

The background of the page is a large industrial scene, likely a steel mill. In the foreground, a large, glowing orange molten metal ladle is being lifted by a crane. The ladle has the number '2' on its side. In the background, there are several levels of industrial structures, including walkways and railings. A group of workers in hard hats and safety gear are visible on one of the upper levels, looking towards the camera. The overall lighting is a warm, orange-yellow, characteristic of molten metal environments.

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Message From The Chairman



Dear Shareholders,

During the year 2010, the global economy continued its course of recovery. The Thai economy also resumed a more cautious growth cycle. The global steel industry began a slow course of improvement in overall utilization. In order for the Company to remain competitive and be inline with such market climate, the Company adjusted its business and production strategies. Such adjustment was reflected in an increase of production levels by 16.5% and an increase of sales volumes by 23.1% compared to 2009. Our Company is still faced with working capital and balance sheet challenges, but we have taken steps in order to address these challenges.

In 2009, Thailand's Securities and Exchange Commission and Stock Exchange of Thailand had requested the Company to perform a special audit with respect to the auditor's (KPMG) inability to issue an accounting opinion in regards to the Company's 3rd-quarter 2009 results. Our Board of Directors had closely monitored and challenged management to improve, evaluate, record, correct and clarify doubtful information, in cooperation with our auditor, so that the information presented to the public can be viewed with confidence. These efforts led to our auditor's issuance of a clean audit opinion with respect our financial statements for the year ended 31 December 2010.

With a view towards solving the Company's liquidity challenges and improving upon the Company's well-positioned prospects for the future, the Board of Directors recently agreed that the Company requires a world class investor in the global steel industry. To that end, the Company has announced a transaction together with its parent, G Steel Public Company Limited, in which a world class steelmaker will make a leading investment in the group and assist the group by leading its day-to-day efforts in operations, marketing, procurement and finance. The partnership will assist GJ Steel in becoming the leading steel manufacturer in Thailand and the region. Furthermore, the partnership will serve to sustain the Company's goal of conducting business honestly, transparently, fairly, and responsibly for society and the environment. Such commitment will maximize our corporate value for all stakeholders and assist our progression to a world class standard.

Finally, I would like to express my sincere gratitude and appreciation to our shareholders, stakeholders, customers, business partners and, of course, our employees who have persevered with us to transform GJ Steel, from family business, to become a world leading steel manufacturers and a proud example of Thai's steel industry.

(Mr. Nibhat Bhukkanasut)

Chairman

Audit Committee Report Year 2010



G J Steel Public Company Limited's Board of Directors has appointed the Audit Committee consisting of three independent directors as follows:

Assoc. Prof. Niputh Jitprasonk	Chairman of the Audit Committee
Assoc. Prof. Sukunya Tantanawat	Member of the Audit Committee
Mrs. Arthidtaya Sutatam	Member of the Audit Committee Member

The Audit Committee has fulfilled its duties and responsibilities as assigned by the Board of Directors in conformity with the rules and regulations of the Stock Exchange of Thailand. The Audit Committee has also provided general advice to the management team. Therefore, I, Assoc. Prof. Niputh Jitprasonk in my capacity as the Chairman of the Audit Committee, would like to present the 2010 Audit Committee Report.

In the fiscal year ending 31 December 2010, the Company not only has been affected by the global economic crisis since 2009, but also encountered with the political issues causing sluggish economic growth. Also, the Securities and Exchange Commission had required the Company to arrange for the Special Audit on certain matters relating to the auditor's disclaiming opinions. To this extent, the Audit Committee has summarised all these problems and proposed to the Board of Directors for its further consideration and delegation to the management team. Consequently, the Company has successfully improved and corrected the internal control system and enhanced the operational performance to the satisfaction of all concerned parties which can be evidenced by the auditor's unqualified opinion to the 2010 Financial Statement.

Lastly, the Company has prepared all appropriate personnel and procedure to support an adjustment to the accounting standards in accordance with IFRS to be effective as of 2011, to ensure that the Company's financial report being accurately prepared. Additionally, the Audit Committee will continue to review and ensure that the Company's operation is transparent while continue to concentrate on protecting the shareholders' benefit.

(Assoc. Prof. Niputh Jitprasonk)
Chairman of the Audit Committee

Financial Highlights



	2010	2009 [restated]	2008
Operating Result (in thousand THB)			
Total Sale	15,158,068	12,314,216	26,115,051
Total Revenue	16,165,309	14,276,093	26,889,934
Cost of Good Sold	14,845,299	17,280,985	25,066,143
Net Profit/(Loss)	(3,671,538)	(6,408,211)	(3,597,984)
Net Profit/(Loss) per Share (in THB)	(0.09)	(0.16)	(0.10)
Financial Status (in thousand THB)			
Total Assets	23,691,660	26,663,821	30,165,220
Total Liabilities	10,214,631	9,665,539	6,751,997
Shareholder's Equity	13,477,029	16,998,281	23,411,223
Book Value per Share (in THB)	0.34	0.43	0.59
Financial Policy Ratios			
Debt Equity Ratio (time)	0.76	0.57	0.29
Interest Coverage Ratio (time)	1.41	11.29	2.95
Dividend Ratio (%)	0	0	0
Profitability Ratios			
Gross Profit/(loss) (%)	2.06	(40.33)	4.02
Net Profit/(loss) (%)	(22.71)	(44.89)	(13.38)
Return on Equity (%)	(24.10)	(31.71)	(16.14)
Efficiency Ratio			
Return on Asset (%)	(13.63)	(22.55)	(11.75)
Fixed Assets Turnover (%)	(12.97)	(23.14)	(10.28)
Assets Turnover (time)	0.64	0.50	0.88

General Information of Company



Company Name	: G J Steel Public Company Limited
Symbol	: GJS
Registration No.	: 0107538000401 (Originally Bor Mor Jor No. 563)
Business Type	: Manufacture of Hot Rolled Coil
Head Office	: 88 PASO Tower, 24 th Floor, Silom Road, Suriyawong, Bangrak, Bangkok 10500 Tel. (66) 0-2267-8222 Fax (66) 0-2267-9048
Factory	: Hemaraj Chonburi Industrial Estate, 358 Moo 6, Highway No. 331, Bowin, Sriracha, Chonburi 20230 Tel. (66) 038-345-950 Fax (66) 038-345-693
Established	: January 5, 1994
Registered to be a Public Company Limited	: August 9, 1995
Trading Date	: July 2, 1996
Authorized Capital	: THB 40,478,051,204.94
Paid Up Capital	: THB 27,533,305,754.37
Common Share	: 39,903,341,673 Shares
Par Value	: THB 0.69
Warrant	: GJS-W1 3,233,879,388 Units GJS-W2 5,000,000,000 Units
Share Registrar	: Thailand Securities Depository Company Limited 62 The Stock Exchange of Thailand Building, Ratchadapisek Road, Klongtoey, Bangkok 10110 Tel. (66) 0-2229-2800 Fax (66) 0-2654-5427
Auditor	: Mrs. Wilai Buranakittisophon Certified Public Accountant Registration No. 3920 KPMG Phoomchai Audit Limited. 48 th Floor, Empire Tower, 195 South Sathorn Road, Yannawa, Sathorn, Bangkok 10120 Tel. (66) 0-2677-2000 Fax (66) 0-2677-2222

Nature of Business



G J Steel Public Company Limited (the “Company”) is primarily engaged in the manufacturing of hot rolled steel and other related products which can be categorized into 3 main categories as follows:

- 1) Hot Rolled Coil
- 2) Tempered Hot Rolled Coil
- 3) Pickled and Oiled Product

The abovementioned products can be used for the following downstream industries:

Products	Applications
Hot Rolled Coil	Engine tube, Electrical tube, Water pipe, Construction, C Channel, Platform scaffolding, Power pole, Gas cylinder, Black steel pipe, Atmospheric corrosion resistance products, Cold rolled steel sheet
Tempered Hot Rolled Coil	Agricultural tools, General construction, Structural steel sheet
Pickled & Oiled Product	Chassis, Car wheel, Compressor, Refrigerator structure, Microwave structure

The main potential customers of the Company such as Steel Service Center will cut the hot rolled coils into different sizes and for further process as required by their customers.

Major Events and Developments

2010

January	On January 22, 2010, the Board of Directors Meeting passed a resolution to fix the Record Date to determine the shareholders who shall be entitled to subscribe to GJS-W2 as of February 9, 2010 and the date to close the share registration book on February 10, 2010 and fix the period of subscription from March 3 to March 5, 2010 and from March 8 to March 9, 2010 (Totaling 5 business days). Furthermore, the Board of Directors Meeting passed a resolution not to prepare the Company’s consolidated financial statements for the year ended December 31, 2009 due to both NSM Steel Company Limited, a subsidiary of the Company, and NSM Steel (Delaware) Inc., an indirect subsidiary of the Company, have ceased to be in existence under the relevant laws.
February	On February 24, 2010, the Board of Directors Meeting passed a resolution to postpone the subscription period of GJS-W2 until the completion of special audit.
March	The Company has moved its head office from “No.52 Thaniya Plaza Building, 24 th floor, Silom Road, Suriyawongse, Bangrak, Bangkok” to “No.88 PASO Tower, 24 th floor, Silom Road, Suriyawong, Bangrak, Bangkok”
September	The Company prepared and submitted the 2009 financial statement (restated).

- October On September 30, 2010, GJS-W1 in the amount of 90,000 units were exercised at the exercise ratio of 1 unit of GJS-W1 per 1 ordinary share at the exercise price of THB 3.162 per share totaling THB 284,580, as a result, the Company's paid-up capital has increased by THB 62,100 whereby the Company registered such capital increase with the Department of the Business Development, the Ministry of Commerce on October 12, 2010.
- December the Company has issued and offered the GJS-W2 to the existing shareholders, whose name appeared as of Record Date and closing the shareholders register on February 10, 2010, in the amount of 5,000,000,000 units at the price of THB 0.03 per unit totaling THB 150,000,000 together with allocating the reserved shares in amount of 15,000,000,000 shares.

2011

- January On December 30, 2010, GJS-W2 in the amount of 66,941,711 units were exercised at the exercise ratio of 1 unit of GJS-W2 per 3 ordinary shares at the exercise price of THB 0.25 per share totaling THB 50,206,283.25, as a result, the Company's paid-up capital has increased by THB 138,569,341.77 whereby the Company registered such capital increase with the Department of the Business Development, the Ministry of Commerce on January 11, 2011.
- March On March 1, 2011, the Board of Directors Meeting passed a resolution to increase the Company's registered capital by issuing 21,854,166,667 newly issued ordinary shares with the par value of sixty-nine satang per share to G Steel Public Company Limited and Oriental Access Co., Ltd. And a resolution to approve the connected transaction between the Company and the major shareholders of the Company and between the Company and AcelorMittal Netherlands B.V. and a resolution to approve the amendment of the Articles of Association and the amendment of some conditions of the BOI certificates and a resolution to propose these matters to the meeting of shareholders for further consideration and approval.

Revenue Structure

Due to an improvement of steel market over the year 2010, the Company's sales volume and selling price have increased by THB 2,844 million or equivalent to 23%

	2010		2009 (restated)		2008	
	THB Million	%	THB Million	%	THB Million	%
Sale						
Hot Roll Coil (HRC)	14,091.75	87.17	10,985.03	77.09	21,423.78	78.59
Recoil Temper Mill (RTM)	962.25	5.95	982.16	6.89	2,947.67	10.96
Slab	-	-	0.99	0.01	220.18	0.82
Cut Sheet	0.19	0.00	36.02	0.25	57.37	0.21
Raw material & iron unit	103.87	0.64	310	2.18	1,467.05	5.46
Interest Income	2.17	0.01	2.98	0.02	2.86	0.01
Other Income						
Gain on reversal of impairment of fixed assets	-	-	-	-	-	-
Gain on foreign exchange	571.69	3.54	87.82	0.42	-	-
Reversal of devaluation of inventories	-	-	1,736.77	12.19	-	-
Reversal of provision for loss on confirmed purchase orders for undelivered raw material	128.02	0.79	-	-	-	-
Reversal of bad and doubtful debts expense	275.75	1.71	-	-	-	-
Reversal of liabilities under the Business Rehabilitation Plan	-	-	-	-	663.25	2.47
Other income	29.61	0.18	135.30	0.95	108.78	0.04

Business Objectives

Over the past seven years since the Company's resume its operation in late 2003, the Company spent only 1 year achieving the 24 hours production and producing more than 86,000 tonnes in late 2004. Since then, the Company aimed to continuously improve the production quality. In 2006, the Company initiated the construction of finishing facilities to expand its products from Hot Rolled Coil to Tempered Hot Rolled Coil. In 2007, the Company extended its production line to cover Pickled and Oiled Product. In the second quarter of 2008, the Company reached its full production capacity whereby the average monthly production volumes reached up to 100,000 tonnes. Nonetheless, with the impact of the global economic crisis in the third quarter of 2008, the steel industry confronted with difficulty and intense competition. As such, the Company also suffered from such crisis, however, with the effective cooperation between the management and all employees together with full support from the shareholders, the Company was able to overcome this economic crisis.

In response to the rapid change in conducting business nowadays, the Company, therefore, should be strengthened and more concern about the social responsibility and the environmental issue. Not only has the Company established a reputation as domestic efficient steel manufacturer but also become leading steel manufacturer in ASEAN.

The Company is persisting in its principle of "Quality Steel by Quality People" whereby the main objective is the sustainable growth in the area of operating result, production efficiency, product quality, and providing services.

In spite of the economic crisis in 2008, the Company was granted with the following international standard:

ISO 9001:2008	From 1 September 2010 (in place of the previous ISO 9001:2000 qualified since 19 November 2005)
ISO/IEC 17025:2005	From 30 November 2009
OHSAS 18001:2007	From 26 June 2009 (in place of the previous OHSAS 18001:1999 qualified since 28 November 2007)
CE Mark	From 31 July 2006

The Company intended to develop a new category of hot rolled coil products to broaden its customer base including adding value to existing products such as galvanizing steel, cold rolled steel, etc. in order to expand the market into downstream steel industry through the following major projects:

1. Galvanizing Line Project
2. Cold Rolling Mill Project
3. Vacuum Oxygen Degasser Project

In 2011, with the economic condition turns toward positive in aspects of marketing and pricing together with government support, the Company is likely to achieve 24 hours production to increase production volumes. The Company will consequently improve the operational performance for the year 2011.

Risk Factors



1. Risks associated with fluctuation of raw materials' pricing

Scrap and Pig Iron are major raw materials for the Company's production whereby if any increase in their prices will highly affect Company's profitability unless the Company can effectively adjust the price of its finished products accordingly. This also impact the financial status of the Company as the Company will be required to record the provision for loss on the devaluation of inventories at the end of financial period.

The Company, however, is following up closely on the changes of the raw materials' prices so as to reduce such risk. The Company will also forecast and determine its appropriate purchasing and production plan to reduce this risk. In general, the price of Scrap and Pig Iron will change in accordance with the demand of Hot Rolled Coil, therefore, if demand of Hot Rolled Coil changed, the price of Scrap and Pig Iron will also change accordingly, to such extent, the differences between the price of Hot Rolled coil and the price of the raw materials will fluctuate in accordance with the way.

2. Risks associated with lack of working capital

The Company recorded its operation loss for the year ending 31 December 2010 and 2009 (restated) in the amount of THB 3,672 million and THB 6,408 million, respectively. As at 31 December 2010, the Company's net current liabilities exceeded its net current assets by THB 7,290 million. As a result, the Company requires to generate sufficient operating cash flows to meet its working capital requirements and all operating obligations. On 2 March 2011, ArcelorMittal Netherlands B.V. ("AM") announced the execution of agreement to invest in newly issued share of G Steel, as a result, AM will be holding 40% of shareholding percentage in G Steel, and execution of credit facility agreement with the Company and G Steel for USD 500 million for working capital, capital expenditure and other purpose. Consequent to this investment, G Steel will increase its equity holding in the Company from 44% to 63% on a consolidated basis through a debt to equity conversion and subscription for new equity. If this transaction is complete, the Company will have sufficient working capital.

3. Risk associated with political situation

The unstable political situation significantly affects the consumer's demand, thus, this factor can directly impact the customer's demand and result in the lower increase of sales volume.

4. Risks associated with fluctuation of foreign exchange rate

Due to the Company is heavily depending on the importation of raw materials together with the Company is also exporting its products to foreign customers, the Company has to deal with many transactions in various currency at all time. As a result, the fluctuation of the currency exchange has become one of the risk factors of the Company. In 2010, the Company imported the raw materials equivalent to 77% of the total cost of production and exported its products equivalent to 5% of the total sales. Therefore, the risks associated with the fluctuation of foreign exchange rate will be deemed as one of the most significant factors to the Company's operation as can be clearly seen in the Statement of Incomes whereby the Company has recorded both realized and unrealized gain and loss on exchange rate. To this extent, in order to reduce such risks, the Company has used its foreign income to pay its foreign debt under the same currency.

5. Risks associated with government policy

1. Free Trade Agreement

Thailand has entered into the Agreement on the Common Effective Preferential Tariff (CEPT) Scheme for ASEAN Free Trade Area (AFTA) whereby Hot Rolled Coil is subject to the list of Normal Track whose import duty will be reduced to 0% within 2010. In the past, Thailand is levying the import tax on the importation from ASEAN's countries at the rate between 2-5% depending on the type and size of goods, therefore, this reduction will increase the importation of Hot Rolled Coil from ASEAN's countries, especially Malaysia, and will impact market share domestic manufacturers including the Company. Furthermore, as Thailand has also entered into Japan Thai Economic Partnership Agreement (JTEPA) which provided that, within 10 years, Thailand must reduce its import tax on steel and iron from Japan to 0% and during such 10 years period, Thailand must determine its import quota which is tax exemption until such period is lapsed.

Therefore, in the future, the Company will be affected by the importation of Hot Rolled Coil from both ASEAN and Japan. And if the government still continues to negotiate such Free Trade Agreement with other nation such as ASEAN-EU FTA, ASEAN-China FTA and Thailand-India FTA, etc., then the Company will be unavoidably affected. Nonetheless, due to high production capacity and efficient cost saving policy of the Company together with the investment by G Steel Public Company Limited, the Company will be able to strengthen its competitiveness.

2. Anti-Dumping policy

With reference to the period of borderless communications, trading can be conveniently performed together with access to customers and sourcing of supplies. On the other hand, trade competition becomes much stronger, particularly, with respect to Hot Rolled Coil Industry which is a fundamental product for countries' development. As pressure in competition increased, manufacturers are struggling for its survival, thus tends to engage in market dumping (export its product at lower price than those offer domestically) whether with intention or without. This in general will impact market mechanism, especially the pricing and will create an unfair trade competition. Therefore, the anti-dumping policy can be a useful device to create the fair trade competition. In Thailand, the government by Ministry of Commerce decided to continue the preventive tax policy to oppose the anti-dumping of Hot Rolled Coil originated from 14 countries for the next 5 years effective from May 2009. This will help reducing the fluctuation in prices resulted from the market dumping relating to the said 14 countries. However, the market dumping may continue to exist from other countries such as China and Malaysia. Therefore, the Company can be at risk of losing its market share and losing its pricing competitiveness due to this market dumping and unfair trade competition.

Nevertheless, the Company together with other domestic steel manufacturers are closely monitoring this potential market dumping and if there are any market dumping signals emerging, the anti-dumping policy will immediately initiate with the relevant government. In addition, the Company together with other domestic steel manufacturers are requesting the government to apply an industrial standard to importing products in the same way as domestic products because such importing products are considered as sub-standard which can be sold at substantial lower price. In order to reduce the aforementioned risks, the Company is continuously developing modern production technology and improving other system to decrease other cost whereby with the investment by G Steel Public Company Limited, the Company will be able to strengthen its competitiveness.

3. Risk associated with environment

Due to the current trend toward global warming, more concerns in relation to the environment issue have emerged and responses to the reduction of the emission of greenhouse gas are being discussed worldwide. The government also focused on formulating a policy on environmental management with a view to put in place the environmental taxation or so-called green tax. However, with the Company's modern production technology, designed to utilize energy efficiently through the process of recycling scrap, the Company can consume less natural resources compare to those of other steel manufacturer together with operating its production facility at much lower energy consumption. Furthermore, in order to effectively manage the environment issue, the Company will keep a close update on environmental news and information, so the Company can realize impact on this environment issue at the early stage and seek appropriate measures to prevent any environment problem.

Shareholding Structure and Management



Shareholders

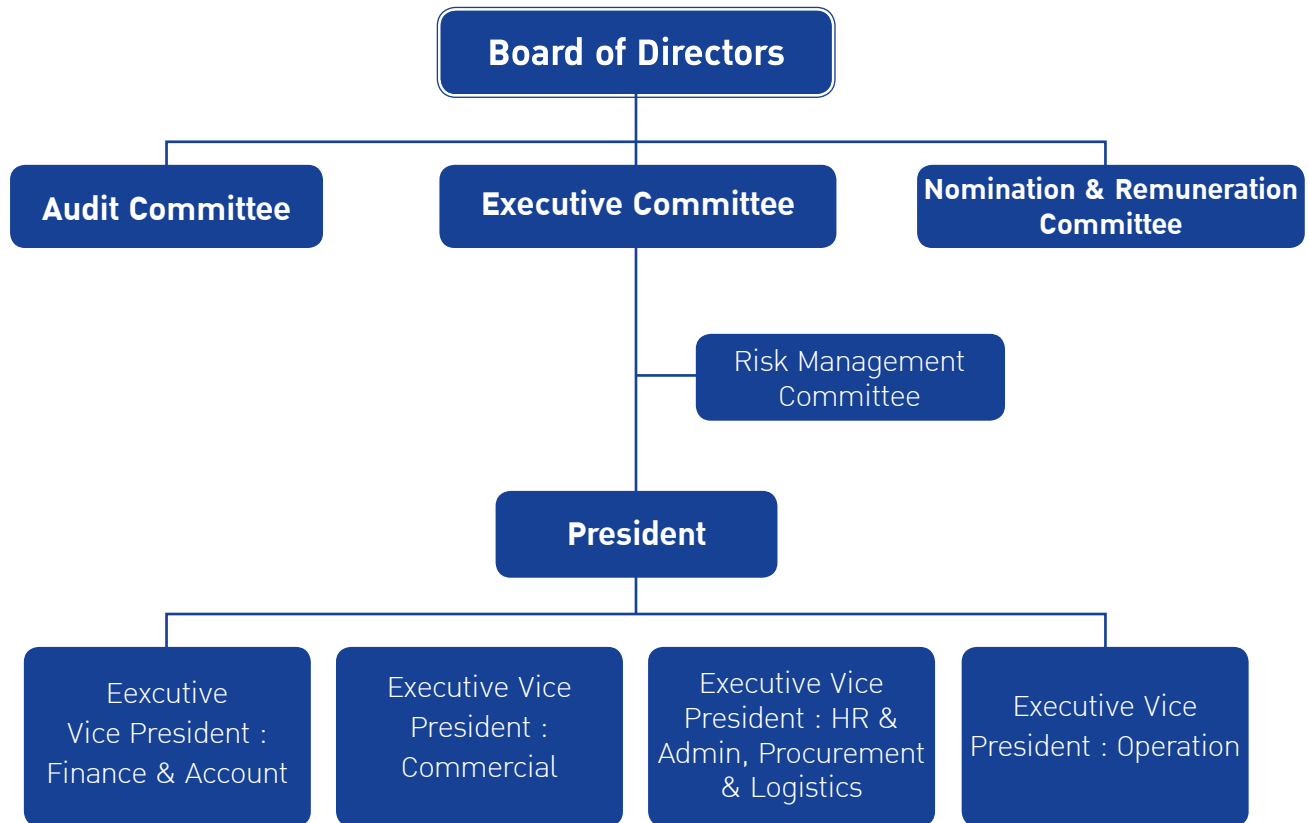
As of 1 March 2011, the top ten of major shareholders of the Company are as follows:

Name of Shareholders	Number of shares	Percentage (%)
1 G Steel Public Company Limited	8,911,266,071	22.33
2 Oriental Access Company Limited	8,606,434,586	21.57
3 Nomura Singapore Limited – Customer Segregated Account	4,072,224,150	10.21
4 Thai NVDR Company Limited	1,814,253,425	4.55
5 Thai Asset Management Corporation	1,550,314,798	3.89
6 Quam Securities Company Limited A/C Client	1,534,299,666	3.85
7 HSBC Private Bank (Suisse) SA	410,529,700	1.03
8 Mrs. Sunee Triyangkoon Sri	408,591,100	1.02
9 Mr. Sarawuth Leelasornchai	349,848,300	0.88
10 Mr. Teerasak Tangpoonpholwivat	349,180,097	0.88
Other Shareholders	11,896,399,780	29.81
Grand Total	39,903,341,673	100.00

Remark : Thailand Securities Depository Co., Ltd.

