Non-current liabilities</b>							
	22	1,803,188	4,130,859	17,739,839	679,684	1,324,706	-
	23	55,226,829,497	57,061,854,691	60,658,835,944	55,226,829,498	57,061,854,691	60,658,835,943
Non-current provisions for employee benefit							
	24	360,918,519	200,357,792	192,018,776	306,174,378	165,353,321	159,047,386
	18	42,065,298	43,349,647	61,403,631	14,268,845	13,896,481	31,280,295
		823,876	823,876	823,876	823,876	823,876	823,876
		55,632,440,378	57,310,516,865	60,930,822,066	55,548,776,281	57,243,253,075	60,849,987,500
		63,145,955,915	65,266,516,878	66,205,123,758	63,003,581,479	65,022,401,701	65,966,642,687
<b>Shareholders' equity</b>							
Share capital							
	26	11,113,018,280	11,113,018,280	11,113,018,280	11,113,018,280	11,113,018,280	11,113,018,280
		11,113,018,280	11,113,018,280	1,113,018,280	11,113,018,280	11,113,018,280	1,113,018,280
		(9,500,000,000)	(9,500,000,000)	-	(9,500,000,000)	(9,500,000,000)	-
		(43,415,571,375)	(41,533,583,599)	(42,398,472,315)	(43,907,820,470)	(41,436,072,904)	(42,414,446,042)
		(41,802,553,095)	(39,920,565,319)	(41,285,454,035)	(42,294,802,190)	(39,823,054,624)	(41,301,427,762)
	13	544,351,645	562,918,200	618,083,786	-	-	-
		(41,258,201,450)	(39,357,647,119)	(40,667,370,249)	(42,294,802,190)	(39,823,054,624)	(41,301,427,762)
		21,887,754,465	25,908,869,759	25,537,753,509	20,708,779,289	25,199,347,077	24,665,214,925

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

Sahaviriya Steel Industries Public Company Limited and Subsidiaries

Statements of comprehensive income

For the year ended 31 December 2019

Unit: Baht

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
			(Restated)		(Restated)
<b>Income</b>					
Revenue from sale of goods		24,662,882,737	30,863,945,082	24,662,711,737	30,864,279,682
Revenue from rendering of services		536,516,250	564,207,595	233,645	-
Net gain on exchange rate		212,484,840	114,572,094	212,290,072	114,382,118
Dividend income	<b>12,14</b>	-	-	45,900,000	114,400,871
Other income		78,935,366	42,482,140	82,474,892	59,108,127
Total income		<u>25,490,819,193</u>	<u>31,585,206,911</u>	<u>25,003,610,346</u>	<u>31,152,170,798</u>
<b>Expenses</b>					
Cost of sales		24,720,252,036	28,904,135,265	24,828,475,328	29,007,560,884
Cost of rendering of services		382,605,329	385,433,659	-	-
Distribution costs		552,821,915	580,510,211	536,824,316	568,497,227
Administrative expenses		623,426,447	610,458,285	525,627,571	528,911,880
Doubtful accounts		889,782,638	-	889,782,638	-
Loss on impairment investments in joint venture		-	-	530,886,800	-
Management benefit expenses	<b>6</b>	99,778,329	94,908,034	89,428,819	81,337,953
Loss on onerous contracts (reversal)		(1,072,952)	381,821	(1,072,952)	381,821
Finance costs		5,511,242	9,199,107	2,332,529	4,491,709
Total expenses		<u>27,273,104,984</u>	<u>30,585,026,382</u>	<u>27,402,285,049</u>	<u>30,191,181,474</u>
<b>Share of profit (loss) by equity-accounted investee</b>					
Joint venture	<b>14</b>	34,653,763	(87,174,079)	-	-
Profit (loss) before income tax		(1,747,632,028)	913,006,450	(2,398,674,703)	960,989,324
Tax (expense) income	<b>29</b>	(29,343,852)	(13,320,291)	(3,116,313)	17,383,814
Profit (loss) for the year		<u>(1,776,975,880)</u>	<u>899,686,159</u>	<u>(2,401,791,016)</u>	<u>978,373,138</u>
Profit (loss) attributable to:					
Owners of the Company		(1,802,877,833)	866,651,745	(2,401,791,016)	978,373,138
Non-controlling interests	<b>13</b>	25,901,953	33,034,414	-	-
Profit (loss) for the year		<u>(1,776,975,880)</u>	<u>899,686,159</u>	<u>(2,401,791,016)</u>	<u>978,373,138</u>
Basic earnings(loss) per share (Baht)	<b>30</b>	<u>(0.16)</u>	<u>0.10</u>	<u>(0.22)</u>	<u>0.11</u>

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

Sahaviriya Steel Industries Public Company Limited and Subsidiaries

Statements of comprehensive income

For the year ended 31 December 2019

Unit: Baht

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
			(Restated)		(Restated)
Gains (losses) on remeasurements of defined benefit plan of joint venture					
- The Group		(79,622,016)	-	(72,700,499)	-
- Joint venture		(5,312,917)	(1,763,029)	-	-
Income tax relating to components of other comprehensive income	13	5,456,482	-	2,743,949	-
Other comprehensive income for the year - net of tax		(79,478,451)	(1,763,029)	(69,956,550)	-
Total comprehensive income for the year		<u>(1,856,454,331)</u>	<u>897,923,130</u>	<u>(2,471,747,566)</u>	<u>978,373,138</u>
Total comprehensive income attributable to:					
Owners of the Company		(1,881,987,776)	864,888,716	(2,471,747,566)	978,373,138
Non-controlling interests		25,533,445	33,034,414	-	-
Other comprehensive income for the year		<u>(1,856,454,331)</u>	<u>897,923,130</u>	<u>(2,471,747,566)</u>	<u>978,373,138</u>

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

Sahaviriya Steel Industries Public Company Limited and Subsidiaries

Statements of changes in shareholders' equity

For the year ended 31 December 2019

Unit: Baht

		Consolidated financial statements						
Note	Issued and paid-up share capital	Share discount on ordinary shares issuance	Equity distribution	Retained earnings (deficit)		Equity	Non-controlling interests	Total shareholders' equity
			from repurchase of subordinated convertible debentures	Legal reserve	Unappropriated (deficit)	attributable to owners of the Company		
	1,113,018,280	-	-	-	(40,667,235,140)	(39,554,216,860)	618,083,786	(38,936,133,074)
4	-	-	-	-	(1,731,237,175)	(1,731,237,175)	-	(1,731,237,175)
	1,113,018,280	-	-	-	(42,398,472,315)	(41,285,454,035)	618,083,786	(40,667,370,249)
	Comprehensive income (expense) for the year							
	-	-	-	-	866,651,745	866,651,745	33,034,414	899,686,159
	-	-	-	-	(1,763,029)	(1,763,029)	-	(1,763,029)
	-	-	-	-	864,888,716	864,888,716	33,034,414	897,923,130
	10,000,000,000	(9,500,000,000)	-	-	-	500,000,000	-	500,000,000
	-	-	-	-	-	-	(88,200,000)	(88,200,000)
	11,113,018,280	(9,500,000,000)	-	-	(41,533,583,599)	(39,920,565,319)	562,918,200	(39,357,647,119)
	11,113,018,280	(9,500,000,000)	-	-	(40,474,693,091)	(38,861,674,811)	562,918,200	(38,298,756,611)
4	-	-	-	-	(1,058,890,508)	(1,058,890,508)	-	(1,058,890,508)
	11,113,018,280	(9,500,000,000)	-	-	(41,533,583,599)	(39,920,565,319)	562,918,200	(39,357,647,119)
	Comprehensive income (expense) for the year							
	-	-	-	-	(1,802,877,833)	(1,802,877,833)	25,901,953	(1,776,975,880)
	-	-	-	-	(79,109,943)	(79,109,943)	(368,508)	(79,478,451)
	-	-	-	-	(1,881,987,776)	(1,881,987,776)	25,533,445	(1,856,454,331)
	-	-	-	-	-	-	(44,100,000)	(44,100,000)
	11,113,018,280	(9,500,000,000)	-	-	(43,415,571,375)	(41,802,553,095)	544,351,645	(41,258,201,450)

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

Sahaviriya Steel Industries Public Company Limited and Subsidiaries

Statements of changes in shareholders' equity

For the year ended 31 December 2019

Unit: Baht

	Separate financial statements						
	Note	Issued and paid-up share capital	Share discount on ordinary shares issuance	Equity distribution from shareholders from repurchase of subordinated convertible debentures	Retained earnings (deficit)		Total shareholders' equity
					Legal reserve	Unappropriated (deficit)	
Balance as at 1 January 2018 (before restatement)		1,113,018,280	-	-	-	(40,683,208,867)	(39,570,190,587)
Cumulative effects of correction errors	4	-	-	-	-	(1,731,237,175)	(1,731,237,175)
Balance as at 31 December 2018 (after restatement)		1,113,018,280	-	-	-	(42,414,446,042)	(41,301,427,762)
Comprehensive income (expense) for the year							
Profit (loss) - restated		-	-	-	-	978,373,138	978,373,138
Other comprehensive income		-	-	-	-	-	-
Total comprehensive income (expense) for the year		-	-	-	-	978,373,138	978,373,138
Share capital increase		10,000,000,000	(9,500,000,000)	-	-	-	500,000,000
Balance as at 31 December 2018		11,113,018,280	(9,500,000,000)	-	-	(41,436,072,904)	(39,823,054,624)
Balance as at 31 December 2018 (before restatement)		11,113,018,280	(9,500,000,000)	-	-	(40,377,182,396)	(38,764,164,116)
Cumulative effects of correction errors	4	-	-	-	-	(1,058,890,508)	(1,058,890,508)
Balance as at 31 December 2018 (after restatement)		11,113,018,280	(9,500,000,000)	-	-	(41,436,072,904)	(39,823,054,624)
Comprehensive income (expense) for the year							
Profit (loss)		-	-	-	-	(2,401,791,016)	(2,401,791,016)
Other comprehensive income		-	-	-	-	(69,956,550)	(69,956,550)
Total comprehensive income (expense) for the year		-	-	-	-	(2,471,747,566)	(2,471,747,566)
Balance as at 31 December 2019		11,113,018,280	(9,500,000,000)	-	-	(43,907,820,470)	(42,294,802,190)

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

## Sahaviriya Steel Industries Public Company Limited and Subsidiaries

## Statements of cash flows

For the year ended 31 December 2019

Unit: Baht

	Consolidated financial statements		Separate financial statements	
	2019	2018 (Restated)	2019	2018 (Restated)
<b>Cash flows from operating activities</b>				
Profit (loss) for the year	(1,776,975,880)	899,686,159	(2,401,791,016)	978,373,138
<b>Adjustments for</b>				
Depreciation and amortization	723,033,436	746,089,755	617,841,591	638,009,157
Bad debts and doubtful accounts	843,240,786	4,546,786	843,310,801	4,546,786
Loss on devaluation of inventories (reversal)	35,404,123	431,970,776	35,404,123	431,970,776
Unrealized loss (gain) on exchange rate	36,887,578	(15,600,985)	37,088,150	(15,973,560)
Amortised income tax deducted at source	-	973,309	-	973,309
Write off equipment	154,467	9,396,409	154,467	9,396,407
Impairment loss on intangible assets	-	95,474,910	-	95,474,910
Employee benefit provisions	83,672,525	19,119,401	68,926,694	16,176,080
Loss on onerous contracts (reversal)	(1,072,952)	381,821	(1,072,952)	381,821
Loss (gain) on disposal of property, plant and equipment	(1,056,789)	(205,607)	(985,987)	(205,607)
Share of loss of joint venture (net of tax)	(34,653,762)	87,174,079	-	-
Loss on impairment in investment in joint venture	-	-	530,886,800	-
Finance costs	5,511,242	9,199,107	2,332,529	4,491,709
Dividend income	-	-	(45,900,000)	(114,400,871)
Reversed tax expense (income)	29,343,852	13,320,291	3,116,313	(17,383,814)
Accrued income tax expense (reversal)	(1,584,000)	-	-	-
<b>Profit (loss) from operating activities before changes in operating assets and liabilities :</b>	(58,095,374)	2,301,526,211	(310,688,487)	2,031,830,241
<b>Changes in operating assets and liabilities</b>				
Trade accounts receivable	242,290,398	51,675,291	220,538,282	102,890,592
Other receivables from related parties	134,570,290	(41,765,701)	147,464,691	(50,282,540)
Inventories	2,173,821,599	(2,736,577,761)	2,184,186,243	(2,734,552,235)
Other current assets	5,022,997	674,482,191	(30,258,578)	698,350,720
Other non-current assets	(3,996,217)	(926,614)	(4,161,835)	(1,004,615)
Trade accounts payable	(629,509,265)	2,809,275,341	(528,144,579)	2,778,956,368
Other payables to related parties	70,339,134	101,617,363	82,463,964	103,263,008
Other current liabilities	(20,013,168)	(162,798,632)	(25,320)	(190,176,903)
<b>Cash provided from operating activities</b>	1,914,430,394	2,996,507,689	1,761,374,381	2,739,274,636

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

Sahaviriya Steel Industries Public Company Limited and Subsidiaries

Statements of cash flows (cont'd)

For the year ended 31 December 2019

Unit: Baht

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
		(Restated)		(Restated)
Employee benefit obligations paid	(2,733,813)	(10,780,385)	(806,136)	(9,870,145)
Income tax paid	(36,554,179)	(36,904,802)	(1,907,499)	(1,874,870)
Income tax received	23,152,469	12,238,571	-	12,238,571
Net cash provided by operating activities	1,898,294,871	2,961,061,073	1,758,660,746	2,739,768,192
<b>Cash flows from investing activities</b>				
(Increase) Decrease in restricted deposit at financial institution	90,734,919	(41,522,934)	88,405,444	(56,254,598)
Acquire of property, plant and equipment	(588,496,075)	(479,226,821)	(578,702,474)	(466,013,729)
Sales of property, plant and equipment	1,078,715	205,607	985,990	205,607
Acquire of intangible assets	(4,445,195)	(3,673,795)	(4,062,395)	(2,295,895)
Dividend received	-	22,600,871	45,900,000	114,400,871
Net cash used in investing activities	(501,127,636)	(501,617,072)	(447,473,435)	(409,957,744)
<b>Cash flows from financing activities</b>				
Finance cost paid	(5,532,982)	(9,199,107)	(2,332,529)	(4,491,709)
Increase (Decrease) in short-term borrowings				
from financial institutions	30,682,672	(42,110,249)	-	-
Payments for liabilities under rehabilitation plan	(1,756,655,277)	(3,106,909,746)	(1,756,655,277)	(3,106,909,746)
Payments for hire purchase and finance lease liabilities	(17,397,332)	(15,964,747)	(620,433)	-
Dividends paid	(44,100,000)	(88,200,000)	-	-
Net cash used in financing activities	(1,793,002,919)	(3,262,383,849)	(1,759,608,239)	(3,111,401,455)
Net increase (decrease) in cash and cash equivalents	(395,835,684)	(802,939,848)	(448,420,928)	(781,591,007)
Cash and cash equivalents at as 1 January	755,830,615	1,558,770,463	691,250,798	1,472,841,805
Cash and cash equivalents at as 31 December	359,994,931	755,830,615	242,829,870	691,250,798
	-		-	
<b>Significant non-cash transactions</b>				
Assets acquired under hire purchase and financial lease agreements	-	3,821,740	-	1,949,500
Other payables for property, plant and equipment acquisition	7,896,166	4,653,595	7,118,029	4,653,595
Increase share capital by debts conversion	-	500,000,000	-	500,000,000
Loss on employee benefit provisions	79,622,016	-	72,700,499	-

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

Sahaviriya Steel Industries Public Company Limited and subsidiaries

Notes to the financial statements

For the year ended 31 December 2019

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# Sahaviriya Steel Industries Public Company Limited and Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2019

### 1 General information

Sahaviriya Steel Industries Public Company Limited (“the Company”), is incorporated in Thailand. The Company was listed on the Stock Exchange of Thailand in September 1994 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 major shareholders comprise Krung Thai Bank Public Company Limited held at 40.49%, Siam Commercial Bank Public Company Limited at 40.22% and Tisco Public Company Limited at 7.87%.

