



บริษัท สหวิริยาสตีลอินดัสตรี จำกัด (มหาชน)
SAHAVIRIYA STEEL INDUSTRIES PUBLIC COMPANY LIMITED

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ISO 9001
ISO 14001
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ISO/TS 16949
ISO/IEC 17025

สร้างสรรคณวัฒธรรมผลิตภัณฑ์หลักและบริการที่มีมูลค่าเพิ่มกับลูกค้า สร้างกำไรสม่ำเสมอ สร้างผลตอบแทนแก่ผู้มีส่วนได้เสียอย่างยั่งยืน
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A MEMBER OF SAHAVIRIYA GROUP

-Translation-

No. S.E.C. 075/2017

24 August 2017

Re: Clarification of the Disclaimer of Conclusion on Auditor's Report on the Company's interim financial information for the six-month period ended 30 June 2017 due to the (1) Material uncertainty concerning going concern basis of accounting and success of rehabilitation plan, (2) Material uncertainty concerning the balance of long-term loans from financial institution, trade payable, other payable to related party, other current liabilities and other noncurrent liabilities, and (3) Compare financial performance and corresponding figures

Attn: President
The Stock Exchange of Thailand

CC: Secretary-General
The Securities and Exchange Commission, Thailand

As Sahaviriya Steel Industries Public Company Limited ("the Company") has submitted the interim financial information for the six-month period ended 30 June 2017, an auditor did not express an audit conclusion due to the (1) Material uncertainty concerning going concern basis of accounting and success of rehabilitation plan, (2) Material uncertainty concerning the balance of long-term loans from financial institution, trade payable, other payable to related party, other current liabilities and other noncurrent liabilities, and (3) Compare financial performance and corresponding figures.

The Company would like to clarify the aforementioned issues as follows:

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

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

The Company would like to inform that, since the Central Bankruptcy Court (the "Court") issued an order, on 15 December 2016, approving the Rehabilitation Plan (the "Plan") which also determined the Company as a Plan Administrator, the Company has dutifully and continually conducted debt repayments, capital restructurings as well as other implementations as stipulated in the Plan. Such implementations achieved on plan are as followings:

- 1) Debt repayments for the outstanding principals and interests for the 1st to 7th installments from January to July, total of THB 956.22 million,
- 2) An early debt repayment from an Excess Cash for the six-month period ending 30 June 2017, total of THB 279.51 million,
- 3) Appointments of a Security Agent, a Cash Monitoring Agent, and a Stock Monitoring Agent,
- 4) Registration of the Capital Decrease for the registered but unissued ordinary shares of 18,097,401,000 shares. Consequently, the registered and paid-up capital of the Company became THB 32,166,262,124, divided into 32,166,262,124 ordinary shares with the par value of THB 1 per share,





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บริษัท สหวิริยาสตีลอินดัสตรี จำกัด (มหาชน) SAHAVIRIYA STEEL INDUSTRIES PUBLIC COMPANY LIMITED

สร้างสรรค์นวัตกรรมผลิตภัณฑ์เหล็กและบริการที่มีมูลค่าเพิ่มกับลูกค้า สร้างกำไรอย่างเหมาะสม สร้างผลตอบแทนแก่ผู้มีส่วนได้เสียอย่างยั่งยืน
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5) Registration of the Capital Decrease by decreasing in registered capital by THB 31,053,243,844. As a result, the current registered and paid-up capital of the Company is THB 1,113,018,280, divided into 1,113,018,280 ordinary shares, at the par value of THB 1 per share.

Presently, the Company is under the process of Capital Increase by the 1st Debt to Equity Conversion as it has submitted a petition to the Court on 24 July 2017, seeking for an approval for such implementation and the Court appointed the date to review the petition and issue an order on 21 September 2017.

In addition, for the business operation, the Company has sufficient working capital to operate its ongoing business. The Company, as a Plan Administrator, has convened the Creditor Committee's meeting which is scheduled every month or as necessary, to acknowledge the operation result and to make joint decisions on several matters to enable smooth and quick implementation toward the success of the Plan which will benefit the creditors and stakeholders.

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

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

The Company would like to inform that there are 2 debt claims that have not received Final Judgment as at 30 June 2017, with total amount THB 3,113.7 million, representing 4.5% of the total debt claim, which are currently in investigation process of the Official Receiver. Nonetheless, after the Court issues Final Judgment for the both debt claims, the Company will further proceed with the Court's order in accordance with the procedure set forth in the Plan.

(3) Compare financial performance and corresponding figures.

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

The Company would like to inform that the unaudited interim financial statement for the six-month period ended 30 June 2016 had been prepared in compliance to Thai Financial Reporting Standards concerning interim financial statement.

Please be informed accordingly.

Sincerely yours,

-Signature-

Mr. Win Viriyaprapaikit
President