Management

1. Management Structure



The Company's management structure as of 31 December 2010 comprises: Board of Directors and 4 subcommittees; that are, Executive Committee, Audit Committee, Nomination and Remuneration Committee and Risk Management Committee.

The respective roles and responsibilities are summed up as follows:

1. Board of Directors

The Board of Directors has 9 members comprises of 5 Executive Committees and 4 Independent Directors as follows.

Name/Representatives	Position
1. Mr. Nibhat Bhukkanasut	Chairman & Independent Director
2. Dr. Somsak Leeswadtrakul	Vice Chairman
3. Assoc. Prof. Niputh Jitprasonk	Independent Director
4. Mrs. Arthidataya Sutatam	Independent Director
5. Assoc. Prof. Sukunya Tantanawat ^{*1}	Independent Director
6. Mr. Chanathip Trivuth	Director
7. Mr. Sittichai Leeswadtrakul	Director
8. Mr. Isra Akrapitak	Director
9. Mr. Ariel Seth Levy ^{*2}	Director

Remark : *1. Assoc. Prof. Sukunya Tantanawat has appointed to be Director instead of Asst. Prof. Dr. Tanawat Ceevaromaya as the resolutions of Board of Directors Meeting No.3/2010 on February 16, 2010.

 *2. Mr. Ari Seth Levy has appointed to be Director instead of Khunying Patama Leeswadtrakul as the resolutions of Board of Directors Meeting No.3/2010 on February 16, 2010.

Authorised director : Mr. Chanathip Trivuth or Mr. Sittichai Leeswadtrakul or Mr. Isra Akrapitak or Mr. Ariel Seth Levy, two of these four directors can together sign a document with the Company's seal affixed

Secretary Company : Ms. Pannee Tanaprateepkul

Scope of Duties and Authority of the Board of Directors

The Board of Directors have the power and authority to manage the company's business in compliance with the objectives, Articles of Association and resolutions of the shareholders' meeting. The Board of Directors is not entitled to approve or consider making any decision in the following matters without the approval by majority of the total number of vote of the directors at a board meeting:

- Any enquiry investment in any other enquiry or many purchases of assets of any other entity other;
- Entry into any joint venture, partnership or other transactions with any person with an aim to share profit and loss;
- Any acquisition, disposition, assignment, transfer, licensing or sublicensing of any know-how, trademarks, trade names, trade secrets or similar intellectual property rights of any person other than in the ordinary course of business;
- Approval of annual budget and expense;
- Approval of construction of any new steel mill;
- Borrowing money for purposes other than as working capital in amount not exceeding one hundred million dollars (US\$ 100,000,000) (or the Baht equivalent thereof);
- Execution of any contract other than those contracts of less than one year's duration or arising in the normal course of business: and
- Enforcement of right against the concerned persons under the Management Agreement and the Management Advisory and Technical Assistance Agreement.

The Board of Directors also has the authority to delegate to the Executive Committee or the President the power and authority to perform various activities under the established budgets, provided that such delegation does not involve the approval of any transaction in which there is a conflict of interest between the Company and the Company subsidiaries (as per those specified under the Company's Articles of Association and the Securities and Exchange Commission ("SEC")), except where such transactions are approved in accordance with the policies and criteria as specified by the Board of Directors in the ordinary course of company business, such as purchase of raw materials and connected transactions with related companies.

2. The Executive Committee

No.	Name/Representatives	Position
1.	Mr. Chanathip Trivuth	Chairman of Executive Committee
2.	Dr. Somsak Leeswadtrakul	Member of Executive Committee
3.	Mr. Sittichai Leeswadtrakul	Member of Executive Committee
4.	Mr. Isra Akrapitak	Member of Executive Committee
5.	Mr. Ariel Seth Levy*	Member of Executive Committee

Remark : *Mr. Ari Seth Levy has appointed to be Director as the resolutions of Board of Directors Meeting No.3/2010 on February 16, 2010.

Scope of Duties and Authority of the Executive Committee

1. To review policies, business plan, investment plan and annual budget plan to present to the Board of Directors for approval.
2. To monitor, Supervise and control the execution of plans to achieve the preset goals earlier approved by the Board of Directors or as assigned. The committee is also responsible for reporting the Company's performance to the Board of Directors meeting for acknowledgement.
3. To approve any execution or payment which is exceed an authority or authorized amount or the executive in accordance with the Company's authorization regulations or annual budget previously approved by the Board of Directors.
4. To consider the organizational structure, management authority, remuneration policy, and salary structure.
5. To consider authorization of managerial and operational levels which covers finance, accounting, procurement, investment, borrowings, mortgage, collaterals, assets transfer, and entering into any contract or agreement as well as other operations as deemed appropriate.
6. To assign any person or persons to act on behalf of the Executive Committee as deemed appropriate. The authorization can be revoked, changed or mended.
7. To consider and approve to open different bank accounts with commercial bank as deemed appropriate and assign persons to authorize withdrawal or payment from such bank accounts.
8. To undertake other tasks as assigned by the Board of Directors.

The authorization of the Executive Committee mentioned above does not include authorizations that enable the Executive Committee to approve any transactional items that any executive director has conflict of interest as per the announcement of SEC or with the Company or its affiliates. The Executive Committee shall propose such matters to the Board of Directors and/or the shareholders' meeting for consideration and approval under related regulation, announcements or law.

3. The Audit Committee

No.	Name/Representatives	Position
1.	Assoc. Prof. Niputh Jitprasonk* ¹	Chairman of Audit Committee
2.	Mrs. Arthiditaya Sutatam	Member of Audit Committee
3.	Assoc. Prof. Sukunya Tantanawat* ²	Member of Audit Committee

Remark : *1. Assoc. Prof. Niputh Jitprasonk is skill and experience in verify financial statement.

*2. Assoc. Prof. Sukunya Tantanawat has appointed to be Audit Committee instead of Asst. Prof. Dr. Tanawat Ceevaromaya as the resolutions of Board of Directors Meeting No.3/2010 on February 16, 2010.

Scope of Duties and Authority of the Audit Committee

1. To review and ensure the Company has accurate and sufficient financial report.
2. To review and ensure the Company has appropriate and effective internal control and internal audit system, also, consider the independence of internal control and internal audit unit, give consent on appointing, rotating, and discharge of the chief of such unit or others responsible for internal audit.
3. To review and ensure the Company's operation complies with the laws on securities and stock exchange, regulations of the Stock Exchange of Thailand ("SET") or laws related to the Company's business.
4. To consider, select and propose the nomination of independent persons to perform as the Company's external auditors and their remuneration, and to attend the meeting with the external auditors without the Management at least once a year.
5. To consider any related transaction with possible conflict of interest to be compliance to the law and SET regulations, in order to ensure that such transactions are reasonable and for the best benefit of the Company.
6. To prepare the report of the Audit Committee to be published in the Company's annual report. The Audit Committee's report shall be signed by the committee's chairman and consist of at least the following information:
 - (a) Notes on the preparation procedures and information discloser in the Company's financial report in relations to accuracy, sufficiency and reliability.
 - (b) Notes on the sufficiency of internal control system.
 - (c) Opinion on compliance with law related to securities and the stock exchange, the SET regulations or other laws related to the Company's business.
 - (d) Opinion on the suitability of external auditors.
 - (e) Opinion on transaction with possible conflict of interest.
 - (f) The number of audit committee meetings and the attendance of each member.
 - (g) Overall opinion and notes that the Audit Committee receives from performing complying with the laws.
 - (h) Any other reports that shareholders and investors should be informed under the scope of responsibilities assigned by the Board of Directors.

7. To carry out any other tasks assigned by the Board of Directors and has resolution of the Audit Committee.
8. The Audit Committee has responsibilities to the Board of Directors by their duty and shall report to it the performance, including recommendations and findings at least twice a year.

In any case where any Audit Committee member of parties with possible conflict of interest with the company or its affiliates, the acquisition or sale of assets of listed companies and connected transactions (if any), as per announcements of SEC and/or SET, The Audit Committee shall report the matter to the Board of Directors and/or the shareholder's meeting for consideration and approval in compliance with related law and regulations.

4. The Nomination and Remuneration Committee

No.	Name/Representatives	Position
1.	Assoc. Prof. Sukunya Tantanawat ^{*1}	Chairman of Nomination and Remuneration Committee
2.	Mrs. Arthidaya Sutatam	Member of Nomination and Remuneration Committee
3.	Mr. Chanathip Trivuth ^{*2}	Member of Nomination and Remuneration Committee

Remark: *1 Assoc. Prof. Sukunya Tantanawat has appointed for Chairman of Nomination and Remuneration Committee instead of Asst. Prof. Dr. Tanawat Ceevaromaya as the resolutions of Board of Directors Meeting No.4/2010 on February 24, 2010.

*2. Mr. Chanathip Trivuth has appointed to be Member of Nomination and Remuneration Committee instead of Khunying Patama Leeswadtrakul as the resolutions of Board of Directors Meeting No.4/2010 on February 24, 2010.

Scope of Duties and Authority of the Nomination Committee

1. To formulate criteria and policy in nominating directors, members of different committees and the President.
2. To consider and nominate appropriate persons to be appointed as directors, and members of different committees as well as the President for approval by the Board of Directors and/or Shareholders' Meeting.
3. To report to the Board of Directors the results of the Nomination Committee meetings or other matters that the Board of Directors should be informed.
4. To perform any tasks assigned by the Board of Directors.

Scope of Duties and Authority of the Remuneration Committee

1. To stipulate all the rules and policies on remunerations for the Board of Directors, Committee, and President for the approval by the Board of Directors and/or, as the case may be, the shareholders' meeting.
2. To set necessary and appropriate annual remunerations for the Board of Directors, Committee, and President.
3. To report to the Board of Directors the Remuneration Committee's meeting results or other matters the Board of Directors should be informed.
4. To perform any tasks assigned by the Board of Directors.

5. Risk Management Committee

No.	Name/Representatives	Position
1.	Assoc. Prof. Sukunya Tantanawat ^{*1}	Chairman of Risk Management Committee
2.	Mr. Sittichai Leeswadtrakul	Member of Risk Management Committee
3.	Mr. Chanathip Trivuth	Member of Risk Management Committee
4.	Ms. Pannee Tanaprateepkul	Member of Risk Management Committee
5.	Mr. Chaimongkol Boonchanaphun	Member of Risk Management Committee
6.	Mr. Wasan Chitsuk	Member of Risk Management Committee
7.	Mr. Tanongsak Bhumina	Member of Risk Management Committee
8.	Mr. Sathaporn Varongchayakul	Member of Risk Management Committee
9.	Mr. Yongchai Hounvongkotvichien	Member of Risk Management Committee
10.	Mr. Surapong Tanapongpitaya	Member of Risk Management Committee
11.	Ms. Jurai Chailertdilokkul	Member of Risk Management Committee
12.	Mr. Isra Akrapitak ^{*2}	Member of Risk Management Committee
13.	Mrs. Kwanjai Kasamlonnappa ^{*2}	Member of Risk Management Committee
14.	Mr. Kittinai Pora ^{*2}	Member of Risk Management Committee
15.	Mr. Pasakorn Pongsangiam ^{*2}	Member of Risk Management Committee
16.	Mr. Sirichai Kraichoke ^{*2}	Member of Risk Management Committee and Secretary
17.	Asst Prof. Dr. Narumon Saardchom ^{*2}	Consultant

Remark : *1. Assoc. Prof. Sukunya Tantanawat has appointed for Chairman of Risk Management Committee instead of Asst. Prof. Dr. Tanawat Ceevaromaya as the resolutions of Board of Directors Meeting No.4/2010 on February 24, 2010.

*2. Risk Management Committee No. 2/2010 has resolutions appointment addition Member of Risk Management Committee on December 2, 2010.

Scope of Duties and Authority of Risk Management Committee

1. To set risk management policy that can be applied to all operations.
2. To follow up and control the operation to achieve the aim of the risk plan management.
3. To review the moderation of policy and the management system include the system performance and follow the defining policy.
4. To report to the Internal Audit Committee constantly the progress of risk in order to correspond with the policy and the procedure risk management.

6. Management Team as on 1 March 2011

No	Name	Position
1.	Mr. Chanathip Trivuth	President
2.	Mr. Isra Akrapitak	Executive Vice President: Finance & Account
3.	Ms. Pannee Tanaprateepkul	Executive Vice President: HR & Admin, Procurement & Logistics
4.	Mr. Santi Kittikote	Executive Vice President: Operation
5.	Mr. Sittisak Leeswadtrakul	Executive Vice President: Commercial

Scope of Duties and Authority of the Management Team

1. To formulate business plan, investment plan, and annual budget plan for approval by the Executive Committee and/or the Board of Directors.
2. To be responsible for the overall management and to deliberate all the Company's policies to achieve the present objective and within the policy, business plan and budget plan approved by the Board of Director.
3. To approve an execution or payment according to the Company's authorization regulations of annual budget approved by the Board of Directors.
4. To recruit, hire, transfer, reshuffle, suspend or terminate employment of any executives or employees and to stipulate scope of roles and responsibilities and appropriate remuneration. An execution of position equivalent to Senior Vice President or higher shall be reported to the Board of Directors, while an execution of positions equivalent to the Internal Audit Department executive shall be made with the Audit Committee's consideration.
5. To appoint respective authorized persons to sign the Company's document in the areas of accounting, finance, purchase, production, sale and general management, as well as other important document.
6. To set, change, revise or cancel any rules, regulations, order, announcement, punishment measures and internal control systems for use as guideline for all employees and to enable the internal management is executed as per the Company's policies.
7. To appoint advisors in various respects significant to the operations for the best benefits of the Company. The CEO is empowered to appoint attorney(s) to file lawsuit or defend case related to the Company.
8. To assign person(s) to perform task on his/her behalf as deemed appropriate. Such authorization can be terminated, changed or modified.
9. To report the Company's performance, progress of any projects and financial status to the Executive Committee and the Board of Directors.
10. To perform other works assigned by the Executive Committee or the Board of Directors.

In case that the CEO or other persons with possible conflict of interest may have conflict of interest, the CEO shall have no right to approve such matter.

2. Selection of Directors and Management

(1) The selection of the Directors and Management

When the positions of Company's directors and President are vacant, the Nomination Committee are responsible for selecting and nominating the persons to take these positions. The Nomination Committee shall consider person with knowledge, capability, experience and required specialization that are crucial to the Company's operation.

(2) The nomination of directors (at the end of terms as required by law)

The selection of a Board of Directors member to replace director who must retire at the end of his/her term shall be approved by the Annual General Shareholders' Meeting. Criteria and selection method are as follows:

1. A shareholder shall have one vote per one share.
2. Each shareholder shall exercise all his/her voting right as mentioned above in selecting one or many persons as directors but cannot separate votes for any person(s) according to Clause 70, Section 1 of the Public Limited Company Act.
3. The persons receiving the highest votes will be selected as directors. The number of persons selected shall be equal to the number of directors to be selected. In case there are persons with the highest votes more than the number of directors required, the meeting chairman shall have the right to make decision.

3. Remuneration for the Directors and Management Team

- Remuneration for the Directors and Management Team

Remuneration

1. Remuneration for Director for the year 2010

No.	Name	Position	Monthly Remuneration	Remuneration of Board of Directors	Remuneration of Audit Committee	Total
1.	Mr. Nibhat Bhukkanasut	Chairman & Independent Director	950,000	70,000	-	1,020,000
2.	Dr. Somsak Leeswadtrakul	Vice Chairman	-	-	-	-
3.	Assoc. Prof. Niputh Jitprasonk	Independent Director & Chairman of Audit Committee	620,000	65,000	40,000	725,000
4.	Mrs. Arthidaya Sutatam	Independent Director & Member of Audit Committee	70,000	20,000	25,000	115,000
5.	Assist. Prof. Dr. Tanawat Ceewaromaya ^{*1}	Independent Director & Member of Audit Committee	-	5,000	-	5,000
6.	Assoc. Prof. Sukunya Tantanawat ^{*1}	Independent Director & Member of Audit Committee	70,000	45,000	40,000	155,000
7.	Khunying Patama Leeswadtrakul ^{*2}	Director	-	-	-	-
8.	Mr. Chanathip Trivuth	Director	-	-	-	-
9.	Mr. Sittichai Leeswadtrakul	Director	-	60,000	-	60,000
10.	Mr. Isra Akrapitak	Director	-	35,000	-	35,000
11.	Mr. Ariel Seth Levy ^{*2}	Director	-	-	-	-
Total			1,710,000	300,000	105,000	2,115,000

Remark : *1. Assoc. Prof. Sukunya Tantanawat has appointed to be Director instead of Asst. Prof. Dr. Tanawat Ceewaromaya as the resolutions of Board of Directors Meeting No.3/2010 on February 16, 2010.

*2. Mr. Ari Seth Levy has appointed to be Director instead of Khunying Patama Leeswadtrakul as the resolutions of Board of Directors Meeting No.3/2010 on February 16, 2010.

2. Remuneration for the Management team for the year 2010 were amounting to THB 29.45 million.

Others Remuneration

On 11th December 2008, the Company was authorized to issue and offer ESOP warrants amount of 727,536,398 units to the Company's directors and employees in recognition of the directors and employees' contribution to the Company as well as motivation to work for the Company in the long run. The details are as follows:

Nature	Warrants to purchase ordinary share of G J Steel Public Company Limited ("Warrants" or "GJS-ESOP")
Type of Warrants	Specified and Non-Transferrable Warrants to purchase ordinary share of the Company, except transfer by intermediary person, or as otherwise specified by the Board of Directors or the Allocation Committee (Intermediary Person is the person who holds the said securities for distributing to all future directors and employees)
Number of Warrants	727,536,398 units
Number of Shares Issued to Support Warrants	727,536,398 share
Offering Method	Offering to directors and employees of the Company and the intermediary person (Intermediary Person shall mean Chief Financial Officer or Vice President-Finance, Vice President-Accounting)
Offering Price	THB 0 (Zero) per unit
Terms of Warrants	5 year
Issuing Date	December 11, 2008
Exercise Ratio	1 warrant : 1 ordinary share
Exercise Price	Par Value at exercise date
Exercise Date	Last business day of December of each year throughout the terms if warrants whereby the first exercise date shall be December 30, 2011 and the last exercise date will fall on December 10, 2013. In case of the exercise date shall fall on the Company's annual holiday, the exercise date shall be moved up to the earlier business day of the Company. The last exercise notice shall be lodged by the warrant holders at least 15 days prior to such exercise date.

Exercise Period and Ratio (percentage of total distribution)	First	20% shall be exercisable on the first exercise date which fall on the last business day of December 2011
	Second	30% shall be exercisable on the second exercise date which fall on the last business day of December 2012
	Third	50% shall be exercisable on the last exercise date which falls on December 10, 2013. In case of the exercise date shall fall on the Company's annual holiday, the exercise date shall be moved up to the earlier business day of the Company. The last exercise notice shall be lodged by the warrant holders at least 15 days prior to such exercise date.

In case of the warrant holders does not exercise or partly exercise their right on each exercise date, such warrant holders can exercise their remaining warrant on the next exercise date throughout the terms of the warrants.

Registrar	G J Steel Public Company Limited
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4. Corporate Governance

After the termination of the business reorganization on March 2, 2009, the company intends to operate the business under the Good Corporate Governance by implementing the Principle of Good Corporate Governance and SET's regulation as the guideline of the company's business operation in order to enhance the efficient management system that can be categorized as follow;

Part 1: Shareholder's Right

The Company's Board of Directors arranges for an annual general meeting of shareholders within four months following the end of the fiscal year. In case there are any special issues affecting or involving with shareholder's privilege or any regulations and transactions required shareholder's approval, the company will arrange the extraordinary general meeting.

For year 2010, the Annual General Meeting of the Shareholders was held on April 26, 2010 at Mandarin room, 1st Floor Mandarin Hotel, No. 662 Rama IV Road, Bangkok that all members of the Board of Directors attended both of meetings. In each Shareholder Meeting, the outside Auditor and the legal counsel will be invited for observation the transparency of the meeting and the vote. The chairman of the Board of Directors was the moderator proceeds with the meeting's agendas that the resolution and the voting result were reported for each agenda. For every Shareholders Meeting, the publication of the meeting notice is made in a daily Thai newspaper for three consecutive days prior to the meeting not less than 3 days. And the meeting invitation and the meeting documents were delivered to the shareholders prior to the meeting not less than 7 days in order to provided sufficient time for the shareholders to study the adequate information related to the matters for consideration in the meeting. The Board of Directors has preparation to give the information and clarify the shareholders' questions without any negligence. After the Shareholders Meeting, the minutes will be sent to SET within 14 days which is in compliance with the regulations of SEC and SET.

Part 2: Equitable Treatment of Shareholders

The Board of Director respected the equitable treatment of shareholders. All shareholders will be invited to attend the Shareholder Meeting. Thailand Securities Depository Co., Ltd., the company's registrar, has responsibility to send the meeting invitation and the meeting document to the shareholders prior to the meeting not less than 7 days. The additional issue in the agenda or change any significant information without advance notice did not be considered to the Board of Director. In case the shareholders did not available to attend the meeting, the company encouraged the shareholders to use the power of attorney by providing the Power of Attorney From A (general), From B and From C (only for custodian) and Shareholders are able to assign proxy to 2 independent directors to attend the meeting and vote on behalf of the shareholders. The company also encouraged the shareholders to use their voting rights by providing and distributing voting ballots while registration before meeting. Voting ballots were provided for each issue of the agenda. In addition, the shareholders who assign proxy are able to use their voting right directly by voting in the Power of Attorney From B and From C.

Part 3: Role of Stakeholders

The company recognized and respected to all stakeholders' rights that might consist of major and minor shareholder, employee, customers, creditors and also including the community around factory by processing through the company's policy such as the Shareholders Meeting arrangement, the adequate employee welfare determination, willing to receive the complaint from customer and community around factory, give the knowledge for environmental treatment to the community around factory, signed the agreement or contract for trading with customers or vendors and suppliers and continuously make the relationship with all stakeholders.