The principal businesses of the Company are manufacturing and distributing of hot rolled coils. Details of the Company’s subsidiaries and joint venture are given in Notes 12 and 14.

### 2 Operation as a going concern

As of 31 December 2019, the Group recognized net profits of 1,777.0 MB (2018: net profits of 899.7 MB), accumulated loss of 43,415.6 MB (2018: accumulated loss of 41,533.6 MB) and negative shareholder equity of 41,258.2 MB (2018: negative shareholder equity of 39,357.6 MB).

As of 31 December 2019, the Company recognized net profits of 2,401.8 MB (2018: net profits of 978.4 MB), accumulated loss of 43,907.8 MB (2018: accumulated loss of 41,436.1 MB) and negative shareholder equity of 42,294.8 MB (2018: negative shareholder equity of 39,823.1 MB).

In 2015, the Board of directors authorized the Company to file the rehabilitation plan to the Central Bankruptcy Court and as of 15 December 2016, the Central Bankruptcy Court approved the rehabilitation plan and nominated the Company a plan administrator.

#### Past performance operation

After the Central Bankruptcy Court approved the Company's rehabilitation plan on 15 December 2016, the Company acted as a plan administrator operates under the condition as stipulated in the plan including the meeting attendance with the creditors committee to monitor the results and compliance with the conditions in the plan together with evaluate the successful of the plan on a monthly basis, as well as reporting the progress on the implementation of the plan to the Official Receiver on a quarterly basis.

#### Debt repayment under rehabilitation plan

During the preparation of the rehabilitation plan, the Company and the financial advisor used the assumption to prepared financial projections to determine the average ability to settle the annual debt by reference to the past performance as detailed in the business rehabilitation plan of the Company and with the conditions for the creditors committee to be responsible for consideration to allocate excess cash flows (if any) which arose from the operating results better than the projections by assuming that the allocation of excess cash flows will mostly benefit for the business. 1,678 MB was allocated from the Company excess cash flows to early repay the debt principal.

#### Long-term operating plan

During 2018, the Company and its bank debtors concluded that the Company should invite other two business partnerships, who are a global producer and a global steel wholesaler to initiate long-term business plan together. During November 2018, all affiliated parties entered into the Memorandum of Understanding (MOU) to support the Company on multiple perspectives i.e. material sourcing, working capital for future business expansion and production and management technology.

The Company believes that the Company will has sufficient working capital for its operation in next year. However, it still has high uncertainties due to the inception of rehabilitation plan and time spent for many steps of operations.

The consolidated and separate financial statements have been prepared by the company's management under the assumptions that the Company will be successfully rehabilitated and retains sufficient sources of funds and credits to operate its business in the future. However, the appropriation of these assumptions highly depends on the Company's ability to successfully rehabilitated, including ability to generate profits, cash flows, capital restructuring, ability to repay debts and to source sufficient funds in the future.

The consolidated and separate financial statements do not include reclassifications and adjustments of the Company's assets and liabilities, which are needed if the Group and the Company are unable to operate under ongoing operations. However, recoverable amount might be significantly less than accounting book value and might cause additional contingent liabilities if the Group and the Company cannot operate under ongoing basis.

### 3 Basis of preparation of the financial statements

#### **(a) Statement of compliance**

The financial statements have been prepared in conformity with Thai Financial Reporting Standards (TFRS) according to the Accounting Professions Act B.E. 2547 and presented in accordance with the notification of the Department of Business Development, the Ministry of Commerce dated October 11, 2016, regarding the condensed form which should be included in the financial statements (No.2) B.E. 2559 and applicable rules regulations of the Thai Securities and Exchange Commission.

#### **(b) Basic of measurement**

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

#### **(c) Presentation currency**

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

#### **(d) Use of estimates and judgments**

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively.

## **Assumptions and estimation uncertainties**

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

Note 2 (e)	Going concerns;
Note 16	Impairment test: key assumptions underlying recoverable amounts;
Note 18	Recognition of deferred tax assets; availability of future taxable profit against which tax losses carried forward can be used;
Note 24	Measurement of defined benefit obligations: key actuarial assumptions; and
Note 33	Recognition and measurement of provisions and contingencies; key assumptions about the likelihood and magnitude cash flow of resources.

## **Measurement of fair values**

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

The Company and the Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the Chief financial officer.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of TFRS, including the level in the fair value hierarchy in which such valuations should be classified.

Significant valuation issues are reported to the Group/the Company Audit Committee.

When measuring the fair value of an asset or a liability, the Company uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company and the Group recognize transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 32                      Financial instruments

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

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

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

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

**(f) New Financial Reporting Standards**

**1) Financial Reporting Standards that became effective in the current year**

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

TFRS 15 Revenue from Contracts with Customers

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

<b>Thai Accounting Standards:</b>	Content
TAS 11 (Revised 2017)	Construction contracts
TAS 18 (Revised 2017)	Revenue

**Thai Standing Interpretations Committee:**

TSIC 31 (Revised 2017)	Revenue - Barter Transactions Involving Advertising Services
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**Thai Financial Reporting Interpretations Committee:**

TFRIC 13 (Revised 2017)	Customer Loyalty Programmes
TFRIC 15 (Revised 2017)	Agreements for the Construction of Real Estate
TFRIC 18 (Revised 2017)	Transfers of Assets from Customers

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

**2) Financial reporting standards that will be effective for the financial statements that have accounting periods beginning on or after January 1, 2020**

The Federation of Accounting Professions has published a number of new financial reporting standards and interpretations, which are effective for the financial statements for the period beginning on or after January 1, 2020. These new standards involve changes to key principles, which are summarized below.

Financial reporting standards related to financial instruments

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

Thai Financial Reporting Standards

TFRS 7                      Financial Instruments: Disclosures

TFRS 9                      Financial Instruments

Thai Accounting Standard

TAS 32                      Financial Instruments: Presentation

Thai Financial Reporting Interpretations Committee

TFRIC 16                    Hedges of a Net Investments in a Foreign Operation

TFRIC 19                    Extinguishing Financial Liabilities with Equity Instruments

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

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

#### Thai Financial Reporting Standards No. 16 : Leases

TFRS 16 supersedes TAS 17 leases together with related interpretations. This standard set out the principals of the recognition, measurement, presentation and disclosure of leases, and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is low value.

Accounting by lessors under TFRS 16 is substantially unchanged from TAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles to those used under TAS 17.

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

#### Thai Accounting Standard:

TAS 17 (Revised 2018)                      Leases

#### Thai Standing Interpretations Committee:

TSIC 15 (Revised 2018)                      Operating Leases - Incentives

TSIC 27 (Revised 2018)                      Evaluating The Substance of Transactions Involving the Legal Form  
of a Lease

#### Thai Financial Reporting Interpretations Committee:

TFRIC 4 (Revised 2018)                      Determining whether an Arrangement contain a Lease

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

#### 4 Errors correction and reclassification adjustment

During the current year, the Company has corrected the errors as following:

As stated in note 25, the Company has liability from the guarantee contract, using Sahaviriya Industries UK's assets located in UK, as a collateral. These assets are still under revaluation to obtain the highest and best use value, which will be paid back to its creditors in the future. As the result, the Company's payable under rehabilitation plan has not yet finalized in this fiscal year financial statement. The Company management did not include the value of the collateral assets in the Company's financial statements as the residual value is not significant in comparison to the debt obligation. As stated in note 23, there is a creditor filed to appeal the ordering to accept rehabilitation plan with the Court of Appeal for Specialized Cases. Subsequent on February 26, 2019, the Supreme Court ordered not to approve such creditor to make appeal dika. When the debt obligation in accordance with the rehabilitation plan had cleared, the Company has remade the adjustment of debt obligation in accordance with the rehabilitation plan by making retroactive adjustment of debt obligation and interest expenses to be comparable.

Besides, the Company has reclassified the interest payable under rehabilitation plan and borrowings from financial institution and related parties to be liabilities under rehabilitation plan.

Amounts adjustment of errors correction have affected on the transaction in the statements of financial position and statements of profit and loss, and other comprehensive income (expense) as follows:

(Unit: Thousand Baht)

Consolidated financial statements

	31 December 2018			1 January 2018		
	As previously reported	Errors correction	Restatement	As previously reported	Errors correction	Restatement
Statements of financial position						
Liabilities						
Current portion liabilities						
under rehabilitation plan	-	1,618,299	1,618,299	-	1,597,737	1,597,737
Current portion of long-term borrowings						
from financial institutions	1,045,962	(1,045,962)	-	1,038,620	(1,038,620)	-
Current portion of other payables under						
rehabilitation plan	61,279	(61,279)	-	60,633	(60,633)	-
Current portion of provisions under guarantee						
Liabilities under rehabilitation plan	511,059	(511,059)	-	498,485	(498,485)	-

(Unit: Thousand Baht)

## Consolidated financial statements

	31 December 2018			1 January 2018		
	As previously reported	Errors correction	Restatement	As previously reported	Errors correction	Restatement
Statements of financial position						
Liabilities						
Liabilities under rehabilitation plan	-	57,061,855	57,061,855	-	60,658,836	60,658,836
Long-term borrowings from financial institutions						
	21,057,748	(21,057,748)	-	23,319,835	(23,319,835)	-
Other payables under rehabilitation plan	1,784,075	(1,784,075)	-	1,853,026	(1,853,026)	-
Provisions under guarantees agreement	24,087,184	(24,087,184)	-	25,476,910	(25,476,910)	-
Accrued interest under rehabilitation plan	9,073,957	(9,073,957)	-	8,277,827	(8,277,827)	-
Shareholders' equity						
Other components of shareholders' equity						
Unappropriated deficit	(40,474,693)	(1,058,891)	(41,533,584)	(40,667,235)	(1,731,237)	(42,398,472)
Statements of comprehensive income and other comprehensive income						
Gain on exchange rate	338,163	(223,591)	114,572	-	-	-
Finance costs	905,136	(895,937)	9,199	-	-	-

(Unit: Thousand Baht)

Separate financial statements

	31 December 2018			1 January 2018		
	As previously reported	Errors correction	Restatement	As previously reported	Errors correction	Restatement
Statements of financial position						
Liabilities						
Current portion liabilities						
under rehabilitation plan	-	1,626,290	1,626,290	-	1,605,728	1,605,728
Current portion of long-term borrowings						
from financial institutions	1,045,962	(1,045,962)	-	1,038,620	(1,038,620)	-
Current portion of other payables under						
rehabilitation plan	61,279	(61,279)	-	60,633	(60,633)	-
Current portion of provisions under guarantee						
agreement	511,059	(511,059)	-	498,485	(498,485)	-
Short-term borrowings from related parties	7,991	(7,991)	-	7,991	(7,991)	-

(Unit: Thousand Baht)

## Consolidated financial statements

	31 December 2018			1 January 2018		
	As previously reported	Errors correction	Restatement	As previously reported	Errors correction	Restatement
Statements of financial position						
Liabilities						
Long-term borrowings from financial institutions	21,057,748	(21,057,748)	-	23,319,835	(23,319,835)	-
Other payables under rehabilitation plan	1,784,075	(1,784,075)	-	1,853,026	(1,853,026)	-
Provisions under guarantees agreement	24,087,184	(24,087,184)	-	25,476,910	(25,476,910)	-
Accrued interest under rehabilitation plan	9,073,957	(9,073,957)	-	8,277,827	(8,277,827)	-
Shareholders' equity						
Other components of shareholders' equity						
Unappropriated deficit	(40,377,182)	(1,058,891)	(41,436,073)	(40,683,209)	(1,731,237)	(42,414,446)
Statements of comprehensive income and other comprehensive income						
Gain on exchange rate	337,973	(223,591)	114,382	-	-	-
Finance costs	900,429	(895,937)	4,492	-	-	-

## 5 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements

### (a) Basis of consolidation

The consolidated financial statements relate to the Company, its subsidiaries and joint venture (together referred to as the “Group”) and the Group’s interests in joint venture.

#### **Business combinations**

The Group applies the acquisition method for all business combinations when control is transferred to the Group other than those with entities under common control.

The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The acquisition date is the date on which control is transferred to the acquirer. Judgment is applied in determining the acquisition date and determining whether control is transferred from one party to another.

Goodwill is measured as the fair value of the consideration transferred including the recognized amount of any non-controlling interest in the acquiree, less the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date.

Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the Group to the previous owners of the acquiree, and equity interests issued by the Group. Consideration transferred also includes the fair value of any contingent consideration and share-based payment awards of the acquiree that are replaced mandatorily in the business combination. If a business combination results in the termination of pre-existing relationships between the Group and the acquiree, then the lower of the termination amount, as contained in the agreement, and the value of the off-market element is deducted from the consideration transferred and recognized in other expenses.

When share-based payment awards exchanged (replacement awards) for awards held by the acquiree’s employees (acquiree’s awards) relate to past services, then a part of the market-based measure of the awards replaced is included in the consideration transferred. If they require future services, then the difference between the amount included in consideration transferred and the market-based measure of the replacement awards is treated as post-combination compensation cost.

A contingent liability of the acquiree is assumed in a business combination only if such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably.

The Group measures any non-controlling interest (NCI) at its proportionate interest in the identifiable net assets of the acquiree.

Transaction costs that the Group incurs in connection with a business combination, such as legal fees, and other professional and consulting fees are expensed as incurred.

