

ANNUAL REPORT 2014



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General Information

Name	G J Steel Public Company Limited
Symbol	GJS
Registration Number	0107538000401 (Originally Bor Mor Jor No. 563)
Nature of Business	Production and Distribution 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
Website	http://www.gjsteel.co.th
Date of Establishment	5 January 1994
Date of Registration as a Public Company Limited	9 August 1995
First Trading Date	2 July 1996
Production Capacity	1,500,000 tons per annum
No. of Employees	653 persons
Registered Capital	129,979,834,014.15 Baht
Paid Up Capital	73,039,109,694.54 Baht
No. Common Shares	105,853,782,166 Shares
Par Value	0.69 Baht per share
Warrant	- GJS-W2 amount of 4,933,058,289 units - GJS-W3 amount of 3,674,429,663 units - GJS-W4 amount of 2,754,167,306 units
Referrals and Their Locations	
Common Stock Registrar	
Ordinary Shares	Thailand Securities Depository Company Limited 4 th and 7 th Floors, The Stock Exchange of Thailand Building 62 Rajadapisek Road, Khlong Toey, Bangkok 10110 Tel. 0-2229-2800 Fax. 0-2359-1259
Auditors	Prof. Emeritus Kesree Narongdej, Certified Public Accountant License No. 0076 Mr. Chaiyuth Angsuwithaya, Certified Public Accountant License No. 3885 Mrs. Natsarak Sarochanunjeen, Certified Public Accountant License No. 4563 Mr. Sumit Khopoidboon, Certified Public Accountant License No. 4885 A.M.T. & ASSOCIATES. 491/27 Silom Plaza, Silom Road, Bang Rak , Bangkok 10500 Tel. 0-2234-1676 Fax. 0-2237-2133

Message from Chairman of the Board of Directors

On the total volume of the domestic demand for the use of hot-rolled coil steel for 2014 was at 6.97 million tons, decreased by 0.49 million tons, or 6.63%. It is divided into the goods volume from the domestic production of 2.85 million tons, while the import volume was 4.14 million tons and the small export volume of 0.03 million tons, from the statistics of the Iron and Steel Institute of Thailand. It is forecast that the trend on the demand to use steel in 2015 is stable continuously from the last year. The important factor to drive the demand for steel higher is the investment in the construction of the infrastructure of the public sector.

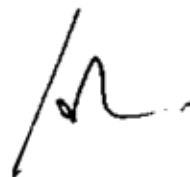
In 2014 our company was succeeded in acquiring cash and loans, so it had the sufficient condition on the operations such as hiring the management for the turnaround plan until we become successful according to the plans in the initial stage. Also the increase in liquidity was succeeded in the IPO to the old shareholders proportionally, the increase of cash flow from sales by production and distribution of the goods of the hot rolled steel, and the achievement of agreement with the customers in support of the increased loan limits. Including the successful negotiations of loans with the financial institutions and the acceleration of debt collections are from the trade debtors as well as the sale by advance money.

On production, the Company has gradually increased its capacity to the full off-peak capacity which is the low electric usage period, until present. Its present production capacity is at 81% of the full off-peak capacity.

In addition, the Company expect the domestic market price for hot rolled coil steel product to increase in the near future from the international trade measures imposed by the Thai government in its wider protection of the domestic industry by means of safeguards and anti-dumping tariff measures on imported hot-rolled steel flat products. Such safeguards and tariff measures have been taken following full investigation procedures by the government with results showing that the domestic hot-rolled steel industry was actually injured by such imports. These measures will benefit and support the business of the Company to perform better in the future.

Thus, in 2015 it is another important step that the management and its employees to join force with full determination to build the business opportunity for the country in the future with sustainability.

On behalf of the Board of Directors, I appreciate the shareholders, customers, trade partners and business allies that have given trust and support on our operations all along.



(General Lertrat Ratanavanich)

Chairman of the Board of Directors

With awareness of responsibility in good governance, G J Steel Public Company Limited, the of few one makers of hot rolled steel in Thailand that the melting, casting and rolling are integrated in one mill, does business with attention in the production process not to create impact on the communities around the factory. It focuses on every procedure of operation to be friendly to the environment and emphasize the use of resources with effectiveness. With Corporate Social Responsibility, it produces good products to the consumers, while in Inner CSR project, giving priority to taking care of the employees in terms of their happiness, good way of life, good welfare, and safety at work, as well as promoting personnel training so as for their further knowledge, competency, and life experience. All these have always been GJS's core policy.

In the past 2014 all the levels of the employees of GJS participated in various activities continuously throughout the year on the part of the public and private sectors. With the participation on development of society and public benefit on promotion of culture and conservation of cultural heritage such as the activities on the activity on Songkarn Day, the blood donation and activity on sharing the spirit to the society, etc.

With continued determination under volunteer spirit and dedication to sustain the commitment both at executive and employee, G J Steel Public Company Limited will go on as an organization running business responsibly to society, community, and environment.



(Khunying Patama Leeswadtrakul)

Chief CSR

Policy on Business Operations

Vision:

"Being Thailand and ASEAN leading company in producing the highest standards of quality hot rolled steel achieved through the efficient manufacturing processes."