Part 4: Information Disclosure and Transparency

The company recognizes a responsibility of information disclosure with accuracy adequacy transparency and audit ability to ensure that the information given out is meaningful to decision making of investors. The company's information will be provided both in Thai and English version disseminated through the online system of the Stock Exchange of Thailand. The information disclosure will be strictly follows the regulations required by the Office of the Securities and Exchange Commission ("SEC"), the Stock Exchange of Thailand, and other concerned authorities. The company always updates any regulations change to ensure the correct acting with those regulations and to create the confidence among the investors.

Part 5: The Responsibilities of the Board of Directors**1. Structure of the Board of Directors**

The Board of Directors has 9 members and comprises 5 Directors and 4 Independent Directors as described in the Company's management structure.

2. Independent Directors have specifications as follows

1. Hold not exceeding 1.0% of the total voting shares of the Company, its subsidiaries, affiliates, or juristic person with possible conflict of interest, including the shares held by their related persons.
2. Neither involving in management, non controlling nor being authorized signatory person, nor being the Company's executive/employees, salaried consultant, competent authorized person to control the Company, its subsidiaries, affiliates or other juristic person with possible conflict of interest and nor having such interests or stakes for at least 24 months.

3. Not having lineage, marriage, or legally registered relationship such as father, mother, spouse, sibling, and child, including spouse of the child, to executives, major shareholders, controlling person, or persons to be nominated as executive or controlling person of the Company or its subsidiary, and be independent from major shareholders, executives and controlling.
4. Neither having a business relationship with the Company, its subsidiaries, affiliates, or juristic person with possible conflict of interest which make him/her incapable in expressing independent opinions nor being appointed as a representative of major shareholders, the Company's directors or executives of the person who has the business relation with the Company, its subsidiaries, affiliates, or juristic person with possible conflict of interest and nor having such interests or stakes for at least 24 months.
5. Not being the auditor of the Company, parent company, subsidiary, associates or juristic persons which may have conflict of interest, including being major shareholder, non-executive director, executive or partner of the audit firm of the auditor of the Company, parent company, subsidiaries, associates or juristic persons which may have conflict of interest, and not having such relationship for at least 24 months before an appointment.
6. Not being professional advisors, including legal advisor or financial advisor which receives remuneration in excess of Baht 2 million per year from the Company, parent company, subsidiary, associate or juristic person which may have conflict of interest. In the case that the professional advisor is a juristic person, the prohibition shall include the major shareholder, non-executive director, executive or partner of such advisor, and not having been in such relationship for at least 24 months before an appointment.
7. Not being a representative director of director, the major shareholder or shareholder which relates to the major shareholder of the Company.
8. Neither running the business which is similar to or compete with the Company, its subsidiaries or shareholders nor being executives, employees, salaried consultant and nor holding over 1% of the total voting shares of any other company which run such same business with the Company and its subsidiaries.
9. Shall have the qualifications and not having prohibited characteristics as stipulated in the Articles of Association of the Company, the Public Limited Companies Act and the rules of the Office of the Securities and Exchange Commission.

3. Committee

The Company set up the Committee comprises of Executive Committee, Audit Committee, Nomination and Remuneration Committee as described in the Company's management structure.

4. The Roles and Responsibilities of the Boards of Directors

1. Shall perform their duty honestly and carefully to achieve the Company's goal for the best benefits of the shareholders.
2. Shall provide sufficient time to perform their assigned duty.
3. Shall be consistently accountable to shareholders and support shareholders to exercise their rights in various areas.
4. Shall treat the stakeholders equally and fairly.

5. The Boards of Directors shall convene once every 3 months, In 2010, the Board of Directors has the total Meetings of 14 times. Details of the attendance in each meetings are as follows:

No.	Name	Position	Attendance/ No. of meeting
1. Mr. Nibhat	Bhukkanasut	Chairman and Independent Director	14/14
2. Dr. Somsak	Leeswadtrakul	Vice Chairman	14/14
3. Assoc. Prof. Niputh	Jitprasonk	Independent Director	13/14
4. Mr. Chanathip	Trivuth	Director	14/14
5. Mrs. Arthiditaya	Sutatam	Independent Director	4/14
6. Mr. Sittichai	Leeswadtrakul	Director	12/14
7. Mr. Isra	Akrapitak	Director	13/14
8. Asst. Prof. Dr. Tanawat	Ceevaromaya ^{*1}	Independent Director	1/14
9. Assoc. Prof. Sukunya	Tantanawat ^{*1}	Independent Director	9/14
10. Khunying Patama	Leeswadtrakul ^{*2}	Director	2/14
11. Mr. Ariel	Seth Levy ^{*2}	Director	11/14

Remark : *1. Assoc. Prof. Sukunya Tantanawat has appointed to be Director instead of Asst. Prof. Dr. Tanawat Ceevaromaya as the resolutions of Board of Directors Meeting No.3/2010 on February 16, 2010.

*2. Mr. Ari Seth Levy has appointed to be Director instead of Khunying Patama Leeswadtrakul as the resolutions of Board of Directors Meeting No.3/2010 on February 16, 2010.

5. Supervision of Internal Information Control

The Company adopt a policy and measures to supervise the management on the use of internal information for their own benefits and trading securities. In particular, during the one month before the Company's financial statements will be disseminated to the public, the information will be limited only to those who have the need to know.

The Company's executives and the Plan Administrator are fully responsible for preparing and submitting to the SEC and the SET the report on their shareholding in the Company including those of their spouses and minor children and any change thereof in accordance with section 59 of the Securities and Exchange Act B E 2535 within the following specified period:

- An initial shareholding report (Form 59-1) must be submitted within 30 days after the end of subscription period of any public offering of the Company or after the date of appointment to be the management of the Company.
- The report of change in shareholding (Form 59-2) must be submitted within 3 business days after the purchase, sale or transfer.

Those who fail to comply with the policy or measures will be penalized pursuant to the Company's regulations.

6. Internal Control

The organizational structure of the Company and its surroundings can help promoting operational efficiency, sufficient control, apparent organizational administration, organizational reformation consistent with business strategy, employee sourcing, uninterrupted employee development

appropriate for business fluctuation, reduction of overlapping operation, identical standard of operation and apparent determination of business operational target by considering various factors such as economic status, market situation and competing strategy.

The Company has determined risk factors, risk opportunities, risk impacts, administrative strategy and risk pursuit to minimize organizational effect or risk management to transform crisis into opportunity together with determining alert signal in order to prevent or decrease risks that may occur to the business operation.

The Company has determined the suitable controlling activity in order to operate the Company business efficiency such as defining the apparent scope of authority and function of each executive, regular following up with the Company operation together with having internal control system with respect to transactions with major shareholder, director, executive and other related person.

The Company has the internal audit department to audit the business operation as well as the legal department to ensure the compliance with any applicable rules and regulations, and legislations. The Company ensures that business operation and activity must be in conjunction with the Company's objectives.

The Board of Directors has appointed the Audit Committee to consider and justify any reasonableness of the related transactions, the internal control system, and to attend a joint meeting with the auditor and to consider and review the financial statements and its disclosure together with considering an annual audit plan. The Board of Directors, moreover, will keep following up with the internal audit reports and maintaining the independent function of the internal audit department. Also, the Company has established the Risk Management Committee to help improving the Company's business administration and reducing the Company's risks.

The Company has regularly minuted most of the Company's meetings and also complied with applicable rules and regulations in storing important documents and accounting documents together with having efficient storage system and communicating system that up-to-date and easy to use.

The Company has regularly convened the executive meetings in order to compare the operational performance with the prescribed target which will be regularly and continuously analyzed and improved all the time.

Board of Directors and Management
G J Steel Public Company Limited

Board of Directors and Management

G J Steel Public Company Limited

Name-Surname/Position	Age (Year)	Education	% of shareholding	Relation	Work Experience for the Past 5 Years		
					Time	Position	Organization
1. Mr. Nibhat Bhukkanasut	68	<ul style="list-style-type: none"> - Master of Arts (Political Science), University of Hawaii - Bachelor of Arts (Economics), University of Hawaii - Diploma of the Joint State-Private Sectors Course, The National Defence College of Thailand - The Role of Chairman Program (RCP) 13/2006 - Director Accreditation Program (DAP) 66/2007 - Audit Committee Program (ACP) 24/2008 Thai Institute of Directors (IOD)	None	None	May 2008 – Present Nov. 2005 – Present Present Present	- Chairman & Independent Director - Chairman - Chairman - Consultant	G J Steel Plc. T C J Asia Plc. Capital Market Development Foundation Unithai Group Co., Ltd.
2. Dr. Somsak Leeswadtrakul	58	<ul style="list-style-type: none"> - Wharton-Nida Executive Leadership Program Certificate, University of Pennsylvania, USA - The Program of Capital Market Academy - The Program of Senior Executive in Criminal Justice Administration - Honorary of Doctorate in Administration, Kasetsart University - MBA, Ramkhamhaeng University - B. Econ., Ramkhamhaeng University - Director Accreditation Program (DAP) - The Role of Chairman Program (RCP) 13/2006 - Financial Statement for Directors (FSD) Thai Institute of Directors (IOD) 	None	- Uncle of Mr. Sittichai Leeswadtrakul - Father of Mr. Sittisak Leeswadtrakul	Present Present Present Present Present Present Present	- Vice Chairman - Vice Chairman - Director - Honorable Chairman - Board of Member - Council Members - Distinguished Member of Ramkhamhaeng Council - Audit Committee - Council Members - Member of the Board of Directors	G J Steel Plc. G Steel Plc. Thailand Iron Works Plc. Siam Metals Association Iron Steel Institute of Thailand Nation Institute of Development Administration (NIDA) Ramkhamhaeng University Ramkhamhaeng University Saint Louis College World Vision Foundation of Thailand

Name-Surname/Position	Age (Year)	Education	% of shareholding	Relation	Work Experience for the Past 5 Years		
					Time	Position	Organization
3. Assoc.Prof. Niputh Jitprasong	68	<ul style="list-style-type: none"> - M.B.A. (International Trade & Finance), Gothenburg School of Economics and Business Administration, Sweden - Bachelor of Arts (Hon., First Class) Faculty of Commerce and Accountancy, Thammasat University - Certificate, Capital Market Academy Leadership Program, Class 2 - Director Accreditation Program (DAP) 85/2007 Thai Institute of Directors (IOD)	None	None	2009 – Present 2009 – Present	- Independent Director & Chairman of Audit Committee - Consultant, Real Estate Business Program	G J Steel Plc. Thammasat University
4. Mrs. Arthitaya Sutatam	53	<ul style="list-style-type: none"> - MBA, Morehead State University, U.S.A. - Master of Information Technology King Mongkut's Institute of Technology Ladkrabang - Director Accreditation Program (DAP) 30/2005 Thai Institute of Directors (IOD)	None	None	2006 – Present 2006 – Present 2004 – Present	- Independent Director & Audit Committee - Computer Technician 8 - Independent Director and Auditor	G J Steel Plc. The Office of the Permanent Secretary of Information and Communication Technology Thailand Iron Works Plc.
5. Assoc. Prof. Sukanya Tuntanawat	57	<ul style="list-style-type: none"> - Master of Development Economics Nation Institute of Development Administration (NIDA) - Bachelor of Arts in Economics, Chulalongkorn University 	None	None	2010 – Present Present	- Independent Director & Audit Committee - Director of Graduate Studies	G J Steel Plc. Ramkhamheang University

Name-Surname/Position	Age (Year)	Education	% of shareholding	Relation	Work Experience for the Past 5 Years		
					Time	Position	Organization
6. Mr. Chanathip Trivuth	47	<ul style="list-style-type: none"> - Master of Business Administration, National Institute of Development Administration (NIDA) - Bachelor of Arts (Economics), Thammasat University - Director Accreditation Program (DAP) Thai Institute of Directors (IOD) 	None	None	Present	- Director and President	G J Steel Plc.
					2006 - Present	- Director	Asia Metal Plc.
					2004 - Present	- Director	Felix River Kwae Resort (Kanchanaburi) Co., Ltd.
					2004 - 2006	- Director and Managing Director	S.S.P Place Co., Ltd.
					1999 - Present	- Managing Director	Great Eastern International Co., Ltd.
7. Mr. Sittichai Leeswadtrakul	33	<ul style="list-style-type: none"> - Master of Law, Department of Economics Regulation, Chulalongkorn University - Master of Science in Engineering Management, Warwick University, UK - Bachelor of Business Administration, Mahidol University - Director Accreditation Program (DAP) 41/2005 Thai Institute of Directors (IOD) 	None	Nephew of Dr. Somsak Leeswadtrakul	2009 - Present	- Director	G J Steel Plc.
					2009 - Present	- Director	G Steel Plc.
					2008 - Present	- Chairman of Executive Committee	B R P Steel Co., Ltd.
					2004 - Present	- Director and Managing Director	Mill Con Steel Industries Plc.
8. Mr. Isra Akrapitak	41	<ul style="list-style-type: none"> - Master of Management, Thames School, Amsterdam, Netherlands - B.B.A, Business Administration, Assumption University - Certificate: Leadership & Management Skills, University van Amsterdam & SITA, Amsterdam, Netherlands - Director Accreditation Program (DAP) 81/2009 Thai Institute of Directors (IOD) 	None	None	2009 - Present	- Director and Executive Vice President : Finance & Account	G J Steel Plc.
					2009 - 2010	- Director	Agro Industrial Machinery Plc.
					2005 - 2008	- Managing Director	KPN Music Co., Ltd.

Name-Surname/Position	Age (Year)	Education	% of shareholding	Relation	Work Experience for the Past 5 Years		
					Time	Position	Organization
9. Mr. Ariel Seth Levy	36	- Bachelor Degree Major Business Administration, University of Michigan	None	None	2010 - Present 2010 - Present 2003 - Present	- Director - Director - Principal and Managing Director	G J Steel Plc. G Steel Plc. Global Principal Partners LLC, USA
10. Ms. Pannee Tanaprateepkul	49	- MBA, Ramkhamhaeng University - Bachelor of Business Administration (General Management), Sukhothai Thammathirat Open University - Bachelor of Economics, Ramkhamhaeng University	None	None	Present 2005 - 2006 2003 - 2005	- Executive Vice President: HR& Admin, Procurement and Logistics - Vice President - General Administration - Senior Manager HR & Admin	G J Steel Plc. G Steel Plc. G Steel Plc.
11. Mr. Santi Kittikote	67	- Bachelor of Engineering, Chulalongkorn University	None	None	Present 2005 - 2008 2002 - 2005 1996 - 2002	- Executive Vice President: Operation - Senior Manager - Director - Director and Senior Vice President	G J Steel Plc. G J Steel Plc. Milenium Steel Plc. NTS Steel Group Plc.
12. Mr. Sittisak Leeswadtrakul	33	- General Engineering, Queen Mary University (London)	None	Son of Dr. Somsak Leeswadtrakul	Present 2008 - 2011 2006 - 2008	- Vice President: Commercial - Senior offer, steel division - Business Assistant, steel division	G J Steel Plc. Mitsui & Co. (Thailand) Ltd. Mitsui & Co. Europe Plc.

Related Transactions



The Company has entered into transactions with related persons which may give rise to the conflict of interest issue whereby such transactions can be summarized as follows:

Related Persons	Description
G Steel Public Company Limited	<ol style="list-style-type: none"> 1. G Steel Public Company Limited is holding 22.33 percent of the Company's shares (as of 1 March 2011). 2. Dr. Somsak Leeswadtrakul, the Company's Vice Chairman, is the Vice Chairman of G Steel Public Company Limited. 3. Khunying Patama Leeswadtrakul, spouse of Dr. Somsak Leeswadtrakul who is the Company's Vice Chairman, the Director and is holding 8.70 percent together with their minor child in the total of 9 percent of the shares of G Steel Public Company Limited (as of 1 March 2011). 4. Mr. Sittichai Leeswadtrakul, the Company's Director, is the Director and is holding 2.03 percent of the shares of G Steel Public Company Limited (as of 1 March 2011).
Oriental Access Company Limited	<ol style="list-style-type: none"> 1. Oriental Access Company Limited is holding 21.57 percent of the Company's shares (as of 1 March 2011). 2. G Steel Public Company Limited is indirectly holding 99.98 percent of the shares of Oriental Access Company Limited (as of 31 December 2010).
Asia Metal Public Company Limited	<ol style="list-style-type: none"> 1. Mr. Chanathip Trivuth, the Company's Director and President, is the Director and is holding 4.17 percent of the shares of Asia Metal Public Company Limited (as of 26 March 2010). 2. Khunying Patama Leeswadtrakul, spouse of Dr. Somsak Leeswadtrakul who is the Company's Vice Chairman, is holding 16.67 percent in the shares of Asia Metal Public Company Limited (as of 26 March 2010).
Mill Con Steel Industries Public Company Limited	<ol style="list-style-type: none"> 1. Mr. Sittichai Leeswadtrakul, the Company's Director, is the Chairman of Executive Committee and Managing Director of Mill Con Steel Industries Public Company Limited and is holding 27.80 percent of the shares of Mill Con Steel Industries Public Company Limited (as of 1 November 2010). 2. Khunying Patama Leeswadtrakul, spouse of Dr. Somsak Leeswadtrakul who is the Company's Vice Chairman, is holding 1.19 percent of shares of Mill Con Steel Industries Public Company Limited (as of 1 November 2010).
SSP Place Company Limited	Mr. Chanathip Trivuth, the Company's Director and President, is director and Managing Director of SSP Place Company Limited and is holding 99.99 percent of the share of SSP Place Company (as of 14 October 2010).

Related Persons	Description
BRP Steel Company Limited	Mr. Sittichai Leeswadtrakul, the Company's Director, is the Chairman of Executive Committee of BRP Steel Company Limited
Arnoma Bangkok Company Limited	Khunying Patama Leeswadtrakul, spouse of Dr. Somsak Leeswadtrakul who is the Company's Vice Chairman, the Director of Arnoma Bangkok Company Limited
Intelligent Systems Company Limited	Mr. Chanathip Trivuth, the Company's Director and President, is the Managing Director of Intelligent Systems Company Limited

Related Transactions in 2010 and 2009 (restated) are as follows:

1. Transactions with G Steel Public Company Limited:

Description	Transaction Value/Outstanding (THB Million)		Necessity and Reasonableness of Transactions.
	As of 31 st December 2010	As of 31 st December 2009 (restated)	
- Purchase of Raw Material & Finished Goods	21.74	395.72	The management's opinion : These transactions are in ordinary course of the Company's business.
- Production Service Charge	-	49.54	
- Revenue from sale	12.58	37.59	
- Advances to suppliers	-	0.76	
- Accounts payable	111.28	376.91	
- Payable to related party from offsetting of machinery purchase	957.88	992.24	
- Account Receivable	-	-	
- Other income	5.27	0.75	
- Interest expenses	63.01	-	
- Accrued interest expense	1.16	-	

2. Transactions with Oriental Access Company Limited:

Description	Transaction Value/Outstanding (THB Million)		Necessity and Reasonableness of Transactions.
	As of 31 st December 2010	As of 31 st December 2009 (restated)	
- Sale and Administration expenses	412.54	452.95	The management's opinion: These transactions are in ordinary course of the Company's business and moreover have been approved by the Creditors' Committee whereby such expenses are in accordance with the Operation Service Agreement.
- Other accounts receivable	-	-	
- Other accrued expenses	576.60	288.90	
- Advanced expenses	-	-	

3. Transactions with Asia Metal Public Company Limited:

Description	Transaction Value/Outstanding (THB Million)		Necessity and Reasonableness of Transactions.
	As of 31 st December 2010	As of 31 st December 2009 (restated)	
- Revenue from sale of finished goods	455.08	75.19	The management's opinion: These transactions are in ordinary course of the Company's business.
- Advanced from customer	73.66	41.12	

4. Transactions with Mill Con Steel Industries Public Company Limited:

Description	Transaction Value/Outstanding (THB Million)		Necessity and Reasonableness of Transactions.
	As of 31 st December 2010	As of 31 st December 2009 (restated)	
- Revenue from sale of finished goods	1,305.35	277.63	The management's opinion: These transactions are in ordinary course of the Company's business.
- Purchase of raw materials & finished goods	78.22	-	
- Accounts payable	-	-	
- Accounts receivable	-	-	
- Advanced from customer	125.05	142.99	

5. Transactions with SSP Place Company Limited:

Description	Transaction Value/Outstanding (THB Million)		Necessity and Reasonableness of Transactions.
	As of 31 st December 2010	As of 31 st December 2009 (restated)	
- Rental of office space and other services	2.85	-	The management's opinion: The space is rented to support business operation and is charged at the same rate as other tenants.
- Accrued expenses	2.33	-	

6. Transactions with BRP Steel Company Limited

Description	Transaction Value/Outstanding (THB Million)		Necessity and Reasonableness of Transactions.
	As of 31 st December 2010	As of 31 st December 2009 (restated)	
- Revenue from sale of finished goods	79.47	5.42	The management's opinion: These transactions are in ordinary course of the Company's business.
- Purchase of raw materials & finished goods	56.44	32.86	
- Accounts payable	-	29.36	
- Advanced from customer	58.35	-	

7. Transactions with Arnoma Bangkok Company Limited

Description	Transaction Value/Outstanding (THB Million)		Necessity and Reasonableness of Transactions.
	As of 31 st December 2010	As of 31 st December 2009 (restated)	
- Others expenses	0.31	0.12	The management's opinion: These transactions are in ordinary course of the Company's business.
- Accrued Expenses	0.31	-	

8. Transactions with Intelligent Systems Company Limited

Description	Transaction Value/Outstanding (THB Million)		Necessity and Reasonableness of Transactions.
	As of 31 st December 2010	As of 31 st December 2009 (restated)	
- Others expenses	0.18	-	The management's opinion: These transactions are in ordinary course of the Company's business.
- Accrued Expenses	-	-	

Measures and procedures in approving related transactions

The related transactions must comply with the laws on securities and exchange and regulations, announcements, orders or terms and condition of the Securities and Exchange Commission (the "SEC") and the Stock Exchange of Thailand (the "SET"). The person who may have any conflict of interest with the related transactions will not have the right to cast their vote. The Board of Directors and the Audit Committee have to review and control those transactions. The management and/or director who has no conflict of interest on those transactions will perform the decision making task in relation these related transactions excluding the transaction in the ordinary course of business.

However, the procedures in approving the related transactions will be performed in accordance with the Company's guideline on dealing with the related transactions and will be, further, opined by the Audit Committee for the reasonableness and necessity. The Company will also comply with relevant regulations of the SET and the SEC whereby such related transactions shall be either approved by the Board of Directors or the shareholders. Furthermore, the Company also determines its policy in handling the related transaction as follows:

1. Transactions in ordinary course of the Company's business with standard terms of trade

In the future, the Company is expecting to continue entering into the transactions with related persons in the ordinary course of the Company's business which may create the conflict of interest issue such as purchase and sale of goods or office rental whereby the terms and conditions of such transactions will be the standard terms of trade same as other customer.