### **Subsidiaries**

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

### **Non-controlling interests**

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

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

### **Loss of control**

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related non-controlling interest and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

### **Interests in equity-accounted investees**

The Group's interests in equity-accounted investees comprise interests in a joint venture.

A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in joint ventures are accounted for using the equity method. They are recognized initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, until the date on which significant influence or joint control ceases.

#### **Transactions eliminated on consolidation**

Intra-group balances and transactions, and any unrealized income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealized gains arising from transactions with joint venture are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

#### **(b) Foreign currencies**

##### **Foreign currency transactions**

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the exchange rates of the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the reporting date.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to the functional currency at foreign exchange rates ruling at the dates of the transactions.

#### **(c) Derivative financial instruments**

Derivative financial instruments are used to manage exposure to foreign exchange, interest rate and commodity price risks arising from operational, financing and investment activities. Derivative financial instruments are not used for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

**(d) Hedging**

**Hedge of future foreign currency transactions**

Gains and losses from forward exchange contracts and currency swaps used to hedge anticipated future currency transactions are deferred until the forecasted transaction occurs. Where the hedged item is a recognized asset or liability, it is translated at the contracted forward rates.

Foreign currency assets and liabilities hedged by forward exchange contracts are translated to Thai Baht at the contracted forward exchange rates.

**Hedge of interest rates**

Interest differentials under swap arrangements are accrued and recorded as adjustments to the interest expense relating to the hedged loans. For interest rate forward contracts, the amounts received or paid on cash settlements, representing the gain or loss, are deferred and recognized over the life of the underlying monetary asset or liability as an adjustment to interest income or expense. For purchased interest rate options, the premiums paid are included in the statement of financial position under other assets or other liabilities. The premiums are amortized to interest income or expense over the life of the agreements.

**(e) Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank and highly liquid short-term investments and are not subject to the with drawal restriction.

**(f) Trade and other accounts receivable**

Trade and other accounts receivable are stated at their invoice value less allowance for doubtful accounts.

The allowance for doubtful accounts is assessed primarily on analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred.

**(g) Inventories**

Inventories are measured at the lower of cost and net realizable value.

Cost of slab raw materials are calculated using the weighted average cost principle. Cost of ore materials are calculated using the first-in, first-out principles. Finished goods and rolls that are part of consumable goods are calculated using the specific method and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured inventories and work-in-progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs to complete and to make the sale.

**(h) Non-current assets held for sale**

Non-current assets (or disposal groups comprising assets and liabilities) that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale. The assets (or disposal group) are measured at the lower of their carrying value and fair value less cost to sell. Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories and financial assets. Impairment losses on initial classification as held for sale and subsequent gains and losses on remeasurement are recognized in profit or loss. Gains are not recognized in excess of any cumulative impairment loss.

**(i) Investments**

**Investments in subsidiaries and joint venture**

Investments in subsidiaries and joint venture in the separate financial statements of the Company are accounted for using the cost method. Investments in joint venture in the consolidated financial statements are accounted for using the equity method.

**Disposal of investments**

On disposal of an investment, the difference between net disposal proceeds and the carrying amount together with the associated cumulative gain or loss that was reported in equity is recognized in profit or loss.

If the Group disposes of part of its holding of a particular investment, the deemed cost of the part sold is determined using the weighted average method applied to the carrying value of the total holding of the investment.

**(j) Finance lease**

The Group entered into sale and lease back agreements for certain machinery and equipment, resulting in a finance lease. Excess of sales proceeds over the carrying amount is not immediately recognized as income. Instead it is deferred and amortized over the lease term.

The Group recognized finance leases as assets and liabilities in the statement of financial position at amounts equal at the inception of the lease to the fair value of the leased property. Lease payments are apportioned between the finance charge and the reduction of the outstanding liabilities. The finance charged is allocated to the periods during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

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

**Recognition and measurement**

**Owned assets**

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

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains or losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized net within other income in profit or loss.

**Leased assets**

Leases in terms of which the Group substantially assumes all the risk and rewards of ownership are classified as finance leases. Property, plant and equipment acquired by way of finance leases is capitalised at the lower of its fair value and the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and impairment losses. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the profit or loss.

### Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

### Depreciation

Depreciation is calculated based on the depreciable amount, which is the cost of building and equipment, or other amount substituted for cost, less its residual value.

Depreciation is charge to profit or loss and is based on a straight-line basis over the estimated useful lives of each component of an item of asset or the unit of production. The estimated useful lives are as follows:

Land improvements	5	years
Leasehold and leasehold improvements	5 and 10	years
Buildings and building improvements	5 and 20	years
Machinery, tools and equipment		
- in production line	The unit of production	
- in steel making line	20	years
- in service line	5 – 10	years
- other tools and equipment	3 – 10	years
Furniture, fixtures and office equipment	5 – 10	years
Vehicles	5	years
Roads	5, 20 and 27	years
Berth and berth facilities	5 and 30	years
Tug boats	5 – 17	years
Customs cargo warehouse	5	years

No depreciation is provided on freehold land or assets under construction and installation.

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

**(l) Intangible assets**

Intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and accumulated impairment losses.

**Subsequent expenditure**

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

**Amortization**

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

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

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

**(m) Impairment**

The carrying amounts of the Group's assets or its cash-generating unit are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. For goodwill and intangible assets that have indefinite useful lives or are not yet available for use, the recoverable amount is estimated each year at the same time.

An impairment loss is recognized if the carrying amount of an asset exceeds its recoverable amount. The impairment loss is recognized in profit or loss.

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

### **Calculation of recoverable amount**

The recoverable amount of held-to-maturity securities carried at amortized cost is calculated as the present value of the estimated future cash flows discounted at the original effective interest rate.

The recoverable amount of available-for-sale financial assets is calculated by reference to the fair value.

The recoverable amount of a non-financial asset is the greater of the asset's value in use and fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

### **Reversals of impairment**

An impairment loss in respect of a financial asset is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognized in profit or loss. For financial assets carried at amortized cost and available-for-sale financial assets that are debt securities, the reversal is recognized in profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognized in other comprehensive income.

Impairment losses recognized in prior periods in respect of other non-financial assets are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

**(n) Interest-bearing liabilities**

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

**(o) Debt restructuring**

Troubled debt restructuring is changing condition of debt repayment. The Company must record the effect from debt restructuring from the restructuring date until maturity of new condition. However, book value of such debt as at the restructuring date will not be changed.

The amount of future repayment under the new condition is the aggregate amount all types of money that the Company will have to pay under the contract such as principal, interest, accrued interest expenses under the new condition. Such amount is the amount has no discount. The Company recognizes gain from debt restructuring in statement of income for the amount of future debt repayment under rehabilitation plan lower than book value of debt. Remission is defined in rehabilitation plan as at the date approved by the Court or the date that the Company has completely complied with the rehabilitation plan.

From the restructuring plan date until maturity of the new debt condition, the Company must record interest expense at effective rate (constant rate) multiplied by book value of debt as at the beginning of the period. The effective interest rate calculated is discount rate making the present value of future payment under the new condition equal to book value of debt. The amount to be paid in the future is not included any contingent liabilities which the Company must pay as certain condition incurred as indicated in the contract.

**(p) Trade and other accounts payable**

Trade and other accounts payable are stated at cost.

**(q) Employee benefits**

**Defined contribution plans**

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

### **Defined benefit plans**

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any application minimum funding requirements.

Remeasurements of the net defined benefit liability, actuarial gain or loss are recognized immediately in OCI. The Group determines the interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

### **Other long-term employee benefits**

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognized in profit or loss in the period in which they arise.

### **Termination benefits**

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognizes costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the end of the reporting period, then they are discounted.

### **Short-term employee benefits**

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

## **(r) Provisions**

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

### **Onerous contracts**

A provision for onerous contracts is recognized when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting the Group's obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognizes any impairment loss on the assets associated with that contract.

(s) **Revenues**

Revenues exclude value added taxes and stated at net of trade discounts.

**Sale of goods**

The Group recognized revenue from sales when control of goods is transferred to the customer. No revenues is recognized if there are significant uncertainties regarding recovery of the consideration due.

Sales of goods is presented at the net realizable value excluding estimated return goods and discount.

**Revenue from rendered of services**

The Group considered that service contract mostly contain only one performance obligation. The Group recognized revenue over time taking into account the stage of completion measuring based on incurred cost compared with expected cost to fulfill the contract.

The Group would consider the probability revenues from contract modification damage claim, delay one fine. Revenue would be recognized only to the extent that it is highly probable that a significant reversal in the amount of commulative revenue recognized will not occur.

When value and progress can not be realiaibly measured revenue would recognized not over occured cost that expected to recover.

**Dividend income**

Dividend income is recognized in profit or loss on the date the Group's right to receive payments is established.

**Interest and other income**

Interest and other income is recognized in profit or loss as it accrues.

**Commissions**

When the Group acts in the capacity of an agent rather than as the principal in a transaction, the revenue recognized is the net amount of commission earned by the Group.

**(t) Finance costs**

Finance costs are recognized to profit or loss using the effective interest method and comprise interest expense on borrowings, unwinding of the discount on provisions and contingent consideration, losses on disposal of available-for-sale financial assets, fair value losses on financial assets at fair value through profit or loss, impairment losses recognized on financial assets (other than trade receivables), and losses on hedging instruments that are recognized in profit or loss.

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

**(u) Lease payments**

Payments made under operating leases are recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognized in profit or loss as an integral part of the total lease expense, over the term of the lease.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

**Determining whether an arrangement contains a lease**

At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease. A specific asset is the subject of a lease if fulfilment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the Group the right to control the use of the underlying asset.

At inception or upon reassessment of the arrangement, the Group separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, an asset and a liability are recognized at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance charge on the liability is recognized using the Group's incremental borrowing rate.

**(v) Income tax**

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

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of goodwill; the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and differences relating to investments in subsidiaries and joint venture to the extent that it is probable that they will not reverse in the foreseeable future.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

**(w) Discontinued operations**

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative statement of comprehensive income is restated as if the operation had been discontinued from the start of the comparative period.

**(x) Earnings per share**

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

**(y) Segment reporting**

Segment results that are reported to the Group's CEO (the chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

6 Related parties

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

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

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

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

Name of entities	Country of incorporation/nationality	Nature of relationships
Prapawit Building Property Co., Ltd.	Thailand	Common directors and direct and indirect shareholding by the Company's director(s)
Western Housing Co., Ltd.	Thailand	Common directors and direct shareholding by the Company's director(s)
Sahaviriya Management Co., Ltd.	Thailand	Common directors and direct and indirect shareholding by the Company's director(s)
C.A.R. Services Co., Ltd.	Thailand	The direct and indirect shareholding by the Company's director(s)
Sahaviriya Panich Corporation Co., Ltd.	Thailand	Common directors and direct and indirect shareholding by the Company's director(s)
Line Transport Co., Ltd.	Thailand	Common directors with the subsidiary and direct and indirect shareholding by the Company's director(s)
Saha Special Steel Co., Ltd.	Thailand	Direct and indirect shareholding by the Company director(s)
Bangpakong Lighter Co., Ltd.	Thailand	Common directors and direct and indirect shareholding by the Company's director(s)
Bangpakong Port Co., Ltd.	Thailand	Common directors and direct and indirect shareholding by the Company's director(s)
ABC Trading Co., Ltd.	Thailand	Indirect shareholding by the Company director(s)
Sahaviriya Steel Corporation Co., Ltd.	Thailand	Common directors and direct and indirect shareholding by the Company's director(s)
Thai Steel Sales Co., Ltd.	Thailand	Common directors and direct and indirect shareholding by the Company's director
Prachuap Pattana Development Co., Ltd.	Thailand	Common directors and direct and indirect shareholding by the Company's director(s)
SVL Corporation Co., Ltd.	Thailand	Common shareholder and directors and direct and indirect shareholding by the Company's director(s)
Sahaviriya Shipping Limited	Hong Kong	Common shareholder and directors and direct and indirect shareholding by the Company's director(s)
Vanomet AG	Switzerland	Common shareholder and common director with a subsidiary
Vanomet Finance AG	Switzerland	Common shareholder and common director with a subsidiary
Vanomet International AG	Switzerland	Common shareholder and common director with a subsidiary

Name of entities	Country of incorporation/n ationality	Nature of relationships
Atlantic Steel AG	Switzerland	Common shareholder and common director with a subsidiary
Bangpakong Shape Steel Co., Ltd.	Thailand	Common directors and direct and indirect shareholding by the Company's director(s)
Steel Process Holdings Co., Ltd.	Thailand	Common directors and direct and indirect shareholding by the Company's director(s)
Sahaviriya Capital Holdings Co., Ltd.	Thailand	Common directors and direct and indirect shareholding by the Company's director(s)
Bangna 26 Property Co., Ltd.	Thailand	Common directors and direct and indirect shareholding by the Company's director(s)
Praram 3 Thasai Co., Ltd.	Thailand	Common directors and direct shareholding by the Company's director(s)
KP Capital Co., Ltd.	Thailand	Common directors and direct and indirect shareholding by the Company's director(s)
Pichai Agriculture & Land Co., Ltd.	Thailand	Common directors and direct shareholding by the Company's director(s)
Long Steel Holding Co., Ltd.	Thailand	Common directors and direct and indirect shareholding by the Company's director(s)
Sahaviriya Credit Foncier Co., Ltd.	Thailand	Common directors and direct shareholding by the Company's director(s)
Sahaviriya Orchid Co., Ltd.	Thailand	Common directors and direct and indirect shareholding by the Company's director(s)
Surasak Muang-Chol Property Co., Ltd.	Thailand	Common directors and direct and indirect shareholding by the Company's director(s)
Bangsaphan Steel Trading Co., Ltd.	Thailand	Common directors and direct shareholding by the Company's director(s)
C B S Consultant Co., Ltd.	Thailand	Common directors and direct shareholding by the Company's director(s)
Bangpakong Steel Holdings Co., Ltd.	Thailand	Common directors and direct and indirect shareholding by the Company's director(s)