2. Transactions in ordinary course of the Company's business without standard terms of trade and other related transactions

In the future, the Company is expecting to continue entering into the transactions with related persons in the ordinary course of the Company's business whereby the terms and conditions of such transactions will not be the standard terms of trade and also entering into other related transactions which may create the conflict of interest issue such as entering into the transactions with the Strategic Advisory Alliance. The Company will strictly follow the terms and conditions of the agreement. In case there shall be any additional related transaction in the future, the Company will strictly comply with the measures and procedures in approving the related transactions and any director who may have any conflict of interest will not have the right to approve the transactions in accordance with the scope of authority.

3. Loans

The Company has no policy in granting any loans to any related companies and to the Strategic Advisory Alliance, however, in case of unavoidable, the Company will strictly follow the relevant measures and procedures in approving such related transactions and any director who may have any conflict of interest will not have the right to approve the transactions in accordance with the scope of authority.

Besides, the Company's products are similar to those of G Steel Public Company Limited's product. Therefore, in order to prevent any future conflict of interest, the Company's management determined the measures as follows:

1. To reduction of business competition between the Company and G Steel

The Company's management and G Steel plan the guideline of each business expansion base on each company's expertise, appropriateness and customer base. This guideline will be in consistent with each customer's demand to avoid the duplicate investment and to create Economy of Scale in the production and the purchase of raw materials.

2. The independence of the director and management

Both companies have their own independent directors and Audit Committee to ensure the benefit of the minority shareholders and the management has policy in operating the business independently.

3. Transaction between the Company and G Steel

The Company has a policy in maintain Commercial Arm's Length Basis in transaction between the Company and G Steel. If there is any related transaction, the transparent audit by the external auditor of both companies are required in order to review and provide opinion to such transaction and subsequently disclose in the financial statement.

Analysis and Explanation of Management



The Company's gross profit (loss) for the year 2010 and 2009 (restated) were amounted to THB 313 million and THB (4,967) million, respectively, and EBITDA for the year 2010 and 2009 (restated) were amounted to THB 237 million and THB (5,345) million, respectively, whereby in 2010, an increase of selling price resulted in the Company retained gross profit. The major factors were the gain from the reversal of provision for loss on confirmed purchase orders for undelivered raw material in the amount of THB 128 million, the gain from foreign currency exchange in the amount of THB 571 million, the reversal of bad and doubtful debts expense in the amount of THB 276 million whereby the expenses included the loss on devaluation of inventories in the amount of THB 11 million, the loss on purchase of inferior raw material in the amount of THB 100 million, the loss associated with performance guarantees in the amount of THB 58 million and the loss on asset impairment in the amount of THB 2,762 million.

1. Operating Results

- Revenue from sales and cost of goods sold

Revenue from sales for the year 2010 and 2009 (restated) amounted to THB 15,158 million and THB 12,314 million, respectively, and gross profit (loss) for the year 2010 and 2009 (restated) amounted to THB 313 million and THB (4,967) million, respectively. The major factor contributing to the year 2010's improved gross profit was increases in average selling price realizations experienced during the year when compared to the year 2009 (restated).

- Net foreign exchange gain

The Company had a gain on foreign exchange for the year 2010 amounting to THB 572 million a THB 484 million increase from the year 2009 (restated). The major contributor was the strengthening of the Thai Baht versus the US dollar.

- Reversal of provision for loss on confirmed purchase orders for undelivered raw material

For the year 2010, the Company had a reversal of a provision for losses on confirmed purchase orders for undelivered raw material which amounted to THB 128 million, due to the increase of the Company's average selling realizations throughout the year.

- Reversal of bad and doubtful debts expense

For the year 2010, the Company had a reversal of provisions for bad and doubtful debt which amounted to THB 276 million. This reversal was attributable to the offsetting of receivables due from one customer against payables owed to the supplier, as the customer and supplier were related to one another.

- Selling expenses

Selling expenses for the year 2010 and 2009 (restated) amounted to THB 183 million and THB 153 million, respectively. The increase is attributable to increases in domestic sales volume in 2010 compared to 2009.

- Administrative expenses

Administrative expenses for the year 2010 and 2009 (restated) amounted to THB 1,436 million and THB 1,558 million, respectively. The decrease of THB 152 million is primarily attributable to the decrease in idle expenses and operations consultancy charges which are affected from the impact of favorable exchange rate movements between the Thai Baht versus the US dollar.

- Loss on purchase of inferior raw material

For the year 2010, the Company received scrap from an overseas supplier. The Company appointed an independent surveyor to determine the impurity levels and found them to be significant. Therefore, the Company has made a full provision against these scrap inventories (THB 100 million). The Company is in the process of claim discussions.

- Loss related to performance guarantees

Loss related to performance guarantees for the year 2010 and 2009 (restated) amounted to THB 58 million and THB 620 million respectively, decreasing from 2009 (restated) in the amount of THB 562 million. The primary factor contributing to the decrease in loss when compared to the year 2009 was the fact that in 2009 the Company recorded both recognition of principal and interest associated with the provision. However, in the year 2010, only interest has been recorded.

- Bad debt and doubtful debt

For the year 2010, the Company has no bad debt and doubtful debt; however, for the year 2009 (restated) the Company recorded doubtful debt expense of THB 174 million. This allowance was reversed in its entirety in 2010.

- Loss on impairment of assets

For the year 2010, the Company recorded loss on impairment of assets of THB 2,762 million as a result of an appraisal performed by an independent appraisal firm as at 31 December 2010. The independent appraisal firm utilized the Income Approach as a means to conform the Company's carrying value of fixed assets with international accounting standards. For the year 2009 (restated), the Company recorded loss on impairment for its DRI project in the amount of THB 250 million and recorded impairment for the construction in progress in the amount of THB 22 million using the information provided by an independent appraiser utilizing a differing appraisal methodology. In year 2010, the Company has reclassified advance payments to suppliers of machinery amounting to THB 128 million, previously recorded in bad debt and doubtful debt during the year 2009 (restated), to loss on impairment of assets.

2. Financial status

Assets

As of 31 December 2010 and 2009 (restated), the total assets were THB 23,692 million and THB 26,664 million respectively reduced by THB 2,972 million or 11.14% which mainly resulted from the reduction of cash and cash equivalents, trade accounts receivable, inventories and advances to suppliers which can be explained as follows.

1) Cash and cash equivalents

As of 31 December 2010 and 2009 (restated), the Company had its cash and cash equivalents in the amount of THB 57 million and THB 43 million respectively increased by THB 14 million or 32.55% due to the cash was used for the investing and financing activities for the amount of THB 87 million and THB 238 million respectively and was received by the operating activities for the amount of THB 125 million (details as per the Statement of Cash Flow).

2) Trade accounts receivable

As of 31 December 2010, the Company had its trade accounts receivable in the amount of THB 863 million deducted with allowance for doubtful debt in the amount of THB 445 million. Therefore, net trade accounts receivable is THB 418 million. On 31 December 2009 (restated), trade accounts receivable was in the amount of THB 814 million deducted with allowance for doubtful debt in the amount of THB 721 million. Therefore, net trade accounts receivable is THB 93 million increased by THB 325 million. It was due to the fact that (1) there was an offset between the trade accounts receivable and trade accounts payable resulted in the decreased allowance for doubtful debt. (2) net trade accounts receivable is also trade accounts payable of the Company whereby the amount of trade accounts payable is greater than the trade accounts receivable.

3) Inventories

As of 31 December 2010 and 2009 (restated), the Company had its inventories in the amount of THB 1,037 million and THB 1,058 million, respectively reduced by THB 20 million due to the price reduction in raw materials and spare parts.

4) Advances to suppliers

As of 31 December 2010 and 2009 (restated), the Company had its cash advance to suppliers in the amount of THB 160 million and THB 133 million, respectively increased by THB 27 million because of during the year, the Company purchased the raw materials.

5) Other current assets

As of 31 December 2010 and 2009 (restated), the Company had its other current assets in the amount of THB 288 million and THB 124 million, respectively increased by THB 164 million because of (1) provisional claim for inferior raw material in the amount of THB 100 million (2) accounts receivable for refunded VAT and others in the amount of THB 34 million (3) unpaid input tax in the amount of THB 30 million.

6) Property, plant and equipment

As of 31 December 2010 and 2009 (restated), the Company had property, plant and equipment in the amount of THB 21,070 million and THB 24,530 million, respectively decreased by THB 3,460 million or 14.10% due to:

6.1 The appraisal of property, plant and equipment were appraised by means of Income Approach Basis causing loss on impairment of assets

6.2 Annual depreciation

7) Intangible assets

As of 31 December 2010 and 2009 (restated), the Company had its intangible assets in the amount of THB 41 million and THB 62 million, respectively decreased by THB 21 million or 34% because the Company made an write-off balance on the former software program and replaced with new software program.

Liabilities

As of 31 December 2010 and 2009 (restated), the Company had its total liabilities in the amount of THB 10,215 million and THB 9,666 million, respectively increased by THB 549 million or 5.67% which mainly resulted from the increase in short term loans from financial institute, other payables, accrued expenses, accrued interest and provision for liabilities which can be explained as follows:

1) Short-term loans from other companies

As of 31 December 2010, and 2009 (restated) the Company had short-term loans from other companies in the amount of THB 138 million and THB 74 million, respectively due to the fact that the Company needed an additional working capital.

2) Trade accounts payable

As of 31 December 2010 and 2009 (restated), the Company had its trade accounts payable in the amount of THB 3,129 million and THB 3,699 million, respectively reduced by THB 570 million due to the offset between trade accounts payable and trade accounts receivable and the payment of the outstanding debt to some trade creditors.

3) Accrued Interest

As of 31 December 2010 and 2009 (restated), the Company had its accrued interest in the amount of THB 363 million and THB 125 million, respectively increased by THB 238 million or 189.73% due to the amount of accrued interest from the outstanding debts of trade creditors.

4) Provision for liabilities

As of 31 December 2010 and 2009 (restated), the Company had recorded provision for liabilities in the amount of THB 1,517 million and THB 1,069 million, respectively increased by THB 448 million or 41.90% due to the penalty and surcharge in relation to Revenue Department and the provisional liabilities related to performance guarantees.

5) Liabilities under rehabilitation plan

As liabilities under rehabilitation plan will be due in 2011, the Company had to reclassify these liabilities from non-current liabilities to current liabilities which decreased by THB 22 million due to the impact of favorable exchange rate movements between the Thai Baht versus the US dollar.

Shareholder's equity

As of 31 December 2010 and 2009 (restated), the total shareholder's equity is equal to THB13,477 million and THB 16,998 million, respectively decreased by THB 3,521 million or 20.72% due to (1) the net loss of the year 2010 in the amount of THB 3,672 million and (2) the issuance of second warrant in the amount of THB 150 million.

Liquidity

The financial statements as of 31 December 2010 and 2009 (restated), the liquidity of the Company represented by financial ratios is as follows:

	As of December 31	
	2010	2009 (restated)
Current Ratio	0.21	0.18
Quick Ratio 0.05	0.05	0.02
Debt to Equity Ratio	0.76	0.57

The Special Audit

The SEC had required the Company to arrange for the Special Audit. On 8 February 2010, the Board of Directors resolved to appoint KPMG as auditor for the Special Audit. As a result, on 7 May 2010, the Company received the report on the Special Audit from KPMG and then, accordingly submitted the report on the Special Audit to the SEC. The primary findings detailed as follows:

1. Sales of hot rolled coils to selected customers.

KPMG Findings:

- No significant differences in pricing levels between selected customers and other customers.
- Certain customers were granted more generous payment terms than other customers.
- Procedures were not performed to assess the financial position of each customer and their ability to pay balances due. This resulted in receivables which could not be collected.
- During the period under review, the Company was found to have weak internal controls within its sales and cash collection processes.
- During the review period, the Company failed to properly comply with its own procedures and policies

Company's action plan:

- All new customers will be subjected to a customer evaluation system based on an objective credit metrics system.
- Procedures being performed by the internal audit function will be extended to cover all parts of the Company's business.
- A detailed review will be made on all significant customers and credit terms and limits will be amended as appropriate.

2. Purchase of machinery.

KPMG Findings:

- There was no evidence of supplier selection process being followed in respect of machinery procurement. Similarly there was no evidence that any assessment had been made of the suppliers' credentials in respect of similar projects.

- During the period under review, with respect to the Company's proposed high-value expansion projects, there was little segregation of duty and lack of procedures to ensure that sufficient supporting documents were obtained and, where appropriate, properly approved, to enable transactions to be accurately recorded in the Company's accounting records.
- There was no evidence that the board of directors had approved certain offsets under which machinery and equipment purchase obligations were accepted as offsets to long outstanding receivables.
- Purchases which had apparently been made as part of the proposed cold reduction mill and galvanizing line expansion projects have not yet been installed but were found to be in storage in the finishing line area.
- Management appeared to have over-ridden certain established customer acceptance policies on a number of occasions without obtaining board of director approval.

Company's action plan:

- All purchases of equipment will be subjected to a bidding or supplier selection process and board of director approval.
- The Company will develop a standard form equipment procurement contract with the assistance of internal and outside legal counsel. Form contract will indicate the Company's required terms of sale for significant equipment orders.
- Form contract will have forms of buyer protection available to the Company for some portion of the contract price (such as a letter of credit, performance bond and/or liquidated damages) should supplier fail to perform under the contract.

Audit Report of Certified Public Accountant



To the Shareholders of G J Steel Public Company Limited

I have audited the accompanying balance sheets of G J Steel Public Company Limited (the “Company”) as at 31 December 2010 and 2009 (restated), and the related statements of income, changes in equity and cash flows for the years then ended. The Company’s management is responsible for the correctness and completeness of information presented in these financial statements. My responsibility is to express an opinion on these financial statements based on my audits.

Except as described in the third paragraph, I conducted my audits in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audits provide a reasonable basis for my opinion.

During the year ended 31 December 2009, the Company entered into a number of transactions involving the sale of finished goods to third parties and the subsequent offset of Baht 1,525 million of trade accounts receivable from these transactions against amounts owed to the same and other counterparties for machinery purchases. I was unable, during my audit of the above transactions, to establish that the Company had exercised appropriate internal controls over these transactions, particularly with respect to credit control procedures, approval of credit facilities, the purchase and tendering process (including selection of machinery supplier and cost of machinery purchased) or over the offset transactions generally. I was, therefore, unable to satisfy myself that these transactions had been properly entered into and properly recorded by the Company. These transactions are disclosed in Notes 7 and 11 to the 2010 financial statements and were the subject of a special audit ordered by the Securities and Exchange Commission (“SEC”), for which the results and the Company’s responses and action plans, were publicly disclosed on 7 May 2010.

I issued my audit report to the shareholders on the Company’s originally issued 2009 financial statements on 24 February 2010. This report stated that I was unable to express an opinion on those financial statements for the reasons set out in my report. Subsequently, as described in Note 32 to the 2010 financial statements, the Company’s management restated the originally issued 2009 financial statements. The adjustments made by management in the restated 2009 financial statements were to correct errors in relation to previously under-recorded historical supplier liabilities; provisional losses related to performance guarantees; and tax liabilities. I issued an audit report to the shareholders on the Company’s restated 2009 financial statements on 20 September 2010. In preparing that report, I audited the adjustments that were applied by management in the restatement of the Company’s originally issued 2009 financial statements and in my opinion those adjustments were appropriate and properly applied. My report dated 20 September 2010 on the 2009 restated financial statements stated that I was unable to express an opinion on those financial statements because of the potentially significant impact on the financial statements of the matter described in the third paragraph of this report and uncertainty as to whether the Company would be able to continue as a going concern. Note 1 to the 2010 financial statements provides an updated discussion of the Company’s current funding status, in consideration of which my present opinion on the 2009 restated financial statements, as presented herein, is different from the opinion given in my previous audit report dated 20 September 2010.

In my opinion, except for the effects of such adjustments, if any, as may have been necessary in the Company's 2009 restated statement of income with regard to the transactions noted in the third paragraph of this report, the financial statements referred to above present fairly, in all material respects, the financial positions of G J Steel Public Company Limited as at 31 December 2010 and 2009 (restated) and the results of its operations and its cash flows for the years then ended in accordance with generally accepted accounting principles.

Without changing my opinion on these financial statements, I draw attention to the following matters:

As disclosed in Notes 1.2 and 37 to the 2010 financial statements, on 2 March 2011 ArcelorMittal Netherlands B.V. ("AM") announced that it had signed agreements to invest in new capital to be issued by the Company's parent company, G Steel Public Company Limited ("G Steel"), resulting in a 40% shareholding in G Steel, and a credit facility agreement with the Company and G Steel for USD 500 million for working capital, capital expenditure and other corporate purposes. Consequent to this investment, G Steel will increase its equity holding in the Company from 44% to 63% on a consolidated basis through a debt to equity conversion and subscription for new equity. The amount of capital to be invested by AM in G Steel will be determined closer to the completion of the transaction. Completion of the transaction is conditional on a reduction in the outstanding liabilities of G Steel and the Company and a range of other conditions, including regulatory approvals and approval of the shareholders of G Steel and the Company. Management is confident that the conditions for AM's investment can be met and that the investment will be successfully completed during 2011 and will develop G Steel's and the Company's potential through an operational, financial and commercial turnaround. Note 1.2 details the Company's financial position and results as at and for the year ended 31 December 2010, and other circumstances which would otherwise have given doubt on the Company's ability to continue as a going concern. The Company's financial statements have been prepared on the going concern basis on the assumption that AM's investment in G Steel and the Company will be successfully completed.



(Wilai Buranakittisophon)
Certified Public Accountant
Registration No. 3920

KPMG Phoomchai Audit Ltd.
Bangkok
4 March 2011

Balance Sheets

G J Steel Public Company Limited

As at 31 December 2010 and 2009 (restated)



Assets	Note	2010	2009 (restated)
<i>(in Baht)</i>			
Current assets			
Cash and cash equivalents	6	56,835,921	42,839,157
Current investment		5,242,964	3,404,626
Trade accounts receivable	4, 7	418,090,420	93,148,059
Inventories	8, 16, 31	1,037,723,612	1,058,475,872
Advances to suppliers	4	160,179,891	133,135,354
Other current assets	4, 9	288,259,627	124,094,799
Total current assets		1,966,332,435	1,455,097,867
Non-current assets			
Restricted deposits at financial institutions	10	176,700,000	168,700,000
Long-term loans to and receivables from former related parties	5	70,506,489	69,740,943
Property, plant and equipment	11	21,070,303,005	24,530,090,371
Intangible assets	12	40,874,230	61,933,031
Other non-current assets	13	366,943,604	378,259,198
Total non-current assets		21,725,327,328	25,208,723,543
Total assets		23,691,659,763	26,663,821,410

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

Balance Sheets

G J Steel Public Company Limited

As at 31 December 2010 and 2009 (restated)



Liabilities and equity	Note	2010	2009 (restated)
<i>(in Baht)</i>			
Current liabilities			
Short-term loan from other parties	14	138,664,547	74,340,176
Trade accounts payable	4, 14, 15	3,129,030,485	3,699,159,582
Advance from customers	4	1,408,194,679	1,582,887,860
Other payables and accrued expenses	4	1,715,057,741	1,069,369,183
Accrued interest expenses	4	363,288,317	125,386,781
Provisions	16, 32	1,517,353,594	1,048,962,041
Current portion of liabilities under rehabilitation plan	18	367,136,244	-
Other current liabilities	17	618,024,310	683,941,585
Total current liabilities		9,256,749,917	8,284,047,208
Non-current liabilities			
Payable to related party from offsetting of machinery purchase	4, 14	957,881,336	992,236,875
Liabilities under rehabilitation plan	18	-	389,255,758
Total non-current liabilities		957,881,336	1,381,492,633
Total liabilities		10,214,631,253	9,665,539,841
Equity			
Share capital	19		
Authorised share capital		40,478,051,205	40,478,051,205
Issued and paid-up share capital		27,394,736,413	27,394,674,313
Warrants	20	311,689,469	161,693,969
Premium on shares			
Premium on ordinary shares	19, 21	480,735,839	480,508,859
Retained earnings (Deficit)			
Appropriated			
Legal reserve	21	18,507,422	18,507,422
Unappropriated/(Deficit)	32	(14,728,640,633)	(11,057,102,994)
Total equity		13,477,028,510	16,998,281,569
Total liabilities and equity		23,691,659,763	26,663,821,410

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

Statements of Income

G J Steel Public Company Limited

For the years ended 31 December 2010 and 2009 (restated)



	Note	2010	2009 (restated)
		(in Baht)	
Income			
Revenue from sale of goods	4, 22	15,158,067,870	12,314,215,853
Net foreign exchange gain		571,687,561	87,826,041
Reversal of devaluation of inventories	8	-	1,735,772,550
Reversal of provision for loss on confirmed purchase orders for undelivered raw material	16, 34.3	128,018,436	-
Reversal of bad and doubtful debts expense	7	275,750,771	-
Other income	4	31,784,541	138,278,713
Total income		16,165,309,179	14,276,093,157
Expenses			
Cost of sale of goods	4, 8, 26	14,845,299,405	17,280,985,287
Selling expenses	4, 23, 26	183,445,575	158,747,782
Administrative expenses	4, 24, 26	1,436,077,115	1,588,231,742
Management benefit expenses	25	29,454,694	35,298,804
Loss on devaluation of inventories	8	11,025,965	-
Loss on purchase of inferior raw material	16	100,084,678	-
Loss on confirmed purchase orders for undelivered raw material	16, 34.3	-	128,018,436
Losses related to performance guarantees	16, 32	58,199,496	620,007,048
Bad and doubtful debts expense	7, 9	-	174,187,805
Loss on impairment of assets	11, 13	2,761,598,750	400,125,644
Total expenses		19,425,185,678	20,385,602,548
Loss before finance costs		(3,259,876,499)	(6,109,509,391)
Finance costs	4, 14, 27	(411,661,140)	(298,702,083)
Loss for the year		(3,671,537,639)	(6,408,211,474)
Loss per share			
Basic	30	(0.09)	(0.16)
Diluted	30	(0.07)	-

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

Statements of changes in equity

G J Steel Public Company Limited

For the years ended 31 December 2010 and 2009 (restated)



	Note	Issued and paid-up share capital	Warrants	Share premium (Discount)	Unrealised surpluses		Retained earnings / (Deficit)		Total equity
					Fair value changes on investment	Legal reserve	Unappropriated (Deficit)		
								(in Baht)	
Balance at 1 January 2009		27,394,674,313	161,693,969	480,508,859	6,729,687	18,507,422	(4,648,891,520)	23,413,222,730	
Available for sale investments									
Net change in fair value transferred to profit		-	-	-	(6,729,687)	-	-	(6,729,687)	
Loss for the year		-	-	-	-	-	(6,408,211,474)	(6,408,211,474)	
Balance at 31 December 2009 (restated)		27,394,674,313	161,693,969	480,508,859	-	18,507,422	(11,057,102,994)	16,998,281,569	
Balance at 1 January 2010		27,394,674,313	161,693,969	480,508,859	-	18,507,422	(11,057,102,994)	16,998,281,569	
Issue of ordinary shares	19	62,100	(4,500)	226,980	-	-	-	284,580	
Issue of warrants	20	-	150,000,000	-	-	-	-	150,000,000	
Loss for the year		-	-	-	-	-	(3,671,537,639)	(3,671,537,639)	
Balance at 31 December 2010		27,394,736,413	311,689,469	480,735,839	-	18,507,422	(14,728,640,633)	13,477,028,510	

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

Statements of cash flows

G J Steel Public Company Limited

For the years ended 31 December 2010 and 2009 (restated)



	Note	2010	2009 (restated)
		(in Baht)	
Cash flows from operating activities			
Loss for the year		(3,671,537,639)	(6,408,211,474)
<i>Adjustments for</i>			
Depreciation and amortisation		816,960,333	976,134,602
Interest income		(2,172,492)	(2,980,959)
Finance costs		411,661,140	298,702,083
Unrealised gain on exchange rate		(321,736,050)	(98,323,184)
(Reversal of) bad and doubtful debts expense		(275,750,771)	174,187,805
Loss (reversal of) on devaluation of inventories		11,025,965	(1,735,772,550)
Provision for loss on confirmed purchase orders for undelivered raw material		(128,018,436)	128,018,436
Loss on purchase of inferior raw material		100,084,678	-
Losses related to performance guarantees		58,199,496	620,007,048
Provision for tax-related liabilities		438,125,815	300,936,557
Gain on sale of other long-term investment		-	(2,680,540)
Loss on impairment of assets		2,761,598,750	400,125,644
Loss on write-off of assets		38,791,264	5,147,369
		237,232,053	(5,344,709,163)
Changes in operating assets and liabilities			
Trade accounts receivable		(404,667,270)	91,926,474
Inventories		9,726,295	4,440,062,473
Advances to suppliers		(27,044,537)	672,265,625
Other current assets		(164,523,407)	115,590,290
Receivables from former related parties		(765,546)	-
Other non-current assets		(45,902,849)	(26,086,808)
Trade accounts payable		(335,065,222)	972,532,541
Advances received from customers		(174,693,181)	(28,568,246)
Other payables and accrued expenses		519,972,692	761,875,461
Other current liabilities		511,202,184	40,991,016
Income tax paid		(45,188)	(41,089)
Net cash provided by operating activities		125,426,024	1,695,838,574

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

Statements of cash flows

G J Steel Public Company Limited

For the years ended 31 December 2010 and 2009 (restated)



	Note	2010	2009 (restated)
		(in Baht)	
Cash flows from investing activities			
Interest received		2,172,492	3,731,727
Increase in current investment		(1,838,338)	(2,568,886)
Proceeds from sale of available-for-sale marketable securities		-	21,908,215
Increase in restricted deposits at financial institutions		(8,000,000)	(60,000,000)
Purchase of property, plant and equipment		(15,611,810)	(75,341,247)
Purchase of intangible assets		(16,642,784)	(1,382,866)
Advance for purchase of property, plant and equipment		(47,000,000)	(124,482,652)
Net cash used in investing activities		(86,920,440)	(238,135,709)
Cash flows from financing activities			
Interest paid		(173,759,604)	(185,947,852)
Proceeds from short-term loans from financial institutions		-	877,646,132
Repayment of short-term loans from financial institutions		-	(2,182,255,562)
Proceeds from short-term loans from others		1,924,299,801	635,446,456
Repayment of short-term loans from others		(1,857,739,577)	(641,050,490)
Proceeds from short-term loan from director		-	20,000,000
Repayment of short-term loan from director		-	(20,000,000)
Repayment of payable to related party from offsetting of machinery purchase		(67,856,686)	-
Proceeds from ordinary shares issued		284,580	-
Proceeds from warrants issued		150,000,000	-
Net cash used in financing activities		(24,771,486)	(1,496,161,316)
Net increase (decrease) in cash and cash equivalents		13,734,098	(38,458,451)
Cash and cash equivalents at beginning of year		42,839,157	84,213,993
Effect of exchange rate changes on balances held in foreign currencies		262,666	(2,916,385)
Cash and cash equivalents at end of year		56,835,921	42,839,157

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

Statements of cash flows

G J Steel Public Company Limited

For the years ended 31 December 2010 and 2009 (restated)



	<i>Note</i>	2010	2009 (restated)
		<i>(in Baht)</i>	
Non-cash transactions			
Purchase of machinery by offsetting with trade accounts receivable	4, 7, 11	-	1,524,977,150
Offset of trade accounts receivable and payable for purchase of machinery	7	353,289,659	-
Transfer of machinery payable to related parties	4(b)	33,501,147	-

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

Notes to the financial statements

G J Steel Public Company Limited

For the years ended 31 December 2010 and 2009 (restated)



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Notes to the financial statements

G J Steel Public Company Limited

For the years ended 31 December 2010 and 2009 (restated)



These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 4 March 2011.

For all figures referenced as “restated”, please refer to Note 32 for details of the restatement adjustments prepared and applied by management.

1 General information and going concern

1.1 General information

G J Steel Public Company Limited (the “Company”), is incorporated in Thailand and has its registered office as follows:

Head office : 88 Paso Tower, 24th Floor, Silom Road, Suriyawong, Bangrak, Bangkok
(as of 3 March 2010 onwards).

Factory : 358 Moo 6, Hemaraj Industrial Estate (Bowin) Highway 331, Tambol Bowin, Amphur Sriracha, Chonburi.

The Company was listed on the Stock Exchange of Thailand (the “SET”) on 2 July 1996.

The Company’s major shareholders during the financial period were Oriental Access Company Limited (“OAC”) (21.68% shareholding) and G Steel Public Company Limited (“G Steel”) (22.45% shareholding). Both companies were incorporated in Thailand. OAC is 99.98% owned by Siam Professional Holdings (“SPH”), a 99.99% owned subsidiary of G Steel. The Company, G Steel, SPH and OAC are sometimes referenced herein as the “Group.”

The principal business of the Company is the manufacturing of various flat-rolled steel products.

1.2 Going concern

The Company made an operating loss for the year ended 31 December 2010 of Baht 3,672 million (2009 (restated): Baht 6,408 million). As at 31 December 2010, the Company had net current liabilities exceeding net current assets by Baht 7,290 million (2009 (restated): Baht 6,829 million) with many trade accounts payable to suppliers being significantly overdue for payment. During 2009 and 2010, the Company experienced severe liquidity problems due to limited working capital funding facilities being in place, with those that were in place bearing punitive capital costs. The Company needs to generate sufficient cash flows to meet both its working capital requirements and its operating obligations. Without the announcement referred to in the following paragraph, these circumstances would have given doubt on the Company’s ability to continue as a going concern and to realize the carrying amounts of its assets. The financial statements do not include any adjustments that would be required (including any which may be required in relation to the valuation of the Company’s assets) should the Company be unable to complete the conditions precedent to the investment agreements noted in the following paragraph or generate sufficient cash flows and/or raise additional financing from other sources in order to enable it to continue as a going concern.

G Steel management has obtained an investment commitment from ArcelorMittal Netherlands B.V. (“AM”) who is seeking to complete an investment in the Company and G Steel during 2011. Commercial terms have been agreed and equity subscription agreements and a loan agreement documenting the proposed investment were entered into by the Company, G Steel and AM on 1 March 2011. Refer to Note 37.1 for further details of these agreements.

In addition, the Company completed discussions with several of its major trade creditors concerning a rescheduling of amounts has owed to them via an extended repayment plan (as detailed in Note 37.2). As a result of the Company’s rescheduling of these liabilities, a significant portion of the liabilities listed as current liabilities on the Company’s balance sheet as at 31 December 2010 will be reclassified as long term liabilities during the 3-month period ending 31 March 2011.

Management is confident that AM’s investment will be subsequently completed during 2011 and will develop the Company’s potential through an operational, financial and commercial turnaround. On the assumption that AM’s investment, and the restructuring of the amounts due to the major trade creditors as mentioned above, will be successfully completed, the financial statements of the Company have been prepared on a going concern basis.

1.3 Management appointment and Lead Shareholder guarantee

On 4 February 2010, G Steel’s Board of Directors passed a resolution to appoint Turnaround Steel Management LLC (“TSM”) to assist G Steel and its subsidiaries (including the Company) in their business recapitalization and restructuring. In conjunction with the appointment of TSM, G Steel’s Board of Directors appointed Mr. Ahab Garas to the position of Co-Chief Executive Officer of G Steel and Mr. Ari Levy to the position of Chief Financial Officer of G Steel in order to ensure that appropriate levels of internal controls have been reinstated and in some cases, strengthened. Mr. Levy was likewise appointed to the Board of Directors of the Company, and Mr. Garas was appointed as an advisor to the Board of Directors of the Company.

In an effort to facilitate the recapitalization of the Company and to enhance the Company’s equity value, on 17 May 2010, the Company’s Board of Directors approved the execution of an agreement negotiated between G Steel’s new management and G Steel’s lead shareholder (the “Lead Shareholder”) covering the following salient points:

- From time to time and in the ordinary course of business operations, the Company sold goods to certain customers. As a result of the financial crisis and the unprecedented volatility in commodity prices which occurred in late 2008, the customers had not yet paid the Company for such goods.
- The receivables from these customers have been outstanding and overdue and, as such, the Company has made allowance in full for the unpaid receivables. As at 31 December 2010, the gross receivables due to the Company amounted to Baht 445 million. The Company is entitled to receive payment in full from the customers for these receivables and intends to vigorously pursue all legal remedies and rights available under the laws of the Kingdom of Thailand.

- In order to enhance the Company's equity value as it embarks on a recapitalization program, the Lead Shareholder has entered into an agreement with the Company and G Steel which provides for a three-year irrevocable guarantee in favour of the Company and G Steel covering full recovery of the aforementioned receivables.
- Additionally, in order to facilitate a complete recapitalization of the Company, the Lead Shareholder has agreed to allow professional management to operate the Company and to not be involved with the day-to-day operations of the Company or G Steel for a period of five (5) years.

On 11 August 2010, the Lead Shareholder agreed to cause another shareholder of G Steel ("Shareholder 2") to deposit 760 million shares in G Steel as collateral with a custodian designated by the Company as approved by the Board of Directors. Such shares were deposited with the custodian on 10 September 2010. The Company's management has decided not to recognize any asset or benefit to the Company in its financial statements in respect of this guarantee, given the uncertainty over appropriate valuation principles to adopt in respect of the guarantee. As such, upon the earlier of (a) the closing of the transaction with AM, (b) when repayment is obtained from these customers or (c) when the guarantee is exercised at the end of the three-year period, the Company will reverse allowances held in respect of guaranteed doubtful debts to the assessed value of the guarantee (under (a)), repayments received (under (b)) or collateral executed (under (c)), respectively.

1.4 Results of Special Audit

As disclosed in Note 36.8 to the Company's 31 December 2009 (restated) financial statements, the Securities and Exchange Commission ordered the Company and G Steel to provide special audit reports in respect of the following issues: sales under credit terms and the acquisition of machineries; the recognition of allowance for deterioration of raw materials; construction in process with no progress; and advance payments for the purchase of machineries. Both companies submitted their reports to the Securities and Exchange Commission on 7 May 2010 and these reports, together with the new management's response to the reports, are publicly available through the SET's electronic system.

2 Basis of preparation of the financial statements

The financial statements issued for Thai reporting purposes are prepared in the Thai language. This English translation of the financial statements has been prepared for the convenience of readers not conversant with the Thai language.

The financial statements are prepared and presented in Thai Baht. All financial information presented in Thai Baht has been rounded in the notes to financial statements to the nearest million (unless otherwise stated). They are prepared on the historical cost basis except as stated in the accounting policies.

The financial statements are prepared in accordance with Thai Financial Reporting Standards ("TFRS"); guidelines promulgated by the Federation of Accounting Professions ("FAP"); applicable rules and regulations of Thai Securities and Exchange Commission; and with generally accepted accounting principles in Thailand.

During 2010, the FAP announced the re-numbering of the following TFRS.

Former no.	Revised no.	Topic
TAS 11	TAS 101	Doubtful Account and Bad Debts
TAS 26	TAS 102	Income Recognition For Real Estate Business
TAS 27	TAS 103	Disclosures in the Financial Statements of Banks and Similar Financial Institutions
TAS 34	TAS 104	Accounting for Troubled Debt Restructuring
TAS 40	TAS 105	Accounting for Investment in Debt and Equity Securities
TAS 42	TAS 106	Accounting For Investment Companies
TAS 48	TAS 107	Financial Instruments Disclosure and Presentation

The Company has adopted the revised Framework for the Preparation and Presentation of Financial Statements (revised 2009), which was issued by the FAP during 2010 and effective on 26 May 2010. The adoption of the revised framework does not have any material impact on the Company's financial statements.

The FAP issued during 2010 a number of new and revised TFRS which are not currently effective and have not been adopted in the preparation of these financial statements. These new and revised TFRS are disclosed in Note 38.

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 estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which estimates are revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognised in the financial statements is included in the following notes:

Note 7	Allowance for doubtful accounts
Note 8	Allowance for devaluation of inventories
Note 11	Appraisal valuations and allowance for impairment of property, plant and equipment
Note 13	Appraisal valuations and allowance for impairment of suspended construction in progress
Note 16 & 36	Provisions and Contingent liabilities
Note 33	Valuation of financial instruments

3 Significant accounting policies

(a) Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated to Thai Baht at the foreign exchange rates prevailing at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Thai Baht at the foreign exchange rates prevailing at that date. Foreign exchange differences arising on transaction are recognised in the statement of income.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to Thai Baht using the foreign exchange rates prevailing at the dates of the transactions.

(b) Cash and cash equivalents

Cash and cash equivalents in the statements of cash flows comprise cash balances, call deposits and high liquidity short-term investments. Bank overdrafts that are repayable on demand are a component of financing activities for the purpose of the statement of cash flows.

(c) 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.

(d) Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost is calculated using the weighted average method cost principle, 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 finished goods and work-in-progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated conversion and selling costs.

An allowance is made for all deteriorated, damaged, obsolete and slow-moving inventories.

The Company recognises an asset and corresponding liability in respect of consignment inventories once the Company obtains the rights and responsibilities of legal and economic ownership.

(e) Investments

Other investments

Other long-term investments represent time deposits with banks which have been pledged as collateral for credit facilities obtained from the banks and are stated at cost.

Disposal of investments

On disposal of an investment, the difference between net disposal proceeds and the carrying amount is recognised in the statement of income.

(f) Property, plant and equipment

Owned assets

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

Depreciation

Depreciation is charged to the statement of income over the estimated useful lives of each part of an item of property, plant and equipment. Machinery is, however, depreciated on a production unit basis. The estimated useful lives assumed by management in preparing the financial statements are as follows:

Land improvements	20 years
Buildings	20 years
Machinery and equipment	Production unit basis and straight line basis over 10 and 25 years
Furniture and fixtures	5 years
Office equipment	5 years
Vehicles	5 years

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

(g) Intangible assets

Intangible assets represent the cost of computer software and a production license. These assets are stated at cost less accumulated amortisation and impairment losses. Amortisation is charged to the statement of income on a straight-line basis over the asset's estimated useful life, starting from the date that the asset is available for use. The estimated useful lives for these assets are as follows:

Computer software license	10 years
Production license	25 years

(h) Deferred costs of rolls

Deferred costs of rolls are stated at cost less accumulated amortisation. Amortisation is based on consumption.

(i) Impairment

The carrying amounts of the Company's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognised in the statement of income unless it reverses a previous revaluation credited to equity, in which case it is charged to equity.

Calculation of recoverable amount

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

Reversals of impairment

An impairment loss in respect of a financial asset is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

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

(j) Interest-bearing liabilities

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

(k) Trade and other accounts payable

Trade and other accounts payable are stated at cost.

(l) Employee benefits*Provident fund*

Obligations for contributions to the provident fund are recognised as an expense in the statement of income as incurred.

(m) Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect is material, 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, where appropriate, the risks specific to the liability.

Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting the Company'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 Company recognises any impairment loss on the assets associated with that contract.

(n) Revenue

Revenue excludes value added taxes and is arrived at after deduction of trade discounts.

Sale of goods

Revenue is recognised in the statement of income when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there is continuing management involvement with the goods or there are significant uncertainties regarding recovery of the consideration due, associated costs or the probable return of goods.

Interest income

Interest income is recognised in the statement of income as it accrues.

(o) Expenses*Operating leases*

Payments made under operating leases are recognised in the statement of income on a straight line basis over the term of the lease. Lease incentives received are recognised in the statement of income as an integral part of the total lease payments made. Contingent rentals are charged to the statement of income for the accounting period in which they are incurred.

Finance costs

Interest expense and similar costs are charged to the statement of income in the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use or sale.

(p) Income tax

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

4 Related party transactions and balances

Related parties are those parties linked to the Group and the Company as shareholders or by common shareholders or directors. Transactions with related parties are conducted at prices based on market prices or, where no market prices exist, at contractually agreed prices.

Relationships with related parties that control or jointly control the Company or are being controlled or jointly controlled by the Company or have transactions with the Company were as follows:

Name of entities	Country of incorporation/ Nationality	Type of business	Nature of Relationships
G Steel	Thailand	Manufacture and sale of steel	Parent company
OAC	Thailand	Business consulting services	Subsidiary of G Steel and Company shareholder
SSP Place Co., Ltd.	Thailand	Office rental	Common director
Mill Con Steel Industries PCL.	Thailand	Manufacture and sale of steel	Common director
Asia Metal PCL	Thailand	Manufacture and sale of steel	Common director
BRP Steel Co., Ltd.	Thailand	Manufacture and sale of steel bars	Common director
Arnoma Hotel Bangkok Co., Ltd.	Thailand	Hotel, food and beverage	Common director
Thailand Iron Works PCL.	Thailand	Manufacture and sale of galvanised steel	Common director
Great Eastern International Co., Ltd.	Thailand	Sale of rolled steel	Common director
Intelligent System Network Co., Ltd.	Thailand	Sale of computer hardware, software and system installation	Common director
Felix River Kwai Resort (Kanchanaburi) Co., Ltd.	Thailand	Hotel, food and beverage	Common director
Turnaround Steel Management LLC	U.S.A.	Financial advisory & management services	Common director
Global Principal Partners LLC	U.S.A.	Financial advisory services	Common director

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

Transactions

Sale of raw materials
Sale of finished goods
Purchase of raw materials
Purchase of finished goods
Operating service expense
Interest expense
Rental and service expenses
Financial advisory services
Financial advisory & management services

Pricing policies

Cost plus margin
Agreed prices with reference to market prices
Cost plus margin
Agreed prices with reference to market prices
Fixed rate as stipulated in agreement
Contractual prices
Contractual prices
Per contract
Per contract

Significant transactions for the years ended 31 December 2010 and 2009 (restated) with related parties were as follows:

	2010	2009 (restated)
	<i>(in million Baht)</i>	
Parent (G Steel)		
Sales of raw materials and finished goods	13	38
Purchases of raw materials and finished goods	21	396
Other income	5	1
Production service charge	-	50
Interest expenses	63	-
Other related parties		
Sales of raw materials and finished goods	1,840	358
Purchases of raw materials and finished goods	135	33
Operating service expenses	413	453
Rental and service expenses	3	-

The Company had expenses in relation to directors' meeting allowance for the year ended 31 December 2010 amounting to Baht 2 million (2009 (restated): Baht 1 million).

During August 2009, the Company had an accident at a factory, which was consequently closed for repairs for about one month. Consequently, the Company entered into a service agreement with G Steel under which G Steel produced finished goods for the Company during September 2009 in return for the production service charge noted in the table above. Normal production recommenced in October 2009.

Balances as at 31 December 2010 and 2009 (restated) with related parties were as follows:

	2010	2009 (restated)
	<i>(in million Baht)</i>	
Advances to suppliers		
Parent		
G Steel	-	1
Advances from customers		
Other related parties		
Mill Con Steel Industries Public Co., Ltd.	125	143
Asia Metal Public Co., Ltd.	74	41
BRP Steel Co.,Ltd.	58	-
	257	184
Trade accounts payable to related parties		
Parent		
G Steel	111	377
Other related parties		
BRP Steel Co., Ltd.	-	29
	111	406

	2010	2009 (restated)
	(in million Baht)	
Other payables and accrued expenses		
Other related parties		
OAC	577	289
SSP Place Co., Ltd.	2	-
	579	289
Accrued interest		
Parent		
G Steel	1	-
Payable to related party from offsetting of machinery purchase (see Note 11)		
Parent		
G Steel	958	992

Movements during the years ended 31 December 2010 and 2009 (restated) of Payable to related party from offsetting of machinery purchase were as follows:

	2010	2009 (restated)
	(in million Baht)	
At 1 January	992	-
Increase	34	992
Decrease	(68)	-
At 31 December	958	992

Movements during the years ended 31 December 2010 and 2009 (restated) of loans from related parties were as follows:

	2010	2009 (restated)
	(in million Baht)	
Short-term loan from other related parties		
At 1 January	-	-
Increase	-	20
Decrease	-	(20)
At 31 December	-	-

Significant agreement with related parties

- a) According to an agreement executed on 11 September 2006, the Company's plan administrator for purposes of the business rehabilitation plan (the "Plan Administrator") entered into an operation service agreement with OAC and On City Holding Limited to (i) arrange working capital credit lines for the Company's operations and (ii) act as its strategic advisor to provide services in relation to the execution of the rehabilitation plan (the "Plan") during the term of the Plan, including the procurement of raw materials, production of products, sales, marketing, promotion and distribution of products into both domestic and export markets. Fees to be paid to OAC are as follows:

- Operating fee of USD 400,000 per month
- Maintenance management fee of USD 375,000 per quarter
- Technical assistance fee of USD 500,000 per quarter
- Minimum revenue sharing of USD 400,000 per month

The agreement period was 5 years with options to renew, and the agreement commenced on 12 September 2006.

On 21 December 2006, the Plan Administrator and OAC agreed that the maximum fee payable under the operation service agreement should not exceed USD 13 million per annum, and the fees in relation to arrangement fee and revenue sharing in excess of the said minimum revenue sharing would be irrevocably waived.

If the Company chooses to terminate the operation service agreement prior to the expiration of the term of the operation service agreement, the Company would be required to pay OAC the termination fees as specified in the agreement upon such termination.

The Company was USD 19 million (Baht 577 million) in arrears ("Overdue Service Balances") under the terms of the agreement as at 31 December 2010 (*2009 (restated): Baht 289 million*). While OAC has not assessed any interest or fees for the Company's failure to pay amounts under the agreement when due, the Company's understanding with OAC is that the Company will make periodic payments to OAC against the Overdue Service Balances when cash resources are available to do so. Refer to Note 37.1 for details of agreements reached subsequent to 31 December 2010 in respect of the Overdue Service Balances.

- b) In 2009, the Company entered into an agreement with an overseas counterparty ("Counterparty A"), which is also a debtor of G Steel in respect of sale of scrap made by G Steel to Counterparty A, to purchase machinery from Counterparty A for Baht 1,017 million (USD 29.8 million). The Company, G Steel and Counterparty A subsequently agreed to settle the outstanding debt owed by Counterparty A to G Steel by offsetting its debt to G Steel against the amount due to Counterparty A from the Company for the machinery purchase. Subsequently, the parties agreed to fix the USD/Baht exchange rate for the machinery purchase. As a result, the USD 29.8 million purchase price was converted to Baht 992 million. The Baht 992 million originally owed to Counterparty A was then owed to G Steel by virtue of the aforementioned transaction. At a Board of Directors' meeting of the Company held on 6 November 2009, the Board of Directors passed a resolution concerning the terms of payment of the amount payable to G Steel. The repayment period is 3 years from 1 November 2009 to 31 October 2012. Interest is payable on the outstanding amount at MLR+1% with a grace period of 90 days. Payments made by the Company shall be deducted first from outstanding interest payable with any remaining balance deducted from outstanding principal. The amount payable to G Steel was classified as non-current liabilities as at 31 December 2010 and 2009 (restated).