Name of entities	Country of incorporation/n ationality	Nature of relationships
Tong Real Estate Co., Ltd.	Thailand	Common directors and direct and indirect shareholding by the Company's director(s)
Krisna Residence Co., Ltd.	Thailand	Common directors and direct and indirect shareholding by the Company's director(s)
Growth Water Woods Co., Ltd.	Thailand	Common directors and direct and indirect shareholding by the Company's director(s)
Chonglom Property Co., Ltd.	Thailand	Common directors and direct and indirect shareholding by the Company's director(s)
Chumphontanee Property Co., Ltd.	Thailand	Common directors and direct and indirect shareholding by the Company's director(s)
Soi Hiland Property Co., Ltd.	Thailand	Common directors and direct and indirect shareholding by the Company's director(s)
Prachuap Steel Co., Ltd.	Thailand	Common directors and indirect shareholding by the Company's director(s)
Pomprachul Steel Co., Ltd.	Thailand	Common directors and indirect shareholding by the Company's director(s)
Bangplakod Steel Co., Ltd.	Thailand	Common directors and indirect shareholding by the Company's director(s)
Panich Holdings Co., Ltd.	Thailand	Common directors and direct and indirect shareholding by the Company's director(s)
SSP Asset Co., Ltd.	Thailand	Common directors and direct and indirect shareholding by the Company's director(s)
SV Nittan Co., Ltd.	Thailand	Common directors and indirect shareholding by the Company's director(s)
Phrapradaeng Shape Steel Co., Ltd.	Thailand	Common directors and indirect shareholding by the Company's director(s)
Amarin Steel Co, Ltd.	Thailand	Common directors and direct and indirect shareholding by the Company's director(s)
Kim Heng Seng Steel Co., Ltd.	Thailand	Common directors and direct and indirect shareholding by the Company's director(s)

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

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

Transactions	Pricing policies with subsidiary companies and joint venture	Pricing policies with related companies
Sale of goods	Third party pricing used, dependent on volume and relevant market considerations.	Third party pricing used, dependent on volume and relevant market considerations.
Rendering of port services	Port services rendered are charged based on Ministry of Transportation-determined rates, dependent on service volume and relevant market considerations.	Port services rendered are charged based on Ministry of Transportation-determined rates, dependent on service volume and relevant market considerations.
Rendering of other services	Charges for rendering of services and maintenance-related services are based on agreements and common credit term.	Charges for rendering of services and maintenance-related services are based on agreements and common credit term.
Dividend income	Right to receive dividends	Right to receive dividends.
Other income	Sales of scrap material are priced based on scrap weight and the prices set by the Company.	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.
Receiving of port services	Port services rendered are charged based on Ministry of Transportation-determined rates, dependent on service volume and relevant market considerations.	
Distribution costs and administrative expense	Port services rendered are charged based on Ministry of Transportation-determined rates, dependent on service volume and relevant market considerations.	Domestic transportation services are charged based on agreements, dependent on cargo weight and distance.
		Office rental is charged based on rental agreements.
		Commission expense is charged based on agreements.

Significant transactions for year ended 31 December 2019 and 2018 with related parties are summarized as follows:

	Unit: Thousand Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
<b>Subsidiaries</b>				
Purchases of goods and receiving of services	-	-	423,046	414,066
Dividend income	-	-	45,900	91,800
Other income	-	-	21,419	17,323
Distribution costs and administrative expenses	-	-	14	15
<b>Joint venture</b>				
Sales of goods	589,741	2,125,998	589,741	2,125,998
Other income	17,750	14,847	17,750	14,843
Dividend income	-	-	-	22,601
Distribution costs and administrative expenses	77	229	77	226
<b>Other related parties</b>				
Sales of goods	2,253,124	2,692,562	2,253,124	2,692,562
Rendering of services	125,811	111,869	-	-
Purchases of goods and receiving of services (including other related expenses)	7,138,560	8,662,916	7,123,096	8,646,124
Other income	32,602	51,263	30,338	49,102
Distribution costs and administrative expenses	543,193	510,260	535,909	505,255

	Unit : Thousand Baht			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2019	2018	2019	2018
The committee and key management personnel remuneration				
The committee remuneration	9,215	9,307	6,065	6,111
Key management personnel remuneration				
Short-term benefits	94,893	92,273	84,659	78,703
Statutory severance pay	4,850	2,556	4,737	2,556
Other long-term benefits	36	79	33	79
Total key management personnel	99,778	94,908	89,429	81,338
Total the committee and key management personnel remuneration	108,994	104,215	95,494	87,449

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

	Unit : Thousand Baht			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2019	2018	2019	2018
<b>Cash and cash equivalents – related parties</b>				
Other related parties				
Krung Thai Bank Public Company Limited	270,465	377,276	237,030	361,342
Siam Commercial Bank	6,105	326,587	3,207	323,825
Net	276,570	703,863	240,237	685,167
<b>Trade accounts receivable from related parties</b>				
Joint venture				
Thai Cold Rolled Steel Sheet	7,006	70,558	-	64,036
Other related parties				
B.S. Metal Co., Ltd.	1,808,009	1,876,515	1,807,999	1,876,500
Sahaviriya Panich Corporation Co., Ltd.	1,771,979	1,822,424	1,771,979	1,822,424
Others	7,128	2,356	-	-
Total	3,594,122	3,771,853	3,579,978	3,762,960
<b>Less Allowance for doubtful accounts</b>	(3,579,978)	(2,736,667)	(3,579,978)	(2,736,667)
Net	14,144	1,035,186	-	1,026,293

	Unit : Thousand Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
<b>Other receivables from related parties</b>				
Subsidiaries				
West Coast Engineering Co., Ltd.	-	-	31,352	43,404
Prachuap Port Co., Ltd.	-	-	53	53
Joint venture				
Thai Cold Rolled Steel Sheet Public Company Limited	177	3	177	3
Other related parties				
Vanomet AG (as prepaid for goods)	208,743	262,512	208,743	262,512
Allowance for prepaid for goods	(45,757)	-	(45,757)	-
Vanomet International AG (as prepaid for goods)	-	43,850	-	43,850
Sahaviriya Plate Mill Public Company Limited (net of allowance for doubtful accounts amount of Baht 48 million)	632	-	632	-
Line Transport Co., Ltd.	718	104	-	-
B.S. Metal Co., Ltd (net of allowance for doubtful accounts amount of Baht 18 million)	503	-	503	-
Others	7,776	1,059	7,472	983
<b>Total</b>	<b>172,792</b>	<b>307,528</b>	<b>203,175</b>	<b>350,805</b>

	Unit : Thousand Baht			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2019	2018	2019	2018
<b>Accrued income</b>				
Subsidiary				
West Coast Engineering Co., Ltd.	-	-	-	549
Joint venture				
Thai Cold Rolled Steel Sheet Public Company Limited	2,667	5,462	-	174
Other related parties				
Thai Coated Steel Sheet Co., Ltd.	-	4,966	-	4,966
Bangsaphan Barmill Public Co., Ltd.	-	4,652	-	4,652
B.S. Metal Co., Ltd.	-	139	-	139
<b>Total</b>	<b>2,667</b>	<b>15,219</b>	<b>-</b>	<b>10,480</b>

	Unit : Thousand Baht			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2019	2018	2019	2018
<b>Trade accounts payable to related parties</b>				
Subsidiaries				
West Coast Engineering Co., Ltd.	-	-	80,824	16,177
Prachuap Port Co., Ltd.	-	-	4,890	3,108
Other related parties				
B.S. Metal Co., Ltd.	880	530	880	530
Western Security Guard Co., Ltd.	223	266	-	-
SVL Corporation Co., Ltd.	62,470	13,293	62,428	13,283
Vanomet International AG	338,586	-	338,586	-
Others	281	79	39	41
<b>Total</b>	<b>402,440</b>	<b>14,168</b>	<b>487,647</b>	<b>33,139</b>

	Unit: Thousand Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
<b>Other payables to related parties</b>				
Subsidiary				
West Coast Engineering Co., Ltd.	-	-	16,433	5,299
Joint venture				
Thai Cold Rolled Steel Sheet Public Company Limited	175,750	98,235	175,750	98,235
Other related parties				
Prapawit Building Property Co., Ltd.	231	219	231	219
Thai Steel Sales Co., Ltd.	11,230	2,687	10,751	2,327
SVL Corporation Co., Ltd.	239	22,247	-	22,247
B.S. Metal Co., Ltd.	20,622	13,866	20,622	13,866
Others	5,607	6,086	6,759	5,889
<b>Total</b>	<b>213,679</b>	<b>143,340</b>	<b>230,546</b>	<b>148,082</b>

	Unit : Thousand Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
<b>Short-term loans - related parties</b>				
Subsidiaries				
Prachuap Port Co., Ltd.	-	-	7,991	7,991
<b>Total</b>	<b>-</b>	<b>-</b>	<b>7,991</b>	<b>7,991</b>

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

	Unit : Thousand Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Subsidiaries				
As at 1 January	-	-	7,991	7,991
Unchanged	-	-	-	-
As at 31 December	-	-	7,991	7,991

	Unit : Thousand Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
<b>Current portion liabilities under rehabilitation plan - related parties</b>				
Other related parties				
Krung Thai Bank Public Company Limited	18,129,927	19,529,392	18,129,927	19,529,392
Siam Commercial Bank	18,017,539	19,414,380	18,017,539	19,414,380
TISCO Bank Public Company Limited	3,327,229	3,666,691	3,327,229	3,666,691
Total	39,474,695	42,610,463	39,474,695	42,610,463

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

	Unit : Thousand Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Other related parties				
Krung Thai Bank Public Company Limited				
As at 1 January	19,529,392	21,100,484	19,529,392	21,100,484
Increase	-	-	-	-
Decrease	1,399,465	1,571,092	1,399,465	1,571,092
As at 31 December	18,129,927	19,529,392	18,129,927	19,529,392

	Unit : Thousand Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Siam Commercial Bank	19,414,380	20,981,365	19,414,380	20,981,365
As at 1 January	-	-	-	-
Increase	-	-	-	-
Decrease	1,396,841	1,566,985	1,396,841	1,566,985
As at 31 December	<u>18,017,539</u>	<u>19,414,380</u>	<u>18,017,539</u>	<u>19,414,380</u>
TISCO Bank Public Company Limited				
Aa at 1 January	3,666,691	3,968,589	3,666,691	3,968,589
Increase	-	-	-	-
Decrease	339,462	301,898	339,462	301,898
Aa at 31 December	<u>3,327,229</u>	<u>3,666,691</u>	<u>3,327,229</u>	<u>3,666,691</u>

### **Significant agreements with related parties**

#### **Consortium agreement**

On 20 January 2015 a subsidiary has entered into a consortium agreement with a local company in order to jointly-operate for projects from the State Railway of Thailand. As at 31 December 2019 the consortium has not operated the commercial operations.

7 Cash and cash equivalents

	Consolidated		Unit : Thousand Baht Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Cash on hand	729	699	600	600
Cash at banks	359,266	755,131	242,230	690,651
<b>Total</b>	<b>359,995</b>	<b>755,830</b>	<b>242,830</b>	<b>691,251</b>

8 Trade accounts receivable

	Consolidated		Unit : Thousand Baht Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Related parties (Note 6)	3,594,122	3,771,853	3,579,978	3,762,960
Other parties	338,163	402,726	287,038	324,594
<b>Total</b>	<b>3,932,285</b>	<b>4,174,579</b>	<b>3,867,016</b>	<b>4,087,554</b>
<b>Less Allowance for doubtful accounts</b>	<b>(3,864,726)</b>	<b>(3,021,485)</b>	<b>(3,863,787)</b>	<b>(3,020,476)</b>
<b>Net</b>	<b>67,559</b>	<b>1,153,094</b>	<b>3,229</b>	<b>1,067,078</b>

Aging analyses for trade accounts receivable were as follows:

	Consolidated		Unit : Thousand Baht Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Related parties				
Within credit terms	8,418	71,438	-	64,036
Overdue:				
Less than 3 months	3,136	165,981	-	164,490
3-6 months	2,590	1,042,429	-	1,042,429
6-12 months	-	1,172,003	-	1,172,003
Over 12 months	3,579,978	1,320,002	3,579,978	1,320,002
	3,594,122	3,771,853	3,579,978	3,762,960
<b>Less Allowance for doubtful accounts</b>	<b>(3,579,978)</b>	<b>(2,736,667)</b>	<b>(3,579,978)</b>	<b>(2,736,667)</b>
	14,144	1,035,186	-	1,026,293

	Consolidated		Unit : Thousand Baht	
	financial statements		Separate	
	2019	2018	2019	2018
Other parties				
Within credit terms	25,210	82,328	3,072	19,167
Overdue:				
Less than 3 months	21,435	34,242	157	21,409
3-6 months	5,126	209	-	209
6-12 months	1,644	761	-	-
Over 12 months	284,748	285,186	283,809	283,809
	338,163	402,726	287,038	324,594
<b>Less Allowance for doubtful accounts</b>	<b>(284,748)</b>	<b>(284,818)</b>	<b>(283,809)</b>	<b>(283,809)</b>
	53,415	117,908	3,229	40,785
<b>Net</b>	<b>67,559</b>	<b>1,153,094</b>	<b>3,229</b>	<b>1,067,078</b>

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

As of 31 December 2018, the Company had 2 related party receivables overdue from 6-12 months, totaling of 3,699 MB. The Company already set up allowance for doubtful accounts, totaling of 2,737 MB. Part of the allowance for doubtful account were included as part of rehabilitation plan, which specify that the Company must collect money from the related parties for not less than 300 MB a year from 2017 to present. Currently, debt collection from those receivables is not according to collection schedule, yet still under rehabilitation plan. The Company is in the process of debt collection. As of 31 December 2019, the related receivable balance remains at 3,580 MB, which is already overdue for more than 12 months. The Company's management estimated that chance that those receivables can be collected is rare, as the result, 843 MB was set up as doubtful account in 2019.

## 8.1 Unbilled revenue/ Retention receivable /Unearned revenue from services

### 8.1.1 The outstanding balance under the contract

	Unit : Million Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Unbilled revenue	13	37	-	-
Retention receivable Unbilled revenue	463	2,537	-	-
Unearned revenue from services and advance from customer				
Unearned revenue from services	13	36	-	-
Advance received for goods	25	67	25	68
Total unearned revenue from services and advance received for goods	38	103	25	68

### 8.1.2 Revenue recognized relating to the outstanding balance under the contract.

	Unit : Million Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Revenue recognized previously included in the balance brought forward of unearned revenue from services.	34	5	-	-
Revenue recognized previously included in advance received for goods	103	291	68	284

### 8.1.3 Expected revenue recognition for incomplete performance obligation

As at December 31, 2019, the Group expected that there will be revenue from services recognized in the future for incomplete or partially incomplete performance obligation of the contract made with customer Baht 120 million (2018 : Baht 161 million). The Group has expected that it will be able to comply with performance obligations of the contract within 3 years and has revenue from services from complete performance obligation of the contract Baht 38 million (2018 : Baht 103 million).