On 10 June 2010, the Company's Board of Directors acknowledged that Baht 33 million (USD 1.04 million) of the amounts owed by the Company to Counterparty A were subrogated in favour of G Steel. G Steel subrogated these rights as a result of further amounts owed by Counterparty A to G Steel. Following the acceptance of the subrogation rights, the amount owed by the Company to Counterparty A, after allowing for changes in foreign exchange rates, was Baht 14 million (USD 0.5 million).

On 11 August 2010, the Board of Directors passed a resolution concerning the terms of payment of G Steel's subrogation right from Counterparty A. The repayment period is 3 years from 16 August 2010 to 15 August 2013. Interest is payable on the outstanding amount at MLR+1% with a grace period of 90 days. Payments made by the Company shall be deducted first from outstanding interest payable with any remaining balance deducted from outstanding principal. The amounts owed by the Company to G Steel under this paragraph 4(b) (the "G Steel Debt") as at 31 December 2010 were Baht 958 million (*2009 (restated): Baht 992 million*). Refer to Note 37.1 for details of agreements reached subsequent to 31 December 2010 in respect of the G Steel Debt.

- c) Turnaround Steel Management ("TSM") has been assisting the Company since February 2010. TSM is considered a related party to the Company, although it has no contractual relationship with the Company, as TSM's representatives (Mr. Levy is a member of the Company's Board of Directors and Mr Garas is an advisor to the Company's Board of Directors) are performing key management duties at the Company. As at 31 December 2010, the Company held no balances due from or to TSM and had not conducted any transactions with TSM during the year ended 31 December 2010.
- d) In addition, the Company entered into an agreement on 22 March 2010 with Global Principal Partners LLC ("GPP"). GPP is an affiliate of TSM and has also been engaged by G Steel. Under the 22 March 2010 agreement, GPP has agreed to secure additional credit facilities and new investment for the Company, restructure its trade payables, structure a management agreement and assist the Company achieve more efficient strategic coordination with G Steel. GPP is remunerated on a success-fee basis (Baht 16 million (USD 0.53 million) of which is fixed upon the achievement of certain milestones, and the remainder is proportionate to the level of facilities secured). No balance was due to GPP by the Company as at 31 December 2010.

Significant matters with related parties

The Company had been informed by G Steel that OAC had been informed by loan creditors (the "Lenders") that, following default of the loan covenants by OAC, the Lenders had reserved their rights to sell OAC's shareholding in the Company which has been pledged to the Lenders as collateral for the loan. OAC had filed a petition with the court to seek a temporary injunction to prevent such enforcement. On 29 October 2009, the court granted a temporary injunction preventing the Lenders from enforcing their rights over the pledged shares until the injunction is lifted. The injunction was lifted in conjunction with the below-outlined standstill agreement.

Under the terms of a standstill agreement executed with the Lenders on 1 February 2010, OAC was required to make a USD 10 million principal payment and a USD 1.6 million deferred interest and amendment fees payment on 3 May 2010. OAC failed to make such payment, but made the USD 10 million principal payment within the permitted 10-business day grace period (which ended on 19 May 2010). Such payment was made via OAC's permitted sale of 2,200 million shares of the Company (or 5.54% of the Company's issued ordinary share capital) on 12 May 2010. Following completion of the aforementioned sale, OAC's holding in the Company was reduced from 27.22% to 21.68%, and the consolidated holding of G Steel in the Company was 44.12%. The USD 1.6 million of deferred interest and amendment fees were paid in June 2010 with extensions for payment provided by the Lenders. The next principal payment (USD 20 million) was due on 1 September 2010. OAC was unable to make the 1 September 2010 principal payment. The Lenders have not agreed to provide a formal extension to the standstill agreement or to otherwise waive their rights. The Lenders have, however, verbally communicated their intentions to not enforce their rights for a period of time in order to permit OAC an opportunity to complete its recapitalisation.

On 25 February 2010 the Board of Directors of G Steel approved a resolution to permit G Steel to enter into working capital support facilities with a domestic customer ("Local Customer 1") against which G Steel can pledge up to 3,000 million of the shares it holds in the Company.

On 25 August 2010 the Board of Directors of G Steel approved a resolution to permit G Steel to enter into a working capital facility of up to USD 20 million against which G Steel can pledge up to 5,000 million Company shares. As of 31 December 2010, no agreement had been executed by G Steel with respect to such approval.

5 Balances with former related parties

Balances as at 31 December 2010 and 2009 (restated) with former related parties were as follows:

	2010	2009 (restated)
	(in million Baht)	
<i>Long-term loans to (interest rate per annum)</i>		
Metal Star Co., Ltd. (16.0%)	437	437
Nakornthai Integrated Steels Co., Ltd. (16.0%)	88	88
Tak-Ka-Pon Co., Ltd. (16.0%)	75	75
Nakornthai Steel Work Co., Ltd. (16.0%)	4	4
Sathorn North Pattana Co., Ltd. (16.0%)	1	1
Total	605	605
Less allowance for doubtful accounts	(605)	(605)
Net	-	-
<i>Receivables from former related parties</i>		
N.T.S. Steel Group Public Co., Ltd. (See Note 35.2)	74	73
Less allowance for doubtful accounts	(3)	(3)
Net	71	70
<i>Long-term loans to and receivables, net</i>	71	70

These companies ceased to be related parties of the Company from 30 September 2006.

Long-term loans

Long-term loans to and accrued interest receivables represent long-term loans to former related parties for working capital in the form of promissory notes which bear interest at 16% per annum and are unsecured. The Company has made full allowance for doubtful accounts for these long-term loans and accrued interest receivable. Since 1999, the Company has ceased the recognition of interest income on these long-term loans. Refer to Note 37.4 for a subsequent event with respect to these balances.

Receivables from former related parties

As at 31 December 2010 and 2009 (restated), the Company had total receivables from former related parties - Receivables from N.T.S. Steel Group Public Co., Ltd. (“NTS”) representing advance payments of Baht 12 million and refundable deposits for water usage of Baht 60 million for which the Company has made an allowance of Baht 3 million for doubtful accounts. However, NTS is also the Company’s creditor which has a payable under the rehabilitation plan and other payable according to the prosecution in total amount of Baht 59 million (see Note 35.2).

Refundable deposits for water usage of Baht 60 million were made to NTS under a 19-year agreement executed on 1 February 1997. On 15 November 2001 the Central Bankruptcy Court granted an order in favour of the Company to receive an amount of Baht 58 million against the said amount. This is payable by NTS within 10 years, commencing on the 5th year, pursuant to the effective date of the rehabilitation plan of NTS, dated 29 November 2002. NTS terminated the water usage agreement effective from 13 September 2002 in accordance with the rehabilitation plan.

6 Cash and cash equivalents

	2010	2009 (restated)
	<i>(in million Baht)</i>	
Cash and deposits at financial institutions	55	41
Fixed deposits due within three months	2	2
Total	57	43

The currency denomination of cash and cash equivalents as at 31 December was as follows:

Thai Baht (THB)	48	32
United States Dollars (USD)	9	11
Total	57	43

7 Trade accounts receivable

	2010	2009 (restated)
	<i>(in million Baht)</i>	
Other parties	863	814
Less allowance for doubtful accounts	(445)	(721)
Total	418	93
 (Reversal of) bad and doubtful debts expense for the year	 (276)	 158

Aging analyses for trade accounts receivable were as follows:

	2010	2009 (restated)
	<i>(in million Baht)</i>	
Other parties		
Within credit terms	-	157
Overdue :		
Less than 3 months	118	64
3-6 months	272	137
6-12 months	13	161
Over 12 months	460	295
Total	863	814
Less allowance for doubtful accounts	(445)	(721)
Net	418	93
 Balance before offset transactions of machinery purchase	 1,216	 2,339
Offset transactions of machinery purchase	(353)	(1,525)
Net after offset transactions of machinery purchase	863	814

The normal credit terms granted by the Company for domestic sales are cash (since third quarter of 2010), and for export sales the general terms are that sales are covered by letters of credit at sight. In 2007-2009, the Company gave 90-120 days credit terms (without letter of credit) to an overseas customer.

During the year ended 31 December 2010, the Company entered into sales transactions with two domestic customers (the “Non-Performing Domestic Customers”). Although the Non-Performing Domestic Customers had originally exceeded the credit allowances provided by the Company, the Company continues to do business with the Non-Performing Domestic Customers on a cash basis as a means of collection of the original unpaid balances. The Company collects advance payments from customers with long-overdue accounts receivable balances wishing to engage in new business with the Company. These advances cover not only the new business but also a portion of the long-overdue accounts receivable. The Company fulfils orders against these advance payment and applies the appropriate portion of the payment against the long-overdue accounts receivable. As the long-overdue accounts receivable portion is collected, the Company reverses the provisions associated with the long-overdue receivables. The Company intends to continue to engage in this practice until the original unpaid balances are collected. The gross and net balances due from the Non-Performing Domestic Customers are shown in the table below:

	2010	2009 (restated)
	<i>(in million Baht)</i>	
Account receivables		
- Customer 1	356	355
- Customer 2	89	95
	445	450
Less allowance for doubtful accounts	(445)	(375)
Net	-	75

Sales transactions for the years ended 31 December 2010 and 2009 (restated) with the Non-Performing Domestic Customers are shown in the table below:

	2010	2009 (restated)
	<i>(in million Baht)</i>	
- Customer 1	776	149
- Customer 2	196	-
	972	149

Offsetting and subrogation transactions

- (A) See Note 4(b) for background concerning the offsetting transactions between the Company, Counterparty A and G Steel as well as the resulting payment terms on the G Steel Debt.
- (B) During 2009, the Company entered into an agreement with a supplier to purchase machinery for Baht 608 million (USD 18.2 million) and paid the first installment of Baht 221 million (USD 6.3 million) against this agreement. Subsequently, the Company entered into an agreement with the supplier and Counterparty A to transfer all rights, benefits and liabilities under the purchase agreement, including the first installment payment, to Counterparty A.
- (C) As at 31 December 2009 (restated), the Company entered into an offset agreement with an overseas counterparty ("Counterparty D"). The Company previously had trade receivables from Counterparty D of Baht 1,871 million (USD 55.9 million) of which Baht 1,737 million (USD 51.9 million) was overdue. The Company entered into an agreement with Counterparty D to purchase machinery for Baht 1,525 million (USD 45.5 million) and to offset the cost of this machinery against the amount receivable from Counterparty D. The net receivable after the offset as at 31 December 2009 (restated) was Baht 346 million (USD 10.4 million) for which the Company has made full allowance for doubtful accounts.

(D) On 17 May 2010, the Company's Board of Directors acknowledged the offset of receivables due from Counterparty D equal to USD 10.4 million (equivalent to Baht 353 million) against payables due to Counterparty A with respect to the agreement outlined in above paragraph (B) and acknowledged an agreement documenting the Company's offset of these balances. Counterparty A and Counterparty D were willing to agree to these offsetting transactions because Counterparty A and Counterparty D are related to one another. The accounts receivable from Counterparty D had previously been fully provisioned. As such, the Company's financial statements for the year ended 31 December 2010 reflect a full recovery of these previously-provisioned receivables due from Counterparty D. Following this offset, the Company owed Counterparty A Baht 51 million (USD 1.5 million). The Company's debt owed to Counterparty A was subsequently reduced to Baht 14 million per the 10 June 2010 agreement with G Steel referenced in Note 4(b).

The currency denomination of trade accounts receivable, gross amount as at 31 December was as follows:

	2010	2009 (restated)
	<i>(in million Baht)</i>	
Thai Baht (THB)	849	453
United States Dollars (USD)	14	361
Total	863	814

8 Inventories

	2010	2009 (restated)
	<i>(in million Baht)</i>	
Finished goods	442	345
Raw materials	351	400
Spare parts and supplies	330	383
Goods in transit	27	32
Total	1,150	1,160
<i>Less allowance for decline in value</i>	<i>(112)</i>	<i>(102)</i>
Net	1,038	1,058
Carrying value of finished goods subject to retention of title clauses or otherwise pledged to secure liabilities	157	271
Inventories recognised as an expense in 'cost of sales of goods':		
- Cost	14,845	17,281
Loss (reversal) on devaluation of inventories	11	(1,736)
Net total	14,856	15,545

9 Other current assets

	2010	2009 (restated)
	<i>(in million Baht)</i>	
Suspense input tax	124	94
Prepaid expense to third parties	15	14
	139	108
Other receivables	63	66
Less allowance for doubtful account	(53)	(53)
Net	10	13
Others	139	3
Total	288	124

10 Restricted deposits at financial institutions

As at 31 December 2010 and 2009 (restated), the Company had pledged its deposits at financial institutions as collateral for supplies and services receivable from the government and other entities as follows:

	2010	2009 (restated)
	<i>(in million Baht)</i>	
Guarantee for utility supplies and services	177	169
Total	177	169

11 Property, plant and equipment

	Land and land improvements	Building	Machinery and equipment	Furniture and fixtures (in million Baht)	Office equipment	Vehicles	Construction in progress	Total
Cost								
At 1 January 2009	855	5,241	16,376	44	188	3	6,083	28,790
Additions	-	-	-	-	1	-	3,268	3,269
Disposals	-	-	-	-	(1)	-	(5)	(6)
Transfers	2	1,004	1,496	-	24	-	(2,527)	(1)
At 31 December 2009 and 1 January 2010 (restated)	857	6,245	17,872	44	212	3	6,819	32,052
Additions	-	-	2	-	2	-	8	12
Disposals	-	-	-	(9)	(2)	-	-	(11)
Transfers	-	-	41	7	-	-	(52)	(4)
At 31 December 2010	857	6,245	17,915	42	212	3	6,775	32,049
Accumulated depreciation								
At 1 January 2009	4	2,740	2,942	36	150	3	-	5,875
Depreciation charge for the year	4	418	342	2	19	-	-	785
Disposals	-	-	-	-	(1)	-	-	(1)
At 31 December 2009 and 1 January 2010 (restated)	8	3,158	3,284	38	168	3	-	6,659
Depreciation charge for the year	3	314	379	1	16	-	-	713
Disposals	-	-	-	(4)	(2)	-	-	(6)
At 31 December 2010	11	3,472	3,663	35	182	3	-	7,366

	Land and land improvements	Building	Machinery and equipment	Furniture and fixtures (in million Baht)	Office equipment	Vehicles	Construction in progress	Total
Allowance for loss on impairment								
At 1 January 2009	194	43	82	-	-	-	523	842
Impairment losses	-	-	-	-	-	-	21	21
At 31 December 2009 and 1 January 2010 (restated)	194	43	82	-	-	-	544	863
Impairment losses	(171)	33	309	-	-	-	2,579	2,750
At 31 December 2010	23	76	391	-	-	-	3,123	3,613
Net book value								
At 1 January 2009	657	2,458	13,352	8	38	-	5,560	22,073
At 31 December 2009 and 1 January 2010 (restated)	655	3,044	14,506	6	44	-	6,275	24,530
At 31 December 2010	823	2,697	13,861	7	30	-	3,652	21,070

The gross amount of the Company's fully depreciated property, plant and equipment that was still in use amounted to Baht 187 million as at 31 December 2010 (2009 (restated): Baht 151 million).

As at 31 December 2010 the Company's property, plant and equipment and construction in progress, with a net book value of Baht 14,162 million, were provided as mortgage collateral under the rehabilitation plan (2009 (restated): Baht 15,110 million). The Company is in the process of releasing this mortgage given the Company's satisfaction of the conditions under the rehabilitation plan.

On 19 July 2010, the Company's Board of Directors approved the Company's mortgage transaction with the Provincial Electricity Authority in the amount of Baht 262 million. Under this mortgage, a portion of the Company's skin pass machinery together with a portion of land with a net book value of Baht 739 million shall be mortgaged as security for the Company's long-overdue electricity expenses in an amount not exceeding Baht 262 million. On 22 February 2011, the Company registered this mortgage transaction with Central Office for Machinery Registration, Department of Industrial Works. As at the date of this report, the registration of the mortgage with respect to the land had not been finalized.

On 11 August 2010, the Company's Board of Directors approved the Company's mortgage transaction with the Revenue Department for the amount of Baht 539 million. Under this mortgage, a portion of the Company's pickle and oil machinery with a net book value of Baht 1,250 million shall be mortgaged as security for the Company's long-overdue tax liability in the amount not exceeding Baht 539 million. As at the date of this report, the registration of this mortgage had not been finalized.

Appraisal of property, plant and equipment

The Company's property, plant and equipment were appraised on a value-in-use basis by an independent appraisal firm as at 31 December 2010. The appraisal was conducted in accordance with International Accounting Standard 36, based on cash flow projections provided by the Company. The details of the assumptions used by the independent appraiser and the results of this appraisal are as follows:

Primary Assumptions:

- Product and raw material pricing are consistent with prevailing market prices
- A 3% per annum growth and inflation rate is applied to all input costs and product prices
- Existing facilities achieve operating utilization of approximately 80%
- Working capital investment equals 10% of forecasted change in revenue
- Installation of expansion projects classified as "construction in progress" are completed and commence operations in 2013
- Pre-tax discount rate of 15.15% applied to forecast cash flows based on Company-specific, general macro-economic and comparable industry participant data
- The Company is assumed to have access to the required capital necessary to support its capital expenditure and working capital investments required by the projections. (Refer to Note 1 and Note 37.1 for further details of the Company's status in respect of sourcing new funding or facilities.)

Results and indicated impairment charges:

	Net book value as at 31 December 2010	Independence appraisal value	Allowance for loss on impairment (in million Baht)	Recorded in prior year	Loss on impairment in 2010
Existing Project	17,872	17,382	490	319	171
Construction in progress	6,775	3,652	3,123	544	2,579
Total	24,647	21,034	3,613	863	2,750

Details of construction in progress as at 31 December were as follows:

	2010	2009 (restated)
	(in million Baht)	
Galvanizing line	5,038	5,083
Reversing Mill line	1,525	1,525
Others	212	211
Total	6,775	6,819

Non-cash offsetting transactions involving machinery purchases

In 2009, the Company entered into three agreements to purchase certain machineries for Baht 3,150 million (USD 93.5 million) as follows:

As referred to in Note 4 (b) the Company entered into an agreement with Counterparty A to purchase machinery from Counterparty A for Baht 1,017 million (USD 29.8 million) and offset the payables with amounts owed to G Steel by Counterparty A.

The Company also entered into an agreement with a supplier to purchase machinery for Baht 608 million (USD 18.2 million) and has paid the first instalment of Baht 221 million (USD 6.3 million). Subsequently, the Company entered into an agreement with the supplier and Counterparty A to transfer all rights, benefits and liabilities under the purchase agreement, including the first instalment payment, to Counterparty A.

The Company entered into an agreement with Counterparty D to purchase machinery for Baht 1,525 million (USD 45.5 million) and to offset the cost of this machinery against the outstanding amount receivable from Counterparty D (see Note 7).

The machinery purchased under these agreements was delivered to the Company during August and November 2009. The Company hired an independent appraiser to appraise the machineries as at 31 December 2009. The appraisal was made on the Depreciated Replacement Cost method and the appraised values of the machinery were greater than the purchase prices.

12 Intangible assets

	Software	License (in million Baht)	Total
Cost			
At 1 January 2009	247	41	288
Additions	2	-	2
At 31 December 2009 and 1 January 2010 (restated)	249	41	290
Additions	17	-	17
Disposals	(55)	-	(55)
At 31 December 2010	211	41	252
Amortisation			
At 1 January 2009	203	18	221
Amortisation charge for the year	5	2	7
At 31 December 2009 and 1 January 2010 (restated)	208	20	228
Amortisation charge for the year	2	1	3
Disposals	(20)	-	(20)
At 31 December 2010	190	21	211
Net book value			
At 1 January 2009	44	23	67
At 31 December 2009 and 1 January 2010 (restated)	41	21	62
At 31 December 2010	21	20	41

13 Other non-current assets

	2010	2009 (restated)
	(in million Baht)	
Suspended construction in progress	2,086	2,086
Less allowance for impairment	(2,042)	(2,042)
	44	44
Advances to suppliers	202	202
Less allowance for impairment	(202)	(202)
	-	-
Advances for purchase of property, plant and equipment	292	246
Less allowance for impairment	(140)	(129)
	152	117
Promissory notes	143	143
Less allowance for impairment	(143)	(143)
	-	-

	2010	2009 (restated)
	(in million Baht)	
Deferred cost of roll	136	186
Refundable deposits	22	18
Others	13	13
Net	367	378
Loss on impairment of Other non-current assets for the year	11	379

Suspended construction in progress represents the Direct Reduced Iron plant (“DRI Facility”). The Company’s management decided to suspend this project in 1999. The carrying value of this investment was written down to its independently appraised forced sale value of Baht 295 million as at 31 December 2008 then, following a further independent appraisal prepared on the same basis, an additional impairment loss of Baht 250 million was recognised by the Company during 2009.

As at 31 December 2010 and 2009 (restated), promissory notes issued by closed finance companies were pledged as collateral for loans of certain related parties from those closed finance companies. The Company has fully provided for these promissory notes due to concerns about the financial position of the related parties.

14 Interest-bearing liabilities

	Note	2010	2009 (restated)
		(in million Baht)	
Current			
Short-term loans from other parties (unsecured)		139	74
Trade accounts payable	15	2,498	2,578
		2,637	2,652
Non-current			
Payable to related party from offsetting machinery purchases (unsecured)	4	958	992
		958	992
Total		3,595	3,644

The periods to maturity of interest-bearing liabilities as at 31 December were as follows:

	2010	2009 (restated)
	(in million Baht)	
Within one year	2,637	2,652
After one year but within five years	958	992
Total	3,595	3,644

The currency denomination of interest-bearing liabilities as at 31 December was as follows:

	2010	2009 (restated)
	<i>(in million Baht)</i>	
Thai Baht (THB)	1,354	1,046
United States Dollars (USD)	2,241	2,598
Total	3,595	3,644

Short-term loans from other parties

Short-term loans from other parties are unsecured and bear interest at 2.5% to 9% per annum in 2010 (2009 (restated): 2% to 13% per annum).

15 Trade accounts payable

	Note	2010	2009 (restated)
		<i>(in million Baht)</i>	
Related parties	4	111	406
Other parties		3,018	3,293
Total		3,129	3,699

The currency denomination of trade accounts payable as at 31 December was as follows:

	2010	2009 (restated)
	<i>(in million Baht)</i>	
Thai Baht (THB)	829	728
United States Dollars (USD)	2,298	2,970
Euro Dollars (EUR)	2	1
Total	3,129	3,699

The Company has agreements to purchase raw materials with various overseas suppliers. The Company had released raw materials but still not paid for the material under consignment agreements in the amount of Baht 2,498 million as at 31 December 2010. The Company has to pay interest at from 2 % to 12 % per annum on the released raw materials and on the payables balance from the shipping date until the date on which full payment is made (2009 (restated): Baht 2,578 million, interest rate at 2% to 6% per annum and MLR). Refer to Note 37.2 for details of trade creditor restructuring which took place subsequent to 31 December 2010.