9. Inventories

	Unit : Thousand Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Finished goods	1,923,709	2,846,780	1,940,355	2,859,875
Work in progress	32,449	24,103	618	-
Raw materials	1,200,862	1,711,265	1,195,732	1,709,306
Spare parts and factory supplies	810,306	787,549	807,289	787,549
Inventories under collateral management agreement <b>(Note 20)</b>	3,502,847	2,556,226	3,502,847	2,556,226
Goods in transit	875,256	2,593,327	875,256	2,593,327
	<u>(8,345,429)</u>	<u>10,519,250</u>	<u>8,322,097</u>	<u>10,506,283</u>
<b>Less Allowance for decline in value</b>	<b>(881,728)</b>	<b>(846,324)</b>	<b>(881,728)</b>	<b>(846,324)</b>
<b>Total</b>	<b><u>7,463,701</u></b>	<b><u>9,672,926</u></b>	<b><u>7,440,369</u></b>	<b><u>9,659,959</u></b>

10. Other current assets

	Unit : Thousand Bath			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Prepaid expenses	28,504	26,739	20,043	18,353
Prepaid for goods and supplies	135,212	39,397	135,212	39,397
Accrued income	12,588	49,409	-	10,480
Revenue Department receivable	11,724	81,091	11,724	73,934
Income tax deducted at source	36,191	43,803	5,083	3,175
Others	13,815	10,221	10,643	5,201
<b>Total</b>	<b>238,034</b>	<b>250,660</b>	<b>182,705</b>	<b>150,540</b>
Allowance for doubtful accounts	(8,032)	(8,032)	(8,032)	(8,032)
<b>Net</b>	<b>230,002</b>	<b>242,628</b>	<b>174,673</b>	<b>142,508</b>

11. Restricted deposit at financial institution

The Company used deposits with financial institution as steel trader under the condition of such contract, the Company could not take such deposits for using based on the determined rate of the contract period.

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

12. Investments in subsidiaries

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

Unit : Thousand Baht

Name of entity	Type of business	Separate financial statements										Dividend income	
		Ownership interest		Paid-up capital		Cost method		Impairment		At cost - net		for year ended	
		2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
		(%)	(%)										
Prachuap Port Co., Ltd.	Deep-sea port and marine shipping services	51.00	51.00	400,000	400,000	204,000	204,000	-	-	204,000	204,000	45,900	91,800
West Coast Engineering Co., Ltd.	Maintenance services	99.99	99.99	75,000	75,000	75,000	75,000	-	-	75,000	75,000	-	-
<b>Total</b>						<b>279,000</b>	<b>279,000</b>	<b>-</b>	<b>-</b>	<b>279,000</b>	<b>279,000</b>	<b>45,900</b>	<b>91,800</b>

13. Non-controlling interests

The following table summarises the information relating to each of the Group's subsidiaries that has a material non-controlling interest, before any intra-group eliminations:

	Unit : Thousand Bath			
	31 December 2019			
	Prachuap Port Co., Ltd.	Other individually immaterial subsidiaries	Intra-group eliminations	Total
Non-controlling interest percentage	49			
Current assets	134,080			
Non-current assets	1,121,615			
Current liabilities	(14,031)			
Non-current liabilities	(47,552)			
Net assets	1,194,111			
Carrying amount of non-controlling interest	585,115	-	(30,763)	554,352
Revenue	265,454			
Profit	57,357			
Other comprehensive income	(752)			
Total comprehensive income	56,605			
Profit allocated to non-controlling interest	27,736	-	(1,834)	25,902
Cash flows from operating activities	145,851			
Cash flows used in investing activities	137			
Cash flows used in financing activities (dividends to non-controlling interest: 44.1 million)	(90,310)			
Net decrease in cash and cash equivalents	55,678			

Unit : Thousand Baht

31 December 2018

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

14. Investments in joint venture

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

Unit : Thousand Baht

Name of entity	Type of business	Consolidated financial statements											
		Ownership interest		Paid-up capital		Cost method		Equity method		Share of profit (loss) for the year		Dividend income for the year	
		2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
		(%)	(%)										
Thai Cold Rolled Steel Sheet Public Company Limited	Production and distribution of cold rolled coils	35.19	35.19	4,816,350	4,816,350	3,817,962	3,817,962	2,628,782	2,598,112	30,670	(88,937)	-	22,601
Total						3,817,962	3,817,962	2,628,782	2,598,112	30,670	(88,937)	-	22,601

Unit : Thousand Baht

		Separate financial statements										Dividend income	
Name of entity	Type of business	Ownership interest		Paid-up capital		Cost method		Impairment		At cost - net		for the year	
		2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
		(%)	(%)										
Thai Cold Rolled Steel Sheet Public Company Limited	Production and distribution of cold rolled coils	35.19	35.19	4,816,350	4,816,350	3,817,962	3,817,962	1,189,180	658,294	2,628,782	3,159,668	-	22,601
Total						3,817,962	3,817,962	1,189,180	658,294	2,628,782	3,159,668	-	22,601

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

The Company has pledged 150,176,007 common shares in a joint-venture, Thai Cold Rolled Steel Sheet Public Company Limited to Marubeni-Itochu Steel Inc. for a trading facility to Sahaviriya Steel Industries UK Limited. In 2016, the Company recognized loss on guarantee amount of Baht 513 million as outstanding debts and presented as provisions under rehabilitation plan.

## Joint venture

The following table summarises the financial information of the joint venture as included in their own financial statements, adjusted for fair value adjustments at acquisition and differences in accounting policies. The table also reconciles the summarised financial information to the carrying amount of the Group's interest in these companies.

	Unit : Thousand Baht	
	2019	2018
Revenue	12,320,824	14,779,454
Profit from continuing operations	7,478	(199,819)
Other comprehensive income	(15,098)	(5,010)
Total comprehensive income	(7,620)	(204,829)
Attributable to non-controlling interest	(4,939)	(132,750)
Attributable to investee's shareholders	(2,681)	(72,079)
Current assets	2,858,658	4,041,665
Non-current assets	3,622,353	3,749,501
Current liabilities	(1,333,826)	(2,624,069)
Non-current liabilities	(135,028)	(147,320)
Net assets	5,012,157	5,019,777
Attributable to non-controlling interest	3,248,379	3,253,317
Attributable to investee's shareholders	1,763,778	1,766,460
Group's interest in net assets of investee at 1 January	2,598,112	2,709,650
Total comprehensive income attributable to the Group	30,670	(88,937)
Dividend received	-	(22,601)
Carrying amount of interest in investee at 31 December	2,628,782	2,598,112

Contingent liabilities and commitments relating to the joint venture:

	2019	2018
<b>Contingent liabilities directly incurred by the Group</b>		
Group's share of the joint venture's contingent liabilities	Baht 9 million	Baht 9 million
<b>Capital commitments in relation to interest in joint venture</b>		
Group's share of the joint venture according to		
- from capital expenditure	Baht 38 million, USD 0.32 million, JPY 56 million and Euro 0.14 million	Baht 60 million, USD 0.39 million and JPY 179 million
- from non-cancellable operating lease commitments	Baht 3 million	Baht 7 million
- from raw materials and chemical purchases	Baht 4.75 million, and USD 7.39 million	Baht 6.62 million, and USD 3.59 million
- from other contracts	Baht 9 million and JPY 11 million	Baht 13 million and JPY 11 million
- Guarantee	Baht 9.29 million	Baht 9.29 million
- other commitment	-	Baht 28.40 million

AS at December 31, 2019, the Company has considered the impairment of investment, provided provision for impairment of investment Baht 530.89 million.

15. Other long-term investment

Other long-term investment as at 31 December 2019 and 2018 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 year	
		2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
		(%)	(%)										
Thai Coated Steel Sheet Co., Ltd.	Manufacturing and distribution of Electro Galvanized Steel Sheet	3.70	3.70	2,206,990	2,206,990	294,000	294,000	294,000	294,000	-	-	-	-
Total						294,000	294,000	294,000	294,000	-	-	-	-

16. Property, plant and equipment

Unit : Thousand Baht

	Consolidated financial statements						Total
	Land and land improvement	Factory and office buildings	Machinery, tools and factory equipment	Office furniture, fixtures and equipment	Vehicles	Assets under construction and installation	
<b>Cost</b>							
As at 31 December 2017	1,628,319	2,059,556	19,019,052	210,166	98,699	481,034	23,496,826
Additions	-	1,190	82,764	17,455	7,531	369,459	478,399
Transfer received from intangible assets	-	-	-	6,192	-	-	6,192
Transfers	1,495	40,417	49,432	8,936	-	(100,280)	-
Transfers to cost of inventory	-	-	-	-	-	(183,000)	(183,000)
Disposal/write off	(460)	-	(23,029)	(11,896)	(2,487)	(3)	(37,875)
As at 31 December 2018	1,629,354	2,101,163	19,128,219	230,853	103,743	567,210	23,760,542
Additions	550	160	132,545	15,549	2,968	444,621	596,393
Transfer received from intangible assets	-	-	-	-	-	(582)	(582)
Transfers	1,870	9,640	66,019	13,927	3,370	(94,826)	-
Transfers to cost of inventory	-	-	-	-	-	(210,643)	(210,643)
Disposal/write off	-	-	(16,095)	(8,130)	(10,837)	-	(35,062)
As at 31 December 2019	1,631,774	2,110,963	19,310,688	252,199	99,244	705,780	24,110,648

Unit : Thousand Baht

Consolidated financial statements

	Land and land improvement	Factory and office buildings	Machinery, tools and factory equipment	Office furniture, fixtures and equipment	Vehicles	Assets under construction and installation	Total
<b>Depreciation and impairment losses</b>							
As at 31 December 2017	268,652	1,703,526	9,447,879	171,986	93,739	-	11,685,782
Depreciation charge for the year	284	44,966	476,307	20,009	4,257	-	545,823
Disposals	(460)	-	(13,708)	(11,821)	(2,487)	-	(28,476)
As at 31 December 2018	268,476	1,748,492	9,910,478	180,174	95,509	-	12,203,129
Depreciation charge for the year	451	50,078	434,975	18,445	2,987	-	506,936
Disposal/write off	-	-	(16,026)	(8,025)	(10,833)	-	(34,884)
As at 31 December 2019	268,927	1,798,570	10,329,427	190,594	87,663	-	12,675,181
<b>Loss on impairment</b>							
As at 31 December 2017	387,348	16,088	86,566	-	-	19,000	509,002
Unchanged	-	-	-	-	-	-	-
As at 31 December 2018	387,348	16,088	86,566	-	-	19,000	509,002
Unchanged	-	-	-	-	-	-	-
As at 31 December 2019	387,348	16,088	86,566	-	-	19,000	509,002

Unit : Thousand Baht

Consolidated financial statements

	Land and land improvement	Factory and office buildings	Machinery, tools and factory equipment	Office furniture, fixtures and equipment	Vehicles	Assets under construction and installation	Total
<b>Net book value</b>							
As at 31 December 2018							
Owned assets	973,530	336,583	9,126,722	50,679	2,026	548,210	11,037,750
Assets under finance leases and hire-purchases	-	-	4,453	-	6,208	-	10,661
<b>Total</b>	<b>973,530</b>	<b>336,583</b>	<b>9,131,175</b>	<b>50,679</b>	<b>8,234</b>	<b>548,210</b>	<b>11,048,411</b>
As at 31 December 2019							
Owned assets	975,499	296,305	8,892,697	61,605	6,318	686,780	10,919,204
Assets under finance leases and hire-purchases	-	-	1,998	-	5,263	-	7,261
<b>Total</b>	<b>975,499</b>	<b>296,305</b>	<b>8,894,695</b>	<b>61,605</b>	<b>11,581</b>	<b>686,780</b>	<b>10,926,465</b>

Unit : Thousand B:

	Separate financial statements						Total
	Land and land improvement	Factory and office buildings	Machinery, tools and factory equipment	Office furniture, fixtures and equipment	Vehicles	Assets under construction and installation	
<b>Cost</b>							
As at 31 December 2017	1,004,896	1,898,181	16,565,585	170,337	69,528	469,670	20,178,197
Additions	-	820	75,437	13,904	4,965	368,183	463,309
Transfer received from intangible assets	-	-	-	6,192	-	-	6,192
Transfers	1,495	40,416	48,830	8,936	-	(99,677)	-
Transfers to cost of inventory	-	-	-	-	-	(183,000)	(183,000)
Disposal/write off	-	-	(23,029)	(11,896)	(1,250)	-	(36,175)
As at 31 December 2018	1,006,391	1,939,417	16,666,823	187,473	73,243	555,176	20,428,523
Additions	-	-	130,221	14,039	2,844	438,717	585,821
Transfer received from intangible assets	-	-	-	-	-	(581)	(581)
Transfers	-	8,965	64,781	13,497	3,370	(90,613)	-
Transfers to cost of inventory	-	-	-	-	-	(210,643)	(210,643)
Disposal/write off	-	-	(15,207)	(7,707)	(10,652)	-	(33,566)
As at 31 December 2019	1,006,391	1,948,382	16,846,618	207,301	68,805	692,057	20,769,554

Unit : Thousand Baht

Separate financial statements

	Land and land improvement	Factory and office buildings	Machinery, tools and factory equipment	Office furniture, fixtures and equipment	Vehicles	Assets under construction and installation	Total
<b>Depreciation and impairment losses</b>							
As at 31 December 2017	340,395	1,619,512	8,109,486	139,528	66,513	-	10,275,434
Depreciation charge for the year	26	40,972	379,483	16,631	2,286	-	439,398
Disposals	-	-	(13,708)	(11,821)	(1,250)	-	(26,779)
As at 31 December 2018	340,421	1,660,484	8,475,261	144,338	67,549	-	10,688,053
Depreciation charge for the year	299	45,959	339,398	15,815	2,041	-	403,512
Disposal/write off	-	-	(15,156)	(7,606)	(10,648)	-	(33,410)
As at 31 December 2019	340,720	1,706,443	8,799,503	152,547	58,942	-	11,058,155
<b>Loss on impairment</b>							
As at 31 December 2017	110,137	13,422	86,566	-	-	-	210,125
Unchanged	-	-	-	-	-	-	-
As at 31 December 2018	110,137	13,422	86,566	-	-	-	210,125
Unchanged	-	-	-	-	-	-	-
As at 31 December 2019	110,137	13,422	86,566	-	-	-	210,125

Unit : Thousand Bal

Separate financial statements

	Land and land improvement	Factory and office buildings	Machinery, tools and factory equipment	Office furniture, fixtures and equipment	Vehicles	Assets under construction and installation	Total
<b>Net book value</b>							
As at 31 December 2018							
Owned assets	665,970	278,933	8,191,562	43,135	1,810	555,176	9,736,586
Assets under finance leases and hire-purchases	-	-	-	-	3,884	-	3,884
<b>Total</b>	<b>665,970</b>	<b>278,933</b>	<b>8,191,562</b>	<b>43,135</b>	<b>5,694</b>	<b>555,176</b>	<b>9,740,470</b>
As at 31 December 2019							
Owned assets	665,671	241,939	8,047,115	54,754	6,759	692,057	9,708,295
Assets under finance leases and hire-purchases	-	-	-	-	3,104	-	3,104
<b>Total</b>	<b>665,671</b>	<b>241,939</b>	<b>8,047,115</b>	<b>54,754</b>	<b>9,863</b>	<b>692,057</b>	<b>9,711,399</b>

Assets value of the Group before accumulated depreciation of building and equipment which were fully depreciated but are still in use up to 31 December 2019 amounted to Baht 3,613 million (**2018: Baht 2,679 million**).