16 Provisions

	Purchase orders for undelivered raw material (see Note 34.3)	Purchase of inferior raw material	Performance guarantees (see Note 32(B)) <i>(in million Baht)</i>	Tax- related provision (see Note 32(C))	Total
At 1 January 2009	-	-	-	-	-
Provisions made	128	-	620	301	1,049
Provisions reversed	-	-	-	-	-
At 31 December 2009 and 1 January 2010 (restated)	128	-	620	301	1,049
Provisions made	-	100	58	438	596
Provision reversed	(128)	-	-	-	(128)
At 31 December 2010	-	100	678	739	1,517
At 31 December 2009 and 1 January 2010 (restated)					
Current	128	-	620	301	1,049
Non-current	-	-	-	-	-
Total	128	-	620	301	1,049
At 31 December 2010					
Current	-	100	678	739	1,517
Non-current	-	-	-	-	-
Total	-	100	678	739	1,517

Provision for loss on purchase of inferior raw material

In January 2010, the Company received scrap from an overseas supplier. The Company appointed an independent surveyor to determine the impurity levels and found them to be significant. As at 31 December 2010, the Company had made full provision against these scrap inventories amounting to Baht 100 million. The total amount of the claim the Company has made of the supplier by virtue of the supplier's non-performance is approximately USD 3.7 million (Baht 113 million). The supplier is also one of the "End Use Customers" (as defined in Note 32(B)). On 1 March 2011, the Company resolved the aforementioned supply claim in conjunction with the supplier's End Use Customer claim referenced in Note 32(B). Refer to Note 37.3 for details of the agreement reached with the End-Use Customer.

The currency denomination of other current liabilities as at 31 December was as follows:

	2010	2009 (restated)
	<i>(in million Baht)</i>	
Thai Baht (THB)	739	301
United States Dollars (USD)	778	748
Total	1,517	1,049

17 Other current liabilities

	2010	2009 (restated)
	<i>(in million Baht)</i>	
Machinery purchase payable (see Note 11)	14	400
Tax-related liabilities	537	253
Construction payables	67	31
Total	618	684

The currency denomination of other current liabilities as at 31 December was as follows:

	2010	2009 (restated)
	<i>(in million Baht)</i>	
Thai Baht (THB)	588	266
United States Dollars (USD)	25	412
Euro Dollars (EUR)	5	6
Total	618	684

18 Liabilities under rehabilitation plan

	2010	2009 (restated)
	<i>(in million Baht)</i>	
Balance - beginning of the year	389	395
Less: Repayments and exchange rate adjustments during the year	(22)	(6)
Balance - end of the year	367	389
Less: Current portion of liabilities under the rehabilitation plan	(367)	-
Liabilities under the rehabilitation plan - net of current portion	-	389

Liabilities under rehabilitation plan as at 31 December were included in the financial statements as follows:

			2010	2009 (restated)
			<i>(in million Baht)</i>	
Creditors		Due date		
Class 5	Equipment Claims	Repayable in October 2011	34	36
Class 11	Operating Fund	Repayable in October 2003		
	Creditors Provided			
	in the Form of			
	Overdraft		16	16
Class 13	Other Creditors	Repayable in October 2011	317	337
	Total		367	389

The currency denomination of liabilities under rehabilitation plan as at 31 December was as follows:

	2010	2009 (restated)
	<i>(in million Baht)</i>	
Thai Baht (THB)	260	260
United States Dollars (USD)	95	105
Euro Dollars (EUR)	9	21
Singapore Dollars (SGD)	3	3
Total	367	389

The repayment schedules of each creditor under Class 5 and Class 13 are not entirely consistent in terms of date, as they depend on the date of the conclusion of the debt. However, the first due date of creditors under Class 5 and Class 13 is 31 October 2011.

Although a repayment of creditors under Class 11 was due in October 2003, the repayment schedule of these creditors was conditional upon those creditors continuing to provide overdraft facilities to the Company equal to the total debt under Class 11. However, the Company has not received any such overdraft facility from the creditors under Class 11, and therefore, the repayment condition imposed on these creditors has not been satisfied.

19 Share Capital

The movements of share capital for the years ended 31 December 2010 and 2009 (restated) were as follows:

		2010		2009 (restated)	
	<i>Par value per share (in Baht)</i>	<i>Number</i>	<i>Amount (thousand shares / in thousand Baht)</i>	<i>Number</i>	<i>Amount</i>
Authorised					
Ordinary shares as at 1 January	0.69	58,663,842	40,478,051	43,663,842	30,128,051
New shares issued	0.69	-	-	15,000,000	10,350,000
Ordinary shares as at 31 December	0.69	58,663,842	40,478,051	58,663,842	40,478,051
Issued and paid up					
Ordinary shares as at 1 January	0.69	39,702,427	27,394,674	39,702,427	27,394,674
Issue of new shares	0.69	90	62	-	-
At 31 December Ordinary shares as at 31 December	0.69	39,702,517	27,394,736	39,702,427	27,394,674

At the extraordinary shareholders' meeting held on 18 December 2009, the shareholders passed resolutions as follows:

- To issue the "Second Warrants" referenced to in Note 20.

- To increase the authorised share capital from Baht 30,128 million (43,664 million ordinary shares with a par value of Baht 0.69 per share) to Baht 40,478 million (58,664 million ordinary shares with a par value of Baht 0.69 per share).
- To approve the allocation of ordinary shares in support of the conversion of the Second Warrants.

On 30 December 2009, the Company registered the increase in the Company's authorised capital with the Business Development Department, Ministry of Commerce by Baht 10,350 million comprised of 15,000 million shares with a par value of Baht 0.69 per share, in order to provide for the issuance of 5,000 million units of Second Warrants to the existing shareholders. As a result, the Company had authorised share capital of Baht 40,478 million comprised of 58,664 million ordinary shares with a par value of Baht 0.69 per share, and issued and paid-up share capital of Baht 27,395 million comprised of 39,702 million ordinary shares with a par value of Baht 0.69 per share.

On 12 October 2010, the Company registered the increase of the issued and paid up share capital of Baht 62,100, comprising 90,000 shares with par value of Baht 0.69 per share, as a result of the exercise of the First Warrant (as defined in Note 20). On 31 December 2010, the Company had issued share capital of 39,703 million ordinary shares with par value of Baht 0.69 per share.

20 Warrants

Warrants

The followings are terms and conditions of the warrants:

First Warrants

- The Company allotted 3,234 million "First Warrants" to shareholders whose names appeared in the Company's share register on 11 April 2000 at the ratio of 1 existing share for 4.5 First Warrants.
- The offering price of a First Warrant was Baht 0.05 per unit.
- One First Warrant is exercisable for one new ordinary share at the initial price of Baht 3.162 per share subject to further adjustments on the occurrence of adjustable events.
- The First Warrants have an eight-year maturity from the issuance date. The last exercise date will be at the expiration of the term of the warrants.
- The exercise date is the last business day of March, June, September, and December, during the term of the warrants, with the exception of the last exercise date. The first exercise date shall be three years following the issuance date of the warrants (31 December 2003). Accordingly, the first exercise date took place on 28 December 2006, and the last exercise date is on the expiration date of the term of the warrants (31 October 2011).

Second Warrants

- The Company allotted 5,000 million "Second Warrants" to shareholders whose names appeared in the Company's share register on 9 February 2010 at the ratio of 7.9405 existing shares for each Second Warrant.
- The offering price of a Second Warrant unit was Baht 0.03 per unit.

- One Second Warrant unit is exercisable for three new ordinary shares at the initial price of Baht 0.25 per share subject to further adjustments on the occurrence of adjustable events. Therefore, in order to exercise a Second Warrant, the holder is required to remit Baht 0.75 per unit to the Company.
- The Second Warrants have a seven-year maturity from the issuance date.
- The Exercise Date is the last business day of June and December of each year, during the term of the Second Warrants, with the exception of the last exercise date. The first exercise date shall be 30 December 2010 and the last exercise date will fall on 12 December 2017. In the event that the last exercise date should fall on an official Company holiday, such date shall be changed to the last business day prior to such last exercise date. The notification period for the last exercise date shall not be less than 15 days prior to the last exercise date.

Employee Stock Option Program Warrants (ESOP Warrants)

- On 11 December 2008, the Company was authorised by the SEC to issue and offer 728 million ESOP warrants (the “ESOP Warrants”), equivalent to 1.83% of the total paid-up share capital of the Company (as of 20 October 2008). The ESOP Warrants are issued to specified holders and are non-transferable, except transfer by an intermediary person, or as otherwise specified by the Board of Directors or the Allocation Committee (an eligible intermediary person is the person who holds the said securities for distribution to all future directors and employees). Details are as follows:
- The offering price of an ESOP Warrant is Baht 0 per unit.
- One ESOP Warrant is exercisable for one new ordinary share (amendable subsequent to any adjustment of the rights under the warrants) at par value at the exercise date (as of 20 October 2008, the par value was Baht 0.69 per share).
- The ESOP Warrants have a five-year maturity from the date of issuance and offering (i.e. the ESOP Warrants expire on 10 December 2013).
- The exercise date is the last business day of December in each year throughout the term of the ESOP Warrants whereby the first exercise date shall be 30 December 2011 and the last exercise date will take place on 10 December 2013. If the exercise date takes place on an official Company holiday, such date shall be changed to the last business day prior to such last exercise date. ESOP Warrants holders will be informed of the last exercise date at least 15 days prior to such date.
- The exercise period and ratio (the percentage of total distribution) that Directors and employees of the Company can exercise their rights under the ESOP Warrants are as follows:

First	20% shall be exercisable on the first exercise date which falls on the last business day of December 2011
Second	30% shall be exercisable on the second exercise date which falls on the last business day of December 2012
Third	50% shall be exercisable on the last exercise date which falls on 10 December 2013.

If ESOP Warrant holders do not exercise or partly exercise their rights on each exercise date, such warrant holders can exercise their remaining warrants on the subsequent exercise date throughout the term of the ESOP Warrants.

21 Share premium and reserve

Share premium

Section 51 of the Public Companies Act B.E. 2535 requires companies to set aside share subscription monies received in excess of the par value of the shares issued to a reserve account (“Share Premium”). Share Premium is not available for dividend distribution.

Legal reserve

Section 116 of the Public Companies Act B.E. 2535 requires that a company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward, to a reserve account (“Legal Reserve”), until this account reaches an amount not less than 10% of the registered authorised capital. The Legal Reserve is not available for dividend distribution.

22 Segment information

Segment information is presented in respect of the Company’s geographical segments based on the Company’s management and internal reporting structure.

Business segments

Management considers that the Company operates in a single line of business, namely manufacturing of flat-rolled steel products, and has, therefore, only one major business segment.

Geographic segments

In presenting information on the basis of geographic segments, segment revenue is based on the geographic location of customers.

Revenue and gross profit (loss) based on geographic segment, for the years ended 31 December 2010 and 2009 (restated) were as follows:

	2010	2009 (restated)
	<i>(in million Baht)</i>	
<i>Segment revenue</i>		
Domestic	14,406	10,804
Export	752	1,510
Total	15,158	12,314
<i>Segment gross profit (loss)</i>		
Domestic	245	(4,160)
Export	68	(807)
Total	313	(4,967)

23 Selling expenses

	2010	2009 (restated)
	(in million Baht)	
Packing expenses	4	4
Domestic shipping expenses	123	96
Export shipping expenses	56	59
Total	183	159

24 Administrative expenses

	Note	2010	2009 (restated)
		(in million Baht)	
Operating service expenses	4	413	453
Idle costs - depreciation and amortisation expenses	26	77	147
Idle costs – others		53	133
Penalty charges		470	293
Depreciation and amortisation expenses	26	74	174
Personnel expenses		162	133
Demurrage charges		17	108
Professional and consulting fees		16	34
Donations		6	2
Others		148	111
Total		1,436	1,588

25 Employee benefit expenses

	2010	2009 (restated)
	(in million Baht)	
Management		
Wages and salaries	25	32
Welfare	3	2
Contribution to provident fund	1	1
	29	35
Other employees		
Wages and salaries	265	244
Welfare	102	73
Contribution to provident fund	15	13
	382	330
Total	411	365

The defined contribution plan comprises a provident fund established by the Company for its employees. Membership in the fund is on a voluntary basis. Contributions are made monthly by the employees at rates ranging from 2% to 10% of their basic salaries and by the Company at rates ranging from 3% to 10% of the employees' basic salaries. The provident fund is registered with the Ministry of Finance as a juristic entity and is managed by a licensed Fund Manager.

26 Expenses by nature

The statements of income include an analysis of expenses by function. Expenses by nature disclosed in accordance with the requirements of various TFRS were as follows:

	Note	2010	2009 (restated)
<i>(in million Baht)</i>			
Included in cost of sales of goods:			
Changes in inventories of finished goods	8	(97)	1,318
Raw materials and consumables used	8	12,208	13,653
Depreciation and amortisation expenses		666	655
Included in administrative expenses:			
Depreciation and amortisation expenses (including in idle cost)	24	77	147
Depreciation and amortisation expenses	24	74	174
Loss on write-off of assets		39	5
Operating lease expense		4	6

27 Finance costs

	2010	2009 (restated)
<i>(in million Baht)</i>		
Finance Costs		
- Related party	63	-
- Other parties	330	270
- Financial Institution	19	29
Total	412	299

28 Income tax expense

The Company did not record income tax expense in the statement of income because the Company incurred losses in the current year and has significant losses brought forward from prior years.

29 Promotional privileges

The Board of Investment has approved the granting of promotional privileges to the Company by issuing certificates for the manufacturing of Hot Rolled Coils (BOI privilege for “CSP” project), Direct Reduced Iron (BOI privilege for “DRI” project) and Cold Rolled/Coated products Pickle and Oiled Products and Re-Coil Temper Mill Products (BOI privilege for “PGL” Project).

The privileges granted include:

- exemption from payment of import duty on machinery approved by the Board;
- exemption from payment of income tax for certain operations for a period of eight years from the date on which the income is first derived from such operations;

- (c) a 100% reduction in the normal income tax rate on the net profit derived from certain operations for a period of five years, commencing from the expiry date in (b) above; and
- (d) a deduction for a period of ten years of an amount equal to 5% of the increase in income of certain promoted operations over the income from those operations for the previous year.

As a promoted company, the Company must comply with certain terms and conditions specified in the promotional certificate.

Summary of revenue from promoted and non-promoted businesses:

	2010			2009 (restated)		
	Promoted businesses	Non- Promoted businesses	Total	Promoted businesses	Non- Promoted businesses	Total
	<i>(in million Baht)</i>					
Export Sale	752	-	752	1,510	-	1,510
Domestic Sale	14,331	75	14,406	10,549	255	10,804
Total Revenue	15,083	75	15,158	12,059	255	12,314

30 Loss per share

Basic loss per share

The calculations of basic loss per share for the years ended 31 December 2010 and 2009 (restated) were based on the loss for the years attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding during the years as follows:

	2010	2009 (restated)
	<i>(in million Baht / million shares)</i>	
Loss for the year attributable to equity holders of the Company	3,672	6,408
Weighted average number of ordinary shares outstanding	39,702	39,702
Loss per share (Basic) <i>(in Baht)</i>	0.09	0.16

Diluted loss per share

The calculation of diluted loss per share for the year ended 31 December 2010 was based on the loss for the year attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding during the year after adjusting for the effects of all dilutive potential ordinary shares as follows:

	2010 (in million Baht / million shares)
Loss attributable to equity holders of the Company (diluted)	3,672
Weighted average number of ordinary shares outstanding (basic)	39,702
Effect of exercise of Second Warrants	15,000
Weighted average number of ordinary shares outstanding (diluted)	54,702
Loss per share (diluted) (in Baht)	0.07

The exercise prices of the First Warrants and the ESOP Warrants were higher than the fair value of the Company's shares at the end of the year and accordingly these warrants are not included in the calculation of diluted loss per share.

The Company did not present diluted loss per share for the years ended 31 December 2009 (restated) because the exercise price of the Company's warrants was higher than the fair value of the Company's ordinary shares.

31 Changes in accounting policy

With effect from 1 January 2010, the Company changed its accounting policy with respect to the method used for calculating the value of finished goods from the specific method to the weighted average method as management considers it is more appropriate to the nature of the Company's business, and the weighted average method is consistent with the parent company's accounting policy.

This change has the effect of increasing the carrying amount of inventories as at 31 December 2010 and 2009 (restated) by Baht 1 million and Baht 0.1 million, respectively. The effect of the change in accounting policy is not material to the financial statements as a whole and, accordingly, the Company has not made retrospective adjustments to the financial statements for the year 2009. The Company received approval for this change from The Revenue Department on 19 October 2009.

32 Restatement of financial statements

On 11 August 2010, the Company's Board of Directors approved a decision to restate the Company's previously-issued 2009 financial statements following a request to do so by the SEC and to correct the following errors which were made during these years as a result of (A) previously under-recorded historical supplier liabilities, (B) provisions for losses related to performance guarantees, and (C) provisions for under-recorded tax obligations. The cumulative effects of the restatements of financial statements on the Company's balance sheet as at 31 December 2009 are as follows:

	Note	31 December 2009	Restatements	31 December 2009 (restated)
<i>(in million Baht)</i>				
Current assets				
Cash and cash equivalents		43	-	43
Current investments		3	-	3
Trade accounts receivable		93	-	93
Inventories		1,058	-	1,058
Advances to suppliers		133	-	133
Other current assets	C	85	40	125
Total current assets		1,415	40	1,455
Non-current assets				
Restricted deposits at financial institutions		169	-	169
Long-term loans and advances to former related parties		70	-	70
Property, plant and equipment		24,530	-	24,530
Intangible assets		62	-	62
Other non-current assets		378	-	378
Total non-current assets		25,209	-	25,209
Total assets		26,624	40	26,664

	Note	31 December 2009	Restatements	31 December 2009 (restated)
<i>(in million Baht)</i>				
Current liabilities				
Short-term loans from other parties		74	-	74
Trade accounts payable	A	2,676	1,023	3,699
Advances from customers		1,583	-	1,583
Other payables and accrued expenses		1,069	-	1,069
Accrued interest expenses	A	83	43	126
Provisions	B, C	261	788	1,049
Other current liabilities		684	-	684
Total current liabilities		6,430	1,854	8,284
Non-current liabilities				
Payable to related party from offsetting of machinery purchase		992	-	992
Liabilities under rehabilitation plan		389	-	389
Total non-current liabilities		1,381	-	1,381
Total liabilities		7,811	1,854	9,665
Equity				
Share capital				
Authorised share capital		40,478	-	40,478
Issued and paid-up share capital		27,395	-	27,395
Warrants		162	-	162
Premium on ordinary shares		481	-	481
Retained earnings (deficit)				
Appropriated				
Legal reserve		18	-	18
Unappropriated/(deficit)	D	(9,243)	(1,814)	(11,057)
Total equity		18,813	(1,814)	16,999
Total liabilities and equity		26,624	40	26,664

The effects of the restatement of financial statements to the income statement for the year ended 31 December 2009 is as follows:

	Note	31 December 2009	Restatements (in million Baht)	31 December 2009 (restated)
Income				
Revenue from sale of goods		12,314	-	12,314
Net foreign exchange gain	A	60	28	88
Reversal of devaluation of inventories	A	1,737	(1)	1,736
Other income		138	-	138
Total income		14,249	27	14,276
Expenses				
Cost of sale of goods	A	16,236	1,045	17,281
Selling expenses		159	-	159
Administrative expenses	C	1,468	120	1,588
Management benefits expenses		35	-	35
Loss on confirmed purchase orders for undelivered raw material	A	115	13	128
Losses related to performance guarantees	B	-	620	620
Bad and doubtful debts expense		174	-	174
Loss on impairment of assets		400	-	400
Total expenses		18,587	1,798	20,385
Loss before finance costs		(4,338)	(1,771)	(6,109)
Finance costs	A	(256)	(43)	(299)
Loss for the year		(4,594)	(1,814)	(6,408)
Loss per share (Basic) (in Baht)		(0.12)	(0.04)	(0.16)

The Company's explanation for the adjustments which have been made to correct the previously-made errors is as follows:

(A) Previously under-recorded historical supplier liabilities

During 2010, the Company was informed by two raw material suppliers (the "Suppliers") that the balances owed to the Suppliers were higher than the amounts previously recorded by the Company. Upon continued discussion and reconciliation with the Suppliers, it was determined that their principal claims were correct. The differences stemmed from historical periods when the global financial crisis significantly impacted the value of delivered raw materials. During this period of extraordinary pricing volatility there were negotiations with the Suppliers in regards to potentially obtaining discounts to the prices confirmed in the original purchase orders, some of which covered raw materials under consignment agreements. As a result of the misunderstanding between the Company and the Suppliers, the Company recorded losses on the values for inventories, provisional losses for confirmed purchase orders, and resulting costs of goods sold and accounts payables that were different from those reconciled with the Suppliers. The Company reconciled its accounts with the Suppliers. As a result of this reconciliation and updated management views on the liabilities owed to the Suppliers, the Company has decided to restate its reporting of the respective differences in inventory losses, provisional losses of confirmed purchase orders, and the resulting costs of goods sold and accounts payables as noted in the above tables. Furthermore, the Company is also restating the interest charges (reflected in the Company's finance costs and accrued interest expenses) related to the associated understatement of principal balances and corresponding accounts payable for the raw materials placed on consignment. The final adjustment required pursuant to the Company's reconciliation with the Supplier is with respect to the net foreign exchange gains and losses during the restated years as the agreements with the Suppliers are denominated in foreign currency.

(B) Provision for losses related to performance guarantees

The Company may face claims from two end-use customers (the "End-Use Customers") related to an agreement covering the supply of hot-rolled coils. Following further review by the Company's management during 2010, the Company decided to retrospectively record provisional charges related to these potential claims and restate its financial statements to show the impact of recording these provisional charges during the historical period in which these provisional charges should have been recorded (for the year ended 31 December 2009 (restated)). The amount of provision recorded as at 31 December 2009 (restated) was USD 18 million (Baht 620 million).

The potential claims stem from a commercial decision made by the Company just prior to the market turmoil and downturn stemming from the late 2008 global financial crisis. During this period, the Company was approached by an intermediary retailer of hot-rolled coils (the "Intermediary") with whom the Company had previously conducted business whereby the Intermediary committed to sell hot-rolled coil products to the End-Use Customers. The Intermediary agreed to purchase the hot rolled coils from the Company at an increased price due to the extended credit terms delivery guarantee offered by the Company to the End-Use Customers. The End-Use Customers also required and were provided with the joint and several guarantee of G Steel for the Intermediary's performance. The Company has since been informed by the End-Use Customers that the Intermediary failed to perform its commitments. The End-Use Customers are now seeking relief from the Company to the extent that they have not received value from the Intermediary. However, neither of the End-Use Customers has taken legal action against the Company. As such, the Company has recorded the provisional charges associated with these principal claims as illustrated in the above table. The claims also include provisional interest charges recorded in the periods in which they are assessed.

As disclosed in Note 36, the Company may face a claim from G Steel in relation to a USD 3.1 million (Baht 104 million) offset which took place between G Steel and one of the End-Use Customers. Refer to Note 37.3 for details of events which took place subsequent to 31 December 2010 which will impact the provision carried during the first quarter of 2011 and the status of the G Steel claim related to the USD 3.1 million offset applied by one of the End-Use Customers.

(C) Provision for taxes

During its review of prior periods, the Company has discovered that it has under-recorded certain of its tax-related obligations. The Company has commenced formal discussions to remedy these errors with the relevant tax authorities. The Company has recorded its corrected assessment of these tax obligations and has made assessments for potential penalties and surcharges. The effects of these adjustments are reflected in the Company's provisions (see Note 16), other current liabilities and administrative expenses.

(D) Retained deficit

The retained deficit account adjustments represent the summation of the adjustments referenced in the above Notes A through C.

33 Financial instruments

As at 31 December 2010 and 2009 (restated), the Company had not entered into any derivative contracts to hedge its exposure to foreign currency exchange risk.

Financial risk management policies

The Company 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 Company does not hold or issue derivative financial instruments for speculative or trading purposes.

Interest rate risk

Interest rate risk is the uncertainty in value of financial assets and liabilities or net interest income as a result of the fluctuation of the market interest rate. Most of the interest rates of financial assets and liabilities of the Company are floating rates, which are based on market rates.

The effective interest rates of financial assets and financial liabilities as at 31 December and the periods to maturity or re-pricing were as follows:

	Effective interest rate (% per annum)	2010			Total
		Within 1 year	After 1 year but within 5 years (in million Baht)	After 5 years	
<i>Financial assets :</i>					
Cash and cash equivalents	0.20 - 0.75	57	-	-	57
Current investment	0.65 - 1.25	5	-	-	5
Restricted deposits at financial institutions	0.75 - 1.25	-	177	-	177
		62	177	-	239

	Effective interest rate (% per annum)	2010			Total
		Within 1 year	After 1 year but within 5 years (in million Baht)	After 5 years	
<i>Financial liabilities :</i>					
Short-term loan from other parties	2.5 - 9	139	-	-	139
Trade accounts payable	2 - 12	2,498	-	-	2,498
Payable to related party from offsetting of machinery purchase	MLR+1	-	958	-	958
		2,637	958	-	3,595

	Effective interest rate (% per annum)	2009 (restated)			Total
		Within 1 year	After 1 year but within 5 years (in million Baht)	After 5 years	
<i>Financial assets :</i>					
Cash and cash equivalents	0.25	43	-	-	43
Current investment	1.00	3	-	-	3
Restricted deposits at financial institutions	1.18	-	169	-	169
		46	169	-	215
<i>Financial liabilities :</i>					
Short-term loan from other parties	2 - 13	74	-	-	74
Trade accounts payable	2 - 6, MLR	2,578	-	-	2,578
Payable to related party from offsetting of machinery purchase	MLR+1	-	992	-	992
		2,652	992	-	3,644

Liquidity risk

Liquidity risk arises from the difficulty in mobilizing funds for timely and adequately meeting commitments under financial obligations. Liquidity risk may arise from failure to sell financial assets at a price close to the fair value.

The Company has liquidity risk as the Company needs to generate sufficient operating cash flows to meet both its working capital requirements and its operating obligations. (see Note 1.2).

Foreign currency risk

The Company is exposed to foreign currency risk relating to purchases and sales which are denominated in foreign currencies.

At 31 December, the Company was exposed to foreign currency risk in respect of financial assets and liabilities denominated in the following currencies:

	<i>Note</i>	2010	2009 (restated)
<i>United States Dollars</i>		<i>(in million Baht)</i>	
Cash and cash equivalents	6	9	11
Trade accounts receivable	7	14	361
Short-term loans from other parties	14	(29)	(20)
Trade accounts payable	15	(2,297)	(2,970)
Other payables and accrued expenses		(840)	(324)
Accrued interest expenses		(343)	(121)
Provision for losses related to performance guarantees	16	(678)	(620)
Other current liabilities	17	(25)	(411)
Liabilities under rehabilitation plan	18	(96)	(105)
Gross balance sheet exposure		(4,285)	(4,199)
Estimated forecast sales		-	262
Estimated forecast purchases		(2,778)	(2,716)
Gross exposure		(7,063)	(6,653)
<i>Euro</i>			
Trade accounts payable	15	(2)	(2)
Other payables and accrued expenses		(10)	(14)
Other current liabilities	17	(6)	(6)
Liabilities under rehabilitation plan	18	(9)	(21)
Gross balance sheet exposure		(27)	(43)
Estimated forecast purchases		(277)	(37)
Gross exposure		(304)	(80)
<i>Others</i>			
Liabilities under rehabilitation plan	18	(4)	(4)
Gross balance sheet exposure		(4)	(4)
Gross exposure		(4)	(4)

Determination of fair values

A number of the Company'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.

Maturities of financial assets and liabilities

Details of the maturities of financial assets and liabilities have been provided in the relevant notes to the financial statements.

Capital management

The Board's 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 is presently seeking additional capital investment in order to secure the ongoing viability of the Company.

34 Commitments with non-related parties***34.1 Commitments***

	2010	2009 (restated)
	(in million Baht)	
<i>Capital Commitments</i>		
<i>Contracted but not provided for</i>		
Land	58	105
Buildings and other constructions	5	5
Machinery and equipment	75	83
Total	138	193
<i>Lease and service agreement commitments</i>		
Within one year	4	2
After one year but within five years	5	-
Total	9	2
<i>Other commitments</i>		
Bank guarantees	177	169

34.2 Long-term agreements

- On 1 December 2003, the Company entered into a ten-year agreement to purchase natural gas with monthly charges based on consumption.
- On 1 May 2008, the Company entered into a three-year agreement to receive consultation for the most suitable refractory design and for delivery of any refractory consumables. The pricing of the agreement is based on the cost per ton of refractory consumed in each month.

- On 1 November 2004, the Company entered into a twenty-year, take-or-pay agreement to purchase oxygen, argon and nitrogen. Minimum payments under the agreement amount to approximately Baht 6 million per month.

	2010	2009 (restated)
	(in million Baht)	
Long-term agreement commitments		
Within one year	71	71
After one year but within five years	282	282
After five years	624	695
Total	977	1,048

34.3 Raw material purchase orders

As at 31 December 2010, the Company had outstanding purchase orders for raw materials that have not been delivered to the Company totalling Baht 2,277 million (2009 (restated): Baht 2,468 million). Some of these orders were placed in the third quarter of 2008 when prices were significantly higher than current market prices. Since the first quarter of 2009, new purchase orders were placed in order to reduce the average cost when the Company releases the raw material to production. The Company has estimated the provision for loss in respect of outstanding purchase orders for raw materials that have not been delivered at approximately Baht 128 million based on comparison with the economic benefits expected to be received in the form of estimated sales prices and the conversion costs of finished products and has recorded the provision for this loss in the financial statements for the year ended 31 December 2009 (restated).

The Company had agreements to purchase raw materials with various overseas suppliers for purchase of raw materials under consignment agreements, under which the ownership of unreleased raw material belongs to the suppliers. The Company has to pay interest ranging from 2% to 12% per annum on the unreleased raw materials and on the payables balance from the shipment date until the date on which full payment is made. (2009 (restated): 2% to 6% per annum and MLR)

34.4 Customer advances

As of 31 December 2010, the Company had received advances from customers totaling Baht 1,408 million (31 December 2009 (restated): Baht 1,583 million) and had the obligation to deliver goods to the customers in the future.

35 Litigation

35.1 Central Intellectual Property and International Trade Court

According to Black Case No. Kor. Kaw. 5/2548 dated 21 January 2005, the Company has sued a domestic and a foreign financial institution (collectively called "the Defendant"), in the Central Intellectual Property and International Trade Court, in respect of a letter of credit ("the Letter"). The Company considers that the Defendant has breached the conditions of the Letter which caused damage to the Company. The Defendant had made payment to one of the Company's foreign suppliers under the Letter which covered the value of goods to be delivered (amounting to Baht 202 million). The Defendant made payment to the supplier prior to the conditions of the Letter being fulfilled, despite the Company instructing the Defendant to withhold payment until all conditions were met. The Defendant deducted the value of the Letter from the Company's account. The Company did not receive the goods from the supplier. Therefore, the Company has sued the Defendant for damages, including interest and other estimated damages, amounting to Baht 8,594 million.

Presently, the Central Intellectual Property and International Trade Court has dismissed the claim of the Company. The Company does not agree with this decision, therefore, on 24 April 2009, the Company filed an appeal against the lower court's decision to the Supreme Court. The Company accounted for the charge made against the Company's account by the Defendant (Baht 202 million) within "Advance to Suppliers". A full provision was made against this balance during 2008.

35.2 South Bangkok Civil Court

- (i) According to Black Case No. 280/2552, on 27 February 2009 NTS filed a complaint against the Company for the alleged breach of the conditions of a water purchase agreement and demanded damages in the amount of Baht 8 million including interest of 7.5% per annum. On 30 November 2009, the South Bangkok Civil Court rendered its judgment on this complaint in favour of NTS under which the Company has been ordered to pay these amounts. On 29 January 2010, the Company filed an appeal against the judgment of the South Bangkok Civil Court. Presently, this case is pending at the court. The Company has provided for the Baht 4.3 million principal amount of this claim within "Trade Accounts Payable" as at 31 December 2010 and 2009 (restated). No provision has been recorded in respect of the accrued interest in conjunction with this claim.
- (ii) According to Black Case No. 1201/2553, on 5 July 2010, Sriracha Harbour PCL filed a complaint against the Company for the alleged breach of a hire of work agreement and demanded damages of Baht 111 million including interest at the rate of 15% per annum. Presently, this case is pending in the court. The Company has provided for the Baht 83.6 million principal amount of this claim within "Trade Accounts Payable" as at 31 December 2010 and 2009 (restated). No provision has been recorded in respect of the accrued interest in conjunction with this claim.
- (iii) Two suppliers filed complaints against the Company for the breach of sale and purchase and hire of work agreements and demanded damages in the amount of Baht 5.3 million including interest of 7.5% per annum. Presently, these cases are pending in the court. The Company has provided for the Baht 5 million principal amount of these claims within "Trade Accounts Payable" as at 31 December 2010. No provision has been recorded in respect of the accrued interest in conjunction with these claims.

36 Contingent liabilities

As at 31 December 2010, the Company has been presented with interest claims from a raw material supplier in excess of the interest contractually agreed with the Company. The total sum of these claims is USD 0.6 million (Baht 18 million). The Company has not provided for these claims as it does not consider the interest charges to be consistent with the terms of the underlying agreements with the supplier.

37 Events after the reporting period

37.1 Announced Transaction with a Strategic Partner

On 1 March 2010, the Board of Directors of both G Steel and the Company approved the execution of transaction documents governing a proposed investment by AM. The transaction involves a number of agreements outlined as follows.

G Steel Subscription Agreement

Under the terms of the equity subscription agreement between AM and G Steel (the “G Steel Subscription Agreement”), AM will make an equity investment in G Steel by purchasing 11,919 million newly issued shares in G Steel at a minimum share price of Baht 0.63 per share (Baht 7,509 million). The investment by AM will provide AM with a 40.0% ownership position in G Steel.

The G Steel Subscription Agreement is subject to various conditions precedent, including:

- Establishment of a company in which several shareholders of G Steel have agreed to transfer their shares in G Steel such that the voting rights associated with a 9.9% fully-diluted ownership position in G Steel are controlled by AM
- Execution of a G Steel share escrow agreement under which several shareholders of G Steel will agree to escrow their shareholding in G Steel
- AM’s completion of confirmatory due diligence
- G Steel’s and the Company’s obtaining necessary third party consents, including required regulatory consents
- G Steel and the Company serving notice of termination to counterparties to collateral management agreements
- G Steel and the Company serving notice of termination to counterparties under related party arrangements as specified by AM
- Satisfactory completion of G Steel’s and the Company’s debt restructuring program
- All required G Steel and Company corporate approvals obtained
- The resignation of 11 G Steel directors and 7 Company directors
- Conversion of debts owed by the Company to G Steel and to OAC (the G Steel Debt and the Overdue Service Balance, respectively) of Baht 1,645 million into equity of the Company
- Amendment of the Articles of Association of G Steel and the Company in order to increase the foreign shareholding limit of G Steel and the Company

Company Subscription Agreement

Under the terms of the equity subscription agreement between G Steel and the Company (the “Company Subscription Agreement”), G Steel will make a further equity investment in the Company by purchasing 15,000 million newly issued shares at a minimum share price of Baht 0.24 per share (Baht 3,600 million). The proceeds for G Steel’s cash equity subscription in the Company will originate from AM’s investment in G Steel via the G Steel Subscription Agreement. Following G Steel’s and OAC’s Baht 1,645 million conversion of debt claims in the Company to the Company’s equity, coupled with the investment via the Company Subscription Agreement, G Steel will own approximately 63.8% of the Company on a consolidated basis.

USD 500 million Credit Facility Agreement

Upon completion of AM's 40.0% equity investment in G Steel, AM will provide a 5-year, unsecured, revolving credit facility (the "Credit Facility") to G Steel and the Company totaling USD 500 million. The interest rate on the facility is 12.0% per annum. G Steel and the Company will share a 2.0% annual commitment fee on the Facility. The Credit Facility will be used by G Steel and the Company to support working capital, capital expenditure and general corporate purposes. A portion of the facility will be used to facilitate G Steel's and the Company's refinancing of their existing debts.

Business Assistance Agreement

AM has agreed to provide G Steel and the Company with comprehensive management, procurement, global marketing and technology assistance under a 10-year business assistance agreement (the "Assistance Agreement"). AM will provide such services under the Assistance Agreement in accordance with the following terms:

- AM will be paid a fee equal to 2% of G Steel's consolidated revenues subject to a maximum of USD 40 million per year (the "Service Fee"). The Service Fee will be paid by G Steel and the Company on the basis of relative annual revenues.
- The Service Fee will be paid on an annual basis (i) to the extent earnings before interest, taxes, depreciation and amortization (EBITDA), as measured by G Steel's year-end audited financial statements, are at least two times the amount of the Service Fee prior to giving effect to the Service Fee and (ii) G Steel's consolidated net debt is less than USD 450 million on a net present value basis.
- To the extent the aforementioned conditions are not achieved, the Service Fee will accrue without interest.
- The Assistance Agreement may be extended for a subsequent 10-year period at AM's option.

37.2 Further Creditor Restructuring

Since 31 December 2010, G Steel and the Company have entered into various debt restructuring agreements with certain offshore major trade creditors (the "Major Trade Creditors") each with debt claims in excess of USD 2.5 million. G Steel has entered into agreements with five such creditors with combined debt claims in excess of USD 229 million (Baht 7,071 million) as at 31 December 2010. The Company has entered into agreements with three Major Trade Creditors representing USD 63 million (Baht 1,913 million) of combined debt claims as at 31 December 2010.

Under the terms of the agreements with the Major Trade Creditors, G Steel and the Company have restructured the Major Trade Creditor claims as follows.

- Accrued interest on the Major Trade Creditor debts was capped at their 30 September 2010 amounts.
- G Steel and the Company have a repayment grace period through 31 December 2011 during which time they do not pay any debt service to the Major Trade Creditors
- G Steel and the Company repay the debts owed to the Major Trade Creditors in accordance with the following schedule:
 - 5% paid upon acquisition of newly issued shares by a new investor
 - 10% paid in equal quarterly installments (2.50% per payment) during 2012
 - 15% paid in equal quarterly installments (3.75% per payment) during 2013
 - 20% paid in equal quarterly installments (5.00% per payment) during 2014
 - 25% paid in equal quarterly installments (6.25% per payment) during 2015
 - 25% paid in equal quarterly installments (6.25% per payment) during 2016
 - Interest accrues during the repayment period at 1.00% per annum and is repaid in 4 equal quarterly installments in 2016

In addition to the Major Trade Creditors, the Company has entered into other debt restructuring agreements with other onshore and offshore trade creditors with varying repayment terms. The total claims restructured by the Company, other than the Major Trade Creditors, are Baht 1,096 million based on 31 December 2010 balances.

37.3 Effects of the Major Trade Creditor Restructuring on Performance Guarantees Provided to End-Use Customers

In the case of the Company, two of the aforementioned Major Trade Creditors are the End-Use Customers referenced in Note 32(B). Under the terms of the agreements the Company has entered into with the two End-Use Customers, the Company has agreed to assume direct claim responsibility for the Intermediary's failure to perform under contracts with the End-Use Customers. As the Company has arrived at this negotiated settlement with these two End-Use Customers, the Company intends to reverse provisions associated with the performance guarantees and record direct liabilities owed to the End-Use Customers in accordance with the above Major Trade Creditor restructuring terms (the "Company Performance Guarantee Settlement"). G Steel will write-off the previously-provisioned USD 3.1 million accounts receivable owed by one of the End-Use Customers and used by that End-Use Customer to offset a portion of its performance guarantee claim (the "G Steel End-Use Customer Receivable Write-Off"). G Steel has been advised by legal counsel that its claims associated with the G Steel End-Use Customer Receivable Write-Off are best pursued against the Intermediary and not the Company.

Furthermore, as one of the End-Use Customers was also the supplier of the inferior raw material sold to the Company as detailed in Note 16, the Company and this End-Use Customer have reached an agreement as to how to settle the raw material claim in conjunction with their entrance into the debt restructuring agreement. The supplier of the inferior raw material, (also an End-Use Customer), has agreed to reduce its debt claim against the Company by USD 0.6 million (Baht 18.17 million) as a full and final settlement for the Company's raw material claim.

As the Intermediary has inflicted significant economic damage on G Steel via the G Steel End-Use Customer Receivable Write-Off and the Company via the Company Performance Guarantee Settlement, G Steel and the Company believe that they are entitled to claims against the Intermediary. G Steel and the Company are currently evaluating their legal options and may merge their claims for the purpose of seeking relief from the Intermediary.

37.4 Write-off of Former Related Party Balances

At a meeting of the Board of Directors of the Company on 4 March 2011, the Board approved the write-off of balances due from former related parties. Specifically, the Company has decided to formally write-off amounts owed by Metal Star Co., Ltd., Nakornthai Integrated Steels Co, Ltd., Tak-Ka-pon Co., Ltd. and Nakornthai Steel Work Co., Ltd. Refer to Note 5 for the detail of these amounts and counterparties. The Company has decided to write-off these balances as a result of the long-outstanding nature of the balances, the dissolution of several of the counterparties and the Company's inability to assert proper legal claims. These balances have been owed to the Company since well before the Company's recent court-supervised rehabilitation and the subsequent change of control. The balances due from former related parties have all previously been fully provisioned; therefore, the write-off does not have an impact on the presentation of the Company's financial statements.

38 Thai Financial Reporting Standards (“TFRS”) not yet adopted

The Company has not adopted the following new and revised TFRS that have been issued as of the reporting date but are not yet effective. The FAP has announced that the new and revised TFRS become effective for annual financial periods beginning on or after 1 January in the year indicated.

TFRS	Topic	Year effective
TAS 1 (revised 2009)	Presentation of Financial Statements	2011
TAS 2 (revised 2009)	Inventories	2011
TAS 7 (revised 2009)	Statement of Cash Flows	2011
TAS 8 (revised 2009)	Accounting Policies, Changes in Accounting Estimates and Errors	2011
TAS 10 (revised 2009)	Events after the Reporting Period	2011
TAS 11 (revised 2009)	Construction Contracts	2011
TAS 12	Income tax expense	2013
TAS 16 (revised 2009)	Property, Plant and Equipment	2011
TAS 17 (revised 2009)	Leases	2011
TAS 18 (revised 2009)	Revenue	2011
TAS 19	Employee Benefits	2011
TAS 20 (revised 2009)	Accounting for Government Grants and Disclosure of Government Assistance	2013
TAS 21 (revised 2009)	The Effects of Changes in Foreign Exchange Rates	2013
TAS 23 (revised 2009)	Borrowing Costs	2011
TAS 24 (revised 2009)	Related Party Disclosures	2011
TAS 26	Accounting and Reporting by Retirement Benefit Plans	2011
TAS 27 (revised 2009)	Consolidated and Separate Financial Statements	2011
TAS 28 (revised 2009)	Investments in Associates	2011
TAS 29	Financial Reporting in Hyperinflationary Economies	2011
TAS 31 (revised 2009)	Interests in Joint Ventures	2011
TAS 33 (revised 2009)	Earnings per Share	2011
TAS 34 (revised 2009)	Interim Financial Reporting	2011
TAS 36 (revised 2009)	Impairment of Assets	2011
TAS 37 (revised 2009)	Provisions, Contingent Liabilities and Contingent Assets	2011
TAS 38 (revised 2009)	Intangible Assets	2011
TAS 40 (revised 2009)	Investment Property	2011
TFRS 2	Share-based Payment	2011
TFRS 3 (revised 2009)	Business Combinations	2011
TFRS 5 (revised 2009)	Non-current Assets Held for Sale and Discontinued Operations	2011
TFRS 6	Exploration for and Evaluation of Mineral Resources	2011
TFRIC 15	Agreements for the Construction of Real Estate	2011

Management expects to adopt and apply these new and revised TFRS in accordance with the FAP's announcement and has made a preliminary assessment of the potential initial impact on the Company's financial statements of those new and revised standards assessed to have the greatest potential impact on the financial statements in the period of initial application. These standards are as follows:

TAS 16 (revised 2009) – Property, plant and equipment

The principal changes introduced by the revised TAS 16 and affecting the Company are that (i) costs of asset dismantlement, removal and restoration have to be included as asset costs and subject to annual depreciation; (ii) the depreciation charge has to be determined separately for each significant part of an asset; and (iii) in determining the depreciable amount, the residual value of an item of property, plant and equipment has to be measured at the amount estimated receivable currently for the asset if the asset were already of the age and in the condition expected at the end of its useful life. Furthermore, the residual value and useful life of an asset have to be reviewed at least at each financial year-end.

The revised TAS 16 permits as a transitional provision that these changes may be introduced prospectively from the year of introduction. Management intends to adopt this transitional provision and accordingly the introduction of the revised TAS 16 from 1 January 2011 has no impact on the financial statements of 2010 or prior years.

TAS 19 – Employee benefits

There was no Thai accounting standard covering employee benefits effective as at the reporting date and the Group/Company does not presently account for the costs of post-employment benefits under defined benefit plans; other long-term employee benefits; and termination benefits until such costs are incurred. The new TAS 19 includes the requirements to recognise and account for such costs in the period in which the service is performed. The requirements are complex and require actuarial assumptions to measure the obligation and expense. Moreover, the obligations are measured on a discounted basis because they may be settled many years after the employees render the related service. The transitional provisions of TAS 19 permit the transitional liability to be recognised and accounted for in one of four different ways: (i) retrospectively; (ii) immediately in equity (retained earnings) at the transition date; (iii) immediately in profit or loss at the transition date; (iv) as an expense on a straight-line basis over up to five years from the transition date.

Management is currently reviewing the impact on the financial statements of introducing these new and revised TFRS from 1 January 2011.

39 Reclassification of accounts

Certain accounts in the 2009 restated financial statements have been reclassified to conform to the presentation in the 2010 financial statements as follows:

	As at 31 December 2009 (restated)		
	Before reclass	Reclass (in million Baht)	After reclass
Balance Sheet			
Other payables and accrued expenses	1,255	(186)	1,069
Provision for loss on confirmed purchase orders of undelivered raw material	128	(128)	-
Provision for losses related to performance Guarantees	620	(620)	-
Provisions	-	1,049	1,049
Other current liabilities	799	(115)	684
		-	
Statement of income			
Bad and doubtful debts expense	302	(128)	174
Loss on impairment of assets	272	128	400
		-	

The reclassifications have been made because in the opinion of management, the new classification is more appropriate to the Company's business.