Assets value of the Company before accumulated depreciation of building and equipment which were fully depreciated but are still in use up to 31 December 2019 amounted to Baht 3,008 million (**2018: Baht 2,129 million**).

As at 31 December 2019, the Group and the Company has mortgaged/ pledged assets amounting to approximately Baht 8,950 million and Baht 8,664 million respectively (**2018: Baht 9,141 million and Baht 8,845 million**), respectively, as collateral against bank overdrafts, short-term borrowings and long-term borrowings from financial institutions, and letter of guarantee for electricity, port and goods warehouse, as described in Note 19, 25 and 33 to financial statements.

17. Intangible assets

Unit : Thousand Baht

	Consolidated financial statements			
	Right permission	Software copy right	Assets under installation	Total
<b>Cost</b>				
As at 31 December 2017	5,580	242,833	38,231	286,644
Increase	-	3,458	-	3,458
Write off	-	-	(6,192)	(6,192)
As at 31 December 2018	5,580	246,291	32,039	283,910
Increase	-	4,444	-	4,444
As at 31 December 2019	5,580	250,735	32,039	288,354
<b>Amortization and impairment loss</b>				
As at 31 December 2017	1,372	156,717	-	158,089
Amortization for the year	1,295	15,757	-	17,052
Write off	-	63,436	32,039	95,475
As at 31 December 2018	2,667	235,910	32,039	270,616
Amortization for the year	1,295	3,575	-	4,870
As at 31 December 2019	3,962	239,485	32,039	275,486
<b>Net book value</b>				
As at 31 December 2018	2,913	10,381	-	13,294
As at 31 December 2019	1,618	11,250	-	12,868

Unit : Thousand Baht

	Separate financial statements		
	Software copy right	Assets under installation	Total
<b>Cost</b>			
As at 31 December 2017	235,304	38,231	273,535
Increase	2,080	-	2,080
Transfer to property, plant and equipment	-	(6,192)	(6,192)
As at 31 December 2018	237,384	32,039	269,423
Increase	4,063	-	4,063
Transfer to property, plant and equipment	-	-	-
As at 31 December 2019	241,447	32,039	273,486
<b>Amortization</b>			
As at 31 December 2017	150,964	-	150,964
Amortization for the year	15,396	-	15,396
Loss on impairment	63,436	32,039	95,475
As at 31 December 2018	229,796	32,039	261,835
Amortization for the year	3,104	-	3,104
Loss on impairment	-	-	-
As at 31 December 2019	232,900	32,039	264,939
<b>Net book value</b>			
As at 31 December 2018	7,588	-	7,588
As at 31 December 2019	8,547	-	8,547

18. Deferred tax

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

Unit : Thousand Baht

	Consolidated financial statements			
	Assets		Liabilities	
	2019	2018	2019	2018
Total	15,862	19,542	(54,292)	(54,540)
Tax offsetting	(12,227)	(11,191)	12,227	11,191
Net deferred tax assets (liabilities)	<u>3,635</u>	<u>8,351</u>	<u>(42,065)</u>	<u>(43,349)</u>

Unit : Thousand Baht

	Separate financial statements			
	Assets		Liabilities	
	2019	2018	2019	2018
Deferred tax liabilities	<u>-</u>	<u>-</u>	<u>(14,269)</u>	<u>(13,896)</u>

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

Unit : Thousand Baht

	Consolidated financial statements			
	As at 1 January 2019	(Charged) / Credited to:		As at 31 December 2019
		Profit or loss	Other comprehensive income	
<b>Deferred tax assets</b>				
Trade accounts receivable	202	(14)	-	188
Property, plant and equipment	7,398	(2,673)	-	4,725
Non-current provisions for employee benefit	7,001	2,564	1,384	10,949
Taxable loss carry forward	4,941	(4,941)	-	-
<b>Total</b>	<b>19,542</b>	<b>(5,064)</b>	<b>1,384</b>	<b>15,862</b>
<b>Deferred tax liabilities</b>				
Other current assets	(229)	(94)	-	(323)
Property, plant and equipment	(46,814)	(2,679)	-	(49,493)
Non-current provisions for employee benefit	(2,744)	-	2,744	-
Finance lease liabilities	(4,753)	277	-	(4,476)
<b>Total</b>	<b>(54,540)</b>	<b>(2,496)</b>	<b>2,744</b>	<b>(54,292)</b>

Unit : Thousand Baht

	Separate financial statements			
	As at 1 January 2019	(Charged) / Credited to:		As at 31 December 2019
		Profit or loss	Other comprehensive income	
<b>Deferred tax liabilities</b>				
Property, plant and equipment	(11,152)	(3,117)	-	(14,269)
Non-current provisions for employee benefit	(2,744)	-	2,744	-
<b>Total</b>	<b>(13,896)</b>	<b>(3,117)</b>	<b>2,744</b>	<b>(14,269)</b>

Unit : Thousand Baht

Consolidated financial statements

	(Charged) / Credited to:			As at 31 December 2019
	As at 1 January 2019	Profit or loss	Other comprehensive income	
<b>Deferred tax assets</b>				
Trade accounts receivable	214	(12)	-	202
Property, plant and equipment	10,164	(2,766)	-	7,398
Non-current provisions for employee benefit	6,595	406	-	7,001
Taxable loss carry forward	12,432	(7,491)	-	4,941
<b>Total</b>	<b>29,405</b>	<b>(9,863)</b>	<b>-</b>	<b>19,542</b>
<b>Deferred tax liabilities</b>				
Other current assets	(257)	28	-	(229)
Property, plant and equipment	(64,637)	17,823	-	(46,814)
Non-current provisions for employee benefit	(2,744)	-	-	(2,744)
Finance lease liabilities	(5,317)	564	-	(4,753)
<b>Total</b>	<b>(72,955)</b>	<b>18,415</b>	<b>-</b>	<b>(54,540)</b>

Unit : Thousand Baht

Separate financial statements

	(Charged) / Credited to:			As at 31 December 2019
	As at 1 January 2019	Profit or loss	Other comprehensive income	
<b>Deferred tax liabilities</b>				
Property, plant and equipment	(28,536)	17,384	-	(11,152)
Non-current provisions for employee benefit	(2,744)	-	-	(2,744)
<b>Total</b>	<b>(31,280)</b>	<b>17,384</b>	<b>-</b>	<b>(13,896)</b>

Deferred tax assets resulted from temporary differences which had not been recognized in the financial statements as at 31 December 2019 and 2018 are detailed below :

	Unit : Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
<b>Deferred tax assets</b>				
- Temporary differences	7,919,018	7,782,660	7,919,018	7,782,660
- Tax losses	303,712	497,730	303,712	497,730
Net	<u>8,222,730</u>	<u>8,280,390</u>	<u>8,222,730</u>	<u>8,280,390</u>

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

#### 19 Short-term borrowings from financial institution

As at 31 December 2019, the Group had unutilized credit facilities total amount of Baht 93 million and the Company had no credit facilities (2018 : Baht 122.5 million for the Group only and no credit facilities for the Company).

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

20. Trade Accounts Payable

	Unit: Thousand Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Related parties ( Note 6 )	402,440	14,168	487,647	33,139
Other parties	4,746,223	5,781,815	4,701,302	5,701,561
<b>Total</b>	<b>5,148,663</b>	<b>5,795,983</b>	<b>5,188,949</b>	<b>5,734,700</b>

**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.

21 Other Current Liabilities

	Unit : Thousand Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Accrued expense	134,926	130,178	125,607	121,144
Other payables	57,081	42,465	51,725	36,274
Amounts received in advance from sales				
of goods	38,196	103,437	25,149	68,394
Others	88,109	69,517	57,844	42,567
<b>Total</b>	<b>318,312</b>	<b>345,597</b>	<b>260,325</b>	<b>268,379</b>

## 22. Financial Lease Liabilities

The Group has machineries, equipment and vehicles under financial lease and hire-purchase as at 31 December 2019 and 2018 as detailed followings.

Unit : Thousand Baht

	Consolidated financial statements					
	2019			2018		
	Future value of minimum amount to be paid	Interest	Present value of minimum amount to be paid	Future value of minimum amount to be paid	Interest	Present value of minimum amount to be paid
Due within 1 year	2,532	(200)	2,332	18,590	(1,188)	17,402
Due after 1 year but less than 5 years	1,906	(103)	1,803	4,438	(307)	4,131
<b>Total</b>	<b>4,438</b>	<b>(303)</b>	<b>4,135</b>	<b>23,028</b>	<b>(1,495)</b>	<b>21,533</b>

Unit : Thousand Baht

	Separate financial statements					
	2019			2018		
	Future value of minimum amount to be paid	Interest	Present value of minimum amount to be paid	Future value of minimum amount to be paid	Interest	Present value of minimum amount to be paid
Due within 1 year	696	(47)	649	697	(72)	625
Due after 1 year but less than 5 years	697	(17)	680	1,393	(68)	1,325
<b>Total</b>	<b>1,393</b>	<b>(64)</b>	<b>1,329</b>	<b>2,090</b>	<b>(140)</b>	<b>1,950</b>

A subsidiary entered into resell and lease agreement for machineries and equipment total amount of Baht 58.9 million with the lease period of 5 years. Total machineries and equipment under resell and lease agreement had carrying value as at 31 December 2019 amount of Baht 1.5 million (2018, Baht 18.9 million).

23. Liabilities under Rehabilitation Plan

Unit : Thousand Baht

	Consolidated financial		Separate financial statements	
	statements			
	2019	2018	2019	2018
		(Restated)		(Restated)
<b>Current of liabilities</b>				
The Creditor Class 1	812,991	812,991	812,991	812,991
The Creditor Class 2	249,307	249,307	249,307	249,307
The Creditor Class 3	77,676	65,157	77,676	65,157
The Creditor Class 4	559,998	469,745	559,998	469,745
The Creditor Class 5	31,611	26,517	31,611	26,517
The Creditor Class 6	34,682	34,682	34,682	34,682
The Creditor Class 7	-	-	7,991	7,991
The Creditor Class 12	80	80	80	80
Total	1,766,345	1,618,299	1,774,336	1,626,290
<b>Non-current of liabilities</b>				
The Creditor Class 1	8,155,558	8,502,345	8,155,558	8,502,345
The Creditor Class 2	14,792,240	15,001,367	14,792,240	15,001,367
The Creditor Class 3	4,521,863	4,553,863	4,521,863	4,553,863
The Creditor Class 4	25,688,490	26,887,844	25,688,490	26,887,844
The Creditor Class 5	1,780,328	1,793,323	1,780,328	1,793,323
The Creditor Class 6	273,386	308,068	273,386	308,068
The Creditor Class 7	4,300	4,300	4,300	4,300
The Creditor Class 12	10,664	10,744	10,664	10,744
Total	55,226,829	57,061,854	55,226,829	57,061,854
Total liabilities under rehabilitation plan	57,001,164	58,688,143	57,001,165	58,688,144

Movements of liabilities under rehabilitation plan for the year ended December 31, 2019 and 2018 are as follows :

	Unit : Thousand Baht			
	Consolidated financial		Separate financial	
	statements		statements	
	2019	2018	2019	2018
		(Restated)		(Restated)
As at 1 January	58,688,144	62,264,564	58,688,144	62,264,564
Repayments	(1,686,980)	(3,068,429)	(1,686,980)	(3,068,429)
Convert debt to capital <b>(notes 25 and 26)</b>	-	(500,000)	-	(500,000)
As at 31 December	<u>57,001,164</u>	<u>58,688,144</u>	<u>57,001,164</u>	<u>58,688,144</u>

Liabilities under business rehabilitation of secured portion, detailed of security, land building and equipment as stated in notes 16 to financial statements.

In 2015, the major lender called for repayments immediately for the remained borrowings amount of USD 788 million and GBP 1 million respectively (equal to Baht 28,384 million and Baht 46 million respectively) and in Thai Baht 1.6 million with Sahaviriya steel Industry UK and subsequently, the major lender requested for the responsibility of the Company in being a guarantor for the debt amount. As a result, the Company could not maintained the financial ratio and did not made repayment of the matured principal and interest to the bank. The major lender called for repayment of total amounts immediately, caused to the Board of directors of the Company approved the Company to file the rehabilitation to the Central Bankruptcy Court on 1 October 2015 which resulted from the rehabilitation plan was approved by the Central Bankruptcy Court on 15 December 2016, long-term borrowings form financial institutions, provisions from being guarantor and other payables under rehabilitation plan with obligated interest are part of rehabilitation plan (see note 23). The reclassified of such borrowings, provisions, and other payables under rehabilitation plan with obligated interest are conformed to the debts settlement as stipulated in the Plan.

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

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

Unit : Thousand Baht

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
		(Restated)		(Restated)
Baht	30,752,676	24,315,204	30,752,676	24,315,204
USD	26,248,488	27,357,589	26,248,488	27,357,589
Total	<u>57,001,164</u>	<u>58,688,144</u>	<u>57,001,164</u>	<u>58,688,144</u>

In 2016, the Company calculated the future debt repayment under the new condition as at the date rehabilitation plan approved by the Court and the amount to be paid under the new condition is lower than the book value of debt. The Company, therefore, recorded the amount debt repayment by decreasing book value of debt and not recording interest expenses. The Company did not record gain on debt restructuring due to unable to define exact amount to be paid in the future.

As at December 31, 2019 and 2018, the Company has reviewed the amount of debt repayment in the future under the new condition. It was lower than book value of debt.

24. Non-current Provisions for Employee Benefit

	Unit : Thousand Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
<b>Statements of financial position</b>				
<b>as at 31 December</b>				
Provisions in statements of financial position for:				
Statutory severance pay	338,177	187,971	288,355	156,658
Other long-term employee benefits	22,741	12,387	17,819	8,695
Total	<u>360,918</u>	<u>200,358</u>	<u>306,174</u>	<u>165,353</u>
<b>For the year ended 31 December</b>				
Statement of comprehensive income				
Recognized in profit or loss:				
Statutory severance pay	40,011	13,905	26,498	15,167
Other long-term employee benefits	43,662	5,214	42,428	1,009
Total	<u>83,673</u>	<u>19,119</u>	<u>68,927</u>	<u>16,176</u>

Statutory Severance Pay

The Group and the Company operate defined benefit plans based on the requirement of Thai Labour Protection Act B.E. 2541 (1998) to provide retirement benefits to employees based on pensionable remuneration and length of service.

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

The movement in the present value of the provisions for employee benefits for the year ended 31 December 2019 and 2018 were shown in the table below:

	Unit : Thousand Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Provisions for employee benefits at 1 January	200,358	192,019	165,353	159,047
<b>Recognized in profit or loss:</b>				
Current service costs and interest	83,673	19,119	68,927	16,176
Previous service cost	79,621	-	72,700	-
<b>Others</b>				
Benefits paid by the plan	(2,734)	(10,780)	(806)	(9,870)
Provisions for employee benefits at 31 December	<u>360,918</u>	<u>200,358</u>	<u>306,174</u>	<u>165,353</u>

#### Actuarial assumption

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

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Discount rate	1.63-1.71	3.03 - 3.20	1.71	3.03
Future salary growth	5.62-7.02	5.59 - 6.64	7.02	6.59

Assumptions regarding future mortality have been based on published statistics and mortality tables

## Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligations by the amounts shown below:

	Unit : Thousand Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	Increase	Decrease	Increase	Decrease
Provisions for employee benefits				
31 December 2019				
Discount rate (0.5% movement)	(13,711)	17,325	(11,512)	14,980
Future salary growth (0.5% movement)	14,639	(11,426)	12,616	(9,512)
Employee turnover rate (1% movement)	(14,149)	(17,600)	(10,296)	13,255

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

## 25 Business rehabilitation plan

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

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

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

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

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

### 1. Classification of the creditor

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

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

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

## 2 Capital Restructuring

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

## **2.1 Decrease the unissued ordinary shares**

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

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

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

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

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

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

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

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

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

### **3 Debt repayment of each creditor class**

#### **3.1 Creditor Class 1 (Secured creditor)**

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

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

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

3.2.1 Creditor Class 2 ( Financial institution creditors for the portions of debt claims that exceed the appraised value of the collateral). The outstanding principal of Baht 2,319.2 million will be repaid from cash flow for debt repayment and/or excess cash. The creditor will be paid for 144 monthly instalment payments (the 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 installment payments (the 1st month commencing from the month after the month that the Court approves the Plan). The remaining principal of Baht 1,300.3 million will be repaid in the 144th month from the new funding and/or refinancing and/or excess cash. However, if the creditor in Class 5 have debt payable to the Company, the Plan Administrator must set off the repayment against such debt payable before repaying the installment payment.

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

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

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

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

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

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

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

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

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

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

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

### **3.4 Creditor Class 7 (Related party creditors)**

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

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

### **3.5 Creditor Class 8 (Trade creditor)**

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

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

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

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

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

3.7.5 In case the Creditor Class 10 receives the Company's ordinary shares from the 2nd Debt to Equity Conversion, if there are remaining outstanding principals, the interest computed and actually paid from such date until the date the creditor'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 11 receives the final judgment of its claim, the Plan Administrator has the authority to increase the Company's registered ordinary shares in advance to be the reserve shares for the debt to equity conversion of the Creditor Class 11 and will increase the number of issued and paid up shares after the final judgment of the debt claim.

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

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

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

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

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

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

**3.10 Creditor Class 13 (Issuers of bank guarantees)**

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

#### 4. Collection from related companies receivable

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

- 4.1 If both receivables still deal with the Company that the Company gradually reduced the outstanding current trade accounts to both receivable. In the goods purchasing order from the Company that new goods will be delivered not exceed 95 per 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 ordinary shares by decreasing share capital from Baht 32,166.3 million to Baht 1,113.0 million. The Company has registered the decrease share capital with the Ministry of Commerce on 13 July 2017.

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 and on 21 September 2017, the Court has ordered to approve the amendment of memorandum of association for increasing share capital 10,000,000,000 shares at par value of Baht 1 each. As a result, the Company has the increase share capital from Baht 1,113.0 million to Baht 11,113.0 million. The Company has registered the decrease share capital with the Ministry of Commerce on 19 October 2017.

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

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

One of the creditors in the Creditor class 12 of rehabilitation plan who to file the application for repayment of debts, as at 25 March 2019 there is the order of the Official Receiver to dismiss the application for receiving debt settlement of such creditor. Subsequently, such creditor filed extends the time request for disputation of which Central Bankruptcy Court. Then on 23 September 2019, the creditor file application to the Court to change the order of the Official Receiver. The Court will examine the witnesses of such creditor and objector on 4 and 5 March 2020, total debt claiming which comprise principle and interest under rehabilitation plan amounted to Baht 1,928.7 million.

#### **The Creditor Class 7**

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

#### **The Creditor Class 9**

One of the creditor class 9 is the Company management who requested the Company to repay principal and interest, totaling of USD 100 Million and USD 6.3 Million, respectively. Later on 31 October 2016, the Official Receiver dismissed the stated request. Subsequently, on 19 January 2017, the Board of Directors' meeting of the Company passed the resolution approving the Company to prepare an agreement for a waiver of their right of recourse with one another, in respect to the joint guarantee of the Revolving Facility B Loan of SSI UK. The Company assigned the audit committee to review and agree the agreement details and condition. Details of the agreement had been considered in the Audit Committee's meeting on 27 January 2017 which is considered a related transaction.

#### The Creditor Class 10

One of the creditor class 10 requested the Company to repay debt, totaling of USD 31 million respectively. Subsequently, on 23 April 2018, the Official Receiver ordered the Company to repay this creditor class 10, totaling of USD 31 Million, under the condition that the environment damages incurred and conformed to the environment responsibility condition under the trading of integrated still mill and steel trading agreement dated 24 February 2011.

The Company has already disclosed the contingent liability in the notes 33 to financial statements.

#### The Creditor Class 11

As at 28 September 2016, one of the creditor class 11 filed a wrongful dismissal claim of Official Receiver, total amount of Baht 279 million to the Central Bankruptcy Court. Subsequently on 8 March 2017, this creditor class 11 withdrew such claim.

The Company has not recorded liabilities since the management considered that there is uncertainly and possibly in lost of economic benefit for such debts settlement.

In 2019, the Company has settle debt to the creditors under the Plan for the principal amount of Baht 1,640.8 million and interest amount of Baht 72.17 million, totally Baht 1,713.0 million.

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

The Company's debtors, B.S. Metal Co., Ltd. or Sahaviriya Panich Corporation Co., Ltd. suffered the financial trouble and lack of liquidity from the normal business operation or due to unfavorable business conditions, resulted to such receivables could not settle debt to the Company.

The debtors receivables, B.S. Metal Co., Ltd. or Sahaviriya Panich Corporation Co., Ltd. has favour financial status or liquidity but debtors did not pay the outstanding debt to the Company and the company followed up the claim, including any necessary legal proceedings. For example, it the attorney has already issued a letter for requesting or suspending a transaction temporality.

### **Collection from related companies receivable**

In accordance with rehabilitation plan, the Company must follow up debt of B.S. Metal Co., Ltd. and Sahaviriya Panich Corporation Co., Ltd. not less than the amount of Baht 300 million per annum to be completed within 7 years from the year 2017 onwards and in 2019 both debtors must make total outstanding debt settled (the existing and new debt is not exceeding than Baht 2,640 million). However as at 31 December 2019, the outstanding debt of both companies combined is Baht 3,580 million but the Company has performed the debt follow up process, hence not in default.

In 2019 receivable outstanding of two related companies is Baht 3,580 million. The Company collected repayment in 2019 by amount of Baht 118.9 million. The Company have fully set up allowance for doubtful accounts of such receivables. This action is not complied with the Rehabilitation plan under No 23 (4.4). However, the incident is not the cause of default because the Creditor committee not yet notice for such defaulting. During 2018, the Company has sent notice to follow up debt by 3 times. Currently, the Company still follow up for collection and negotiate the repayment condition.

26. Share capital

Movements of share capital for the year ended 31 December 2019 and 2018 are as follows:

	Par value per share (in Baht)	2019		2018	
		Number	Amount	Number	Amount
		Thousand shares	Thousand Baht	Thousand shares	Thousand shares
<b>Authorized</b>					
ordinary shares					
As at 1 January	1	11,113,018	11,113,018	11,113,018	11,113,018
- Share increase	1	-	-	-	-
As at 31 December	1	<u>11,113,018</u>	<u>11,113,018</u>	<u>11,113,018</u>	<u>11,113,018</u>
<b>Issued and paid-up</b>					
ordinary shares					
As at 1 January		11,113,018	11,113,018	1,113,018	1,113,018
- Share increase		-	-	10,000,000	10,000,000
As at 31 December	1	<u>11,113,018</u>	<u>11,113,018</u>	<u>11,113,018</u>	<u>11,113,018</u>

**Increase in ordinary shares**

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

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

Transactions effected from decrease share capital

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

Share discount on ordinary shares

	Unit : Thousand Baht
As at 1 January 2019	(9,500,000)
Increase	<u>-</u>
As at 31 December 2019	<u>(9,500,000)</u>

## 27. Segment information

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

Segment

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

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

## Information about reportable segments

Information about segment income and profit for the year ended 31 December 2019 and 2018 are as follows:

Unit : Thousand Baht

	Manufacture								Total segment	
	of hot rolled coils		Maintenance services		Deep-sea port services		Elimination			
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
		(Restated)						(Restated)		(Restated)
External revenue	24,662,945	30,864,280	339,526	355,403	196,928	208,470	-	-	25,199,399	31,428,153
Inter-segment revenue	-	-	359,389	343,771	64,154	71,587	(423,543)	(415,358)	-	-
Segment profit (loss) before income tax	(2,398,675)	960,989	52,807	49,654	73,853	95,388	524,383	(193,025)	(1,747,632)	913,006
Reportable segment assets as at 31 December	20,708,779	25,199,347	388,718	390,932	1,255,695	1,286,352	(465,437)	(967,761)	21,887,754	25,908,870
Reportable segment liabilities as at 31 December	63,003,581	65,022,402	222,068	262,572	61,584	58,846	(141,277)	(77,303)	63,145,956	65,266,517

### Geographical segments

Segment 1 - is managed and operates manufacturing facilities and sales offices in Thailand

Segment 2 and 3 - operate principally in Thailand. There are no material revenues derived from, or assets located in, foreign countries.

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

### Geographical information

	Unit : Thousand Baht	
	2019	2018
Income		
Domestic	25,171,934	31,268,714
Overseas	27,465	159,439
Total	<u>25,199,399</u>	<u>31,428,153</u>

### Major customer

For the year ended 31 December 2019, revenues from 3 customers of the Group's segment 1 represent approximately Baht 11,013 million (**2018: 3 customers amounted to Baht 12,036 million**).

## 28. Expenses by nature

	Unit : Thousand Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Changes in inventories of finished goods				
and work in progress	914,725	(92,349)	918,902	(96,997)
Raw materials and consumables used	22,215,507	27,539,690	21,991,379	27,253,521
Employee benefit expenses	1,109,860	933,999	783,968	672,400
Fuel oil and electrical expenses	660,322	694,714	651,651	688,167
Depreciation and amortization	723,033	746,090	617,842	638,009
Maintenance expenses	282,806	311,320	277,143	306,795
Transportation expenses	467,061	505,199	467,061	505,199
Professional fee	290,990	142,008	159,221	122,605
Minimum lease payments recognized as an				
operating lease expenses	46,981	35,143	35,313	29,651
Bad debt and doubtful accounts	843,311	4,547	843,311	4,547
Advertising and public relation expenses	14,626	16,003	14,626	16,003
Penalties	911	8,125	911	8,125
Loss on devaluation of inventories	35,404	431,971	35,404	431,971
Loss on onerous contracts (reversal)	(1,073)	382	(1,073)	382
Loss on impairment of intangible assets	-	95,475	-	95,475
Loss on impairment of investments in joint				
venture	-	-	530,887	-

29 Income tax

**Income tax recognized in profit or loss**

	Unit : Thousand Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Current income tax				
Current year	(36,904)	(21,872)	-	-
Deferred tax expense				
Movements in temporary differences	7,560	8,552	(3,116)	17,384
Total tax (expense) income	<u>(29,344)</u>	<u>(13,320)</u>	<u>(3,116)</u>	<u>17,384</u>

**Reconciliation of effective tax rate**

	Unit : Thousand Baht			
	Consolidated financial statements			
	2019		2018	
	Tax rate	Amount	Tax rate	Amount
	(%)		(%)	
Gain (loss) before income tax		<u>(1,747,632)</u>		<u>913,006</u>
Income tax using the Thai corporation tax rate	20	(349,526)	20	182,601
Income not subject to tax		(15,515)		(39,716)
Expenses not deductible for tax purposes		480,830		45,143
Double taxable expenses		(4,593)		(287)
Unrecognise deferred tax assets and deferred tax liabilities during the year		7,442		2,023
Under tax provided in prior year, (lower) over		3,668		(164)
Tax loss		<u>(151,650)</u>		<u>(202,920)</u>
Total	-	<u>(29,344)</u>	-	<u>(13,320)</u>

Unit : Thousand Baht

	Separate financial statements			
	2019		2018	
	Tax rate	Amount	Tax rate	Amount
	(%)		(%)	
Gain (loss) before income tax expense		<u>(740,395)</u>		<u>288,643</u>
Income tax using the Thai corporation tax rate	20	(479,735)	20	192,198
Income not subject to tax		(13,511)		(27,211)
Expenses not deductible for tax purposes		583,184		30,491
Unrecognized deferred tax assets and deferred tax liabilities during the year		7,442		17,384
Tax losses		<u>(100,496)</u>		<u>(195,478)</u>
Total	-	<u>(3,116)</u>	-	<u>17,384</u>

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

- Taxable losses and temporary differences 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.

30. Earnings (loss) per share

**Basic earnings (loss) per share**

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

For the year ended 31 December 2019 and 2018 as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
		(Restated)		(Restated)
Profit (Loss) for the year attributable to ordinary shareholders of the Company (Thousand Baht))	(1,802,878)	866,652	(2,401,791)	978,373
Number of ordinary shares issued as at 1 January	11,113,018	1,113,018	11,113,018	1,113,018
Effects of shares issued during the year	-	7,616,438	-	7,616,438
Weighted average number of ordinary shares outstanding (basic) (Thousand shares)	11,113,018	8,729,456	11,113,018	8,729,456
Basic earnings (loss) per share(Baht)	(0.16)	0.10	(0.22)	0.11

31. Promotional privileges

By virtue of the provisions of the Industrial Investment Promotion Act of B.E. 2520, the Group has been granted privileges by the Board of Investment relating to (1) the manufacture of hot rolled coils and hot rolled pickled and oiled coils (2) the provision of marine shipping services (3) the provision of high-powered tug boat services (4) the manufacture of industrial machinery and equipment, mechanical parts, and the repair and improvement of industrial machinery and equipment and steel structures for industrial use.

The privileges granted include:

- (a) exemption from payment of import duty on machinery approved by the Board;
- (b) exemption from payment of import duty on essential raw materials and supplies imported;

- (c) (exemption from payment of income tax for sales of hot rolled coils and hot rolled pickled and oiled coils, to the extent that the amount sold does not exceed 1.6 million tons a year, for a period of 8 years from the date on which the income is first derived from such operations (13 May 2004)
- (d) exemption from payment of income tax on net income from the provision of marine shipping services, for a period of 8 years from the date on which the income is first derived from such operations (14 November 2006) to the extent that the amount of tax exempted does not exceed 100 percent of the total investment made, excluding the price of land and working capital. The amount of income tax exempted thus must not exceed Baht 1,146 million, and such cap is to be adjusted according to the actual capital investment (excluding land cost and working capital) as of the started date operation of the project commences. In addition, the privilege also includes an exemption from payment of import duty on machinery approved by the Board;
- (e) exemption from payment of income tax on net income from the provision of high-powered tug boat services, for a period of 8 years from the date on which the income is first derived from such operations (4 July 2012) to the extent that the amount of tax exempted does not exceed 100 percent of the total investment made, excluding the price of land and working capital. The amount of income tax exempted thus must not exceed Bath 300 million, and such cap is to be adjusted according to the actual capital investment (excluding land cost and working capital) as of the started date operation of the project commences; and
- (f) exemption from payment of income tax on net income from manufacture of industrial machinery and equipment, mechanical parts, and the repair and improvement of industrial machinery and equipment and steel structures for industrial use, for a period of 8 years from the date on which the income is first derived from such operations, to the extent that the amount of tax exempted does not exceed 100 percent of the total investment made, excluding the price of land and working capital. The total amount of income tax exempted thus must not exceed Baht 167 million, and such cap is to be adjusted according to the actual capital investment (excluding land cost and working capital) as of the started date operation of the project commences.

As promoted companies, the Group must comply with certain terms and conditions prescribed in the promotional certificates.

Summary of revenue from promoted and non-promoted businesses for the year ended 31 December 2019

Unit : Thousand Baht

	Consolidated financial statements					
	2019			2018		
	Promoted Businesses	Non-promoted Businesses	Total	Promoted Businesses	Non-promoted Businesses	Total
Export sales and services	-	27,465	27,465	-	125,628	125,628
Local sales and services	1,296	25,594,181	25,595,477	2,548	31,715,335	31,717,883
Eliminations	-	(423,543)	(423,543)	-	(415,358)	(415,358)
<b>Total revenues</b>	<b>1,296</b>	<b>25,198,103</b>	<b>25,199,399</b>	<b>2,548</b>	<b>31,425,605</b>	<b>31,428,153</b>

Unit : Thousand Baht

	Separate financial statements					
	2019			2018		
	Promoted Businesses	Non-promoted Businesses	Total	Promoted Businesses	Non-promoted Businesses	Total
Export sales and services	-	7,731	7,731	-	33,811	33,811
Local sales and services	-	24,655,214	24,655,214	-	30,830,469	30,830,469
<b>Total revenues</b>	<b>-</b>	<b>24,662,945</b>	<b>24,662,945</b>	<b>-</b>	<b>30,864,280</b>	<b>30,864,280</b>

## 32. Financial instrument

### **Financial risk management policies**

The Group is exposed to normal business risks from changes in market interest rates and currency exchange rates and from non-performance of contractual obligations by counterparties. The Group does not hold or issue derivative financial instruments for speculative or trading purposes.

Risk management is integral to the whole business of the Group. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved.

### **Capital management**

The Board of Directors' policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board monitors the return on capital, which the Group defines as result for operating activities divided by total shareholders' equity, excluding non-controlling interests and also monitors the level of dividends to ordinary shareholders.

## Interest rate risk

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Group's operations and its cash flows because loan interest rates are mainly fixed. The Group is primarily exposed to interest rate risk from its borrowings (Note 19 and 23). The Group mitigates this risk by ensuring that the majority of its borrowings are at fixed interest rates and uses derivative financial instruments, principally interest rate swaps, to manage exposure to fluctuations in interest rates on borrowings.

For liabilities under Rehabilitation Plan, interest as stipulated in the Plan. Portion of interest would be waived if the Company can comply with certain conditions.

The effective interest rates of interest-bearing financial liabilities as at 31 December and the periods in which those liabilities mature or re-price were as follows:

	Effective interest rate	Unit : Thousand Baht		
		Consolidated financial statements		
		Within 1 year	Over 1 year	Total
<b>2019</b>	<b>(% per annum)</b>			
<b>Current</b>				
Finance lease liabilities	4.44-6.50	2,332	-	2,332
Current portion of liabilities under rehabilitation plan	1-MLR	1,766,345	-	1,766,345
<b>Non-current</b>				
Finance lease liabilities	4.44-6.50	-	1,803	1,803
Liabilities under rehabilitation plan	1-MLR	-	55,226,829	55,226,829
<b>Total</b>		<b>1,768,677</b>	<b>55,228,632</b>	<b>56,997,309</b>
<b>2018</b>	<b>(% per annum)</b>			
<b>Current</b>				
Finance lease liabilities	4.44-6.50	17,402	-	17,402
Current portion of liabilities under rehabilitation plan	1-MLR	1,618,229	-	1,618,229
<b>Non-current</b>				
Finance lease liabilities	4.44-6.50	-	4,131	4,131
Liabilities under rehabilitation plan	1-MLR	-	57,061,855	57,061,855
<b>Total</b>		<b>1,635,631</b>	<b>57,065,986</b>	<b>58,701,617</b>

Unit : Thousand Baht

	Separate financial statements			Total
	Effective interest rate	Within 1 year	Over 1 year	
<b>2019</b>	<b>(% per annum)</b>			
<b>Current</b>				
Finance lease liabilities	4.52	649	-	649
Current portion of liabilities under rehabilitation plan	1-MLR	1,774,336	-	1,774,336
<b>Non-current</b>				
Finance lease liabilities	4.52	-	680	680
Liabilities under rehabilitation plan	1-MLR	-	55,226,829	55,226,829
<b>Total</b>		<b>1,774,986</b>	<b>55,227,509</b>	<b>57,002,494</b>
<b>2018</b>	<b>(% per annum)</b>			
<b>Current</b>				
Finance lease liabilities	4.52	625	-	625
Current portion of liabilities under rehabilitation plan	1-MLR	1,626,290	-	1,626,290
<b>Non-current</b>				
Finance lease liabilities	4.52	-	1,325	1,325
Liabilities under rehabilitation plan	1-MLR	-	57,061,855	57,061,855
<b>Total</b>		<b>1,626,915</b>	<b>57,063,180</b>	<b>58,690,095</b>

## Foreign currency risk

The Group is exposed to foreign currency risk relating to purchases which are denominated in foreign currencies. The Group primarily utilised forward exchange contracts with maturities of less than one year to hedge such financial liabilities denominated in foreign currencies. The forward exchange contracts entered into at the reporting date also relate to anticipated purchases, denominated in foreign currencies, for the subsequent period.

Aa at 31 December, the Group and Company were exposed to foreign currency risk in respect of financial assets and liabilities denominated in the following currencies:

	Consolidated		Unit : Thousand Baht Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
<b>United States Dollars</b>				
Cash and cash equivalents	318	306	318	306
Trade accounts receivable	-	-	-	-
Short-term borrowings from financial institutions	(5,841)	-	-	-
Trade accounts payable	(4,660,572)	(5,319,611)	(4,660,572)	(5,310,608)
Provisions under guarantee agreement and others	(25,815,560)	(24,240,094)	(25,815,560)	(24,240,094)
Other current payables	-	(50)	-	(50)
Balance sheet exposure	(30,481,655)	(29,559,449)	(30,476,450)	(29,550,446)
Forward contracts	(7,150)	(1,304,592)	-	(1,304,592)
Net exposure	<u>(30,488,805)</u>	<u>(30,864,041)</u>	<u>(30,476,450)</u>	<u>(30,855,038)</u>
<b>(GBP) Great Britain Pound Sterling</b>				
Trade accounts receivable	403	419	-	-
Trade accounts payable	(11,609)	(47)	(11,473)	(47)
Interest-bearing liabilities	-	-	-	-
Other current payables	-	(5,918)	-	(5,918)
Balance sheet exposure	(11,206)	(5,546)	(11,473)	(5,965)
Forward contracts	-	-	-	-
Net exposure	<u>(11,206)</u>	<u>(5,546)</u>	<u>(11,473)</u>	<u>(5,965)</u>

Unit : Thousand Baht

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
<b>Euro</b>				
Cash and cash equivalents	65	235	65	235
Trade accounts receivable	1,156	590	-	-
Short-term borrowings from financial institutions	(345)	-	-	-
Trade accounts payable	(27,748)	(22,751)	(27,748)	(22,663)
Other current payables	-	(4,898)	-	(4,898)
Gross balance sheet exposure	(26,872)	(26,824)	(27,813)	(27,326)
Forward contracts	-	-	-	-
Net exposure	(26,872)	(26,824)	(27,813)	(27,326)
<b>YEN</b>				
Trade accounts payable	(294)	(313)	(268)	(285)
Other current payables	-	-	-	(1,128)
Gross balance sheet exposure	(294)	(313)	(268)	(1,413)
Forward contracts	-	-	-	-
Net exposure	(294)	(313)	(268)	(1,413)

**Credit risk**

Credit risk is the potential financial loss resulting from the failure of a customer or counterparty to settle its financial and contractual obligations to the Group as and when they fall due.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. At the reporting date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet. However, due to the large number of parties comprising the Group's customer base, Management does not anticipate material losses from its debt collection.

**Liquidity risk**

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

**Determination of fair values**

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. The fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The fair value of trade and other short-term receivables is taken to approximate the carrying value.

The fair value of investments in equity and debt securities, which are held for trading, held to maturity and available for sales, is determined by reference to their quoted bid price at the reporting date. The fair value of held-to-maturity investments is determined for disclosure purposes only.

The fair value of interest rate swaps is based on broker quotes. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date.

The fair value of forward exchange contracts is based on their listed market price, if available. If a listed market price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price at the reporting date for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

The fair value of non-derivative financial liabilities, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. In respect of the liability component of convertible notes, the market rate of interest is determined by reference to similar liabilities that do not have a conversion option.

The fair value of financial assets and liabilities, together with the carrying values shown in the statement of financial position at 31 December were as follows:

	Unit : Thousand Baht			
	Consolidated		Separate	
	Fair value level 2	Carrying value	Fair value level 2	Carrying value
<b>2019</b>				
Current				
Forward exchange contracts - liabilities	-	-	-	-
Total	-	-	-	-
<b>2018</b>				
Current				
Forward exchange contracts - liabilities	1,296,475	1,304,592	1,296,475	1,304,592
Total	1,296,475	1,304,592	1,296,475	1,304,592

33. Commitments and contingent liabilities

	Unit: Million Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
<b>Capital commitments</b>				
<b>Contracted but not provided for</b>				
Machinery and equipment	82	57	104	109
Total	82	57	104	109

As at 31 December 2019, the Group had capital expenditures amount of Baht 35 million, USD 0.2 million and EUR 1.2 million (**2018 : Baht 40.1 million, USD 0.4 million, EUR 0.3 million** in relation to the acquisition and installation of machinery and equipment.

As at 31 December 2019, the Company had capital expenditures amount of Baht 57 million, USD 0.2 million and EUR 1.2 million (**2018 : Baht 93 million, USD 0.1 million, EUR 0.4 million**) in relation to the acquisition and installation of machinery and equipment.

	Unit: Million Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
<b>Non-cancellable operating lease commitments</b>				
Within one year	12	13	5	9
After one year but within five years	3	5	4	1
Total	15	18	9	10
<b>Other commitments</b>				
Raw materials purchases	6,511	2,722	2,194	2,722
Letter of credit	43	10	-	-
Other agreements	569	720	513	689
Total	7,123	3,452	2,707	3,411

As at 31 December 2019, the Group had other commitments in relation to purchase spare parts and equipment supplies, and to obtain maintenance services amounting to Baht 309 million, USD 2.9 million, EUR 4.0 million, GBP 0.04 million and JPY 34.6 million **(2018: Baht 347 million, USD 3.1 million, EUR 4.8 million, JPY 5.8 million and GBP 0.3 million)**.

As at 31 December 2019, the Company had other commitments in relation to purchase spare parts and equipment supplies, and to obtain maintenance services amounting to Baht 277 million, USD 2.9 million, EUR 4.0 million, GBP 0.04 million and JPY 34.6 million **(2018: Baht 145 million, USD 3.1 million, EUR 4.8 million and JPY 5.8 million)**.

### Contingent liabilities

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

	Unit: Million Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Electricity supply	104	107	104	104
Performance guarantees	43	79	-	-
Others	4	16	4	5
Total	151	202	108	109

As at 31 December 2019 and 2018, 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 **(2018: amount of Baht 11 million)**;
  - The contractual performance amounting to Baht 43 million **(2018: amount of Baht 79 million)**
  - Electricity usage amount of Baht 104 million **(2018: amount of Baht 107 million)**
- b) As at 31 December 2019, the Company has contingent liabilities from guarantee under agreement and damages under agreement amount of USD 31 million with the condition that the Company will make payment whenever the environment damages incurred and in conformity with environment responsibility conditions in accordance with purchase and sales of still mill and integrated steel agreement dated 24 February 2011.

## Disputation and litigation

### Land in Prachuapkhirikhan

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

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

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

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

These are currently being considered by the Court.

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

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

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

These are currently being considered by the Court.

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

#### 34. Events after the reporting period

On 4 February 2020, according to the minutes No. 2/2020 of Board of directors' meeting as a plan rehabilitation administrator resolved that;

1. Approved the Company to grant Bridging loan to Cork Gully LLP, which was nominated by the Bank debtor (Sahaviriya Steel Industries UK Limited) ("SSI UK") to purchase 50% of ordinary shares of Redcar Bulk Terminal limited ("RBT"), operating harbor business in UK, from British Steel Limited ("BSL"), totaling amount of GBP 11.356 million or Baht 463 million. This is under the condition that Cork Gully LLP, as shares receiver, must use the received shares as the Company's borrowings collateral. On 24 February 2020, SSI UK received ordinary shares of RBT from BSL. As the results, SSI UK increases its shares proportion in RBT from 50% to 100%.
2. Approved the Company to lend short-term borrowings without collateral from Prachup Port Co., Ltd., which is its subsidiary, for not more than Baht 200 million (with the interest rate of MLR per annum) to use as the Company's working capital. On 5 February 2020, the Company received the stated borrowings totaling amounts of Baht 100 million.

#### 35 Financial Statements Approval

These financial statements were approved and authorized for issue by the Company's Board of directors on 28 February 2020.