Mission:

- The international market with a wide range of steel products.
- Aim for growth by expanding its production capacity and production costs reasonable.
- Improve and develop products to meet the needs of customers.
- Continuous development of human resources.
- Environmental protection and return to society.
- Enhance value for stakeholders.

Business Objectives:

In the year 2014, the steel industry has the trend of adjusting better on the market and price of the products. While part of it is a result of the political unrest that has eased up. It includes receiving excellent support from various measures in the protection of the industry for fair competition from the public sector. Meanwhile, the Company has the target of improving the production quality of the present production line with continuity in response to the demand of the customers. In addition to having the target in the operation to produce goods that help creating value addition such as the pickling & oil line, as well as additional projects in the future as follows:

However, the Company has the target on improvement of the production quality continuously with the target on the operation in the future as follows:

1. Project Improvement of the Vacuum Oxygen Degasser
2. Project Galvanization Line
3. Project Cold Rolling Mill

In the said projects above the Company can produce new products and expand larger customer base, including expanding the hot-rolled steel products to the value-added products to create more value to the business even more.

Policy on the Business Operations:

1) The Company has determination to develop diverse steel products in parallel with the improvement and development of the goods quality continuously in response to the demand of the various groups of the target customers with integrity and rapidity, so the Company can create more profit from sales.

2) The Company has a policy to manage the hot-rolled steel coil plant to have the maximum efficiency and control the cost at the suitable level by reducing the various wastes in the production process to the minimum. It uses the full efficiency of the machines and diligently maintain the machinery and equipment in good condition ready for

production all the time. It includes bringing the by-product waste from the production process in some items to be recycled, etc. This is to generate the maximum return to the shareholders of the Company.

3) The Company has the policy in the development of the working system to comply with the international standards at all time.

4) The Company has a policy on the corporate social responsibility.

5) The Company has a policy on development of personnel continuously, so its personnel have knowledge and expertise in the steel industry.

6) The Company gives priority in the conservation of the environment and returns to the society with the target in the control of all types of pollution that may occur from its production process to comply with the standards set by the public sector and the international standards.

7) The Company has a policy in the promotion of value to the stakeholders by setting the policy on the care of the stakeholders, including the measures to compensate the stakeholders in the case of damage from a violation. The Company has classified the stakeholders into 10 groups are its employees and their families, customers and creditors, shareholders, communities around the factory, government agencies, suppliers and contractors, analysts, investors and financial and education institutions.

8) The Company has a policy on the business operations under the principle of good governance by considering the benefit of the society and the environment in parallel with the profitability for sustainable growth and development.

Important Events in 2014

February 2014

The Company received the working capital in addition to the domestic and foreign trade partners by another 7,450 million baht from formerly 2,925 million baht. Altogether at present the Company has received the total working capital of about 10,375 million baht, so it has the main raw materials that can produce continuously and with new capital sufficient to produce at 100%.

April 2014

The Extraordinary General Meeting of the Shareholders (EGM) No. 1/2014 on 3 April 2014 has resolved to approve the appointment of A.M.T. & Associates as the auditor of the Company for the preparation of its financial statement 2013. Since the audit committee of the Company has a different opinion from the former auditor, and the Company has submitted the financial statement 2013 to the relevant agency in August 2014 already.

On the production, the Company has produced continuously and gradually increases the production until achieving the full production during the use of off-peak up to now.

Shareholding Structure

The Company's 10 major shareholders as at 31 December 2014 (latest book-closing date)

NO.	NAME	NO. OF SHARES	% OF PAID-UP CAPITAL
1.	G STEEL PUBLIC COMPANY LIMITED	23,004,272,087	21.87
2.	NOMURA SINGAPORE LIMITED-CUSTOMER SEGREGATED ACCOUNT	10,864,560,375	10.33
3.	GS SECURITIES HOLDINGS COMPANY LIMITED	5,400,000,000	5.13
4.	QUAM SECURITIES COMPANY LIMITED A/C CLIENT	5,237,686,665	4.98
5.	SUPERIOR OVERSEAS (THAILAND) COMPANY LIMITED	3,345,000,000	3.18
6.	MRS. SUNEE TRIYANGKULSRI	1,617,977,750	1.54
7.	THAI NVDR COMPANY LIMITED	1,593,155,275	1.51
8.	MR. NARONG WANGCHAROENWONG	1,564,632,300	1.49
9.	THE HONG KONG AND SHANGHAI BANKING CORPORATION LIMITED, SINGAPORE BRANCH	1,400,000,000	1.33
10.	MR. SURAPAN TATIYAMANEEKUL	1,250,000,000	1.19
11.	OTHER SHAREHOLDERS	49,906,497,714	47.45
	TOTAL	105,183,782,166	100.00

Revenue Structure

	2014		2013		2012	
	Million Baht	%	Million Baht	%	Million Baht	%
Turnover						
Hot-Rolled Coil (HRC)	14,269	97.12	9,637	89.69	7,732.69	93.44
Tempered Hot Rolled Coil	244	1.66	47	0.43	70.87	0.86
Cut Sheet	-	-	-	-	-	-
Inventory and Raw Materials	72	0.49	94	0.87	98.99	1.20
Interest Income	1	0.01	3	0.03	4.74	0.06
Other Incomes						
Net foreign exchange again	-	-	-	-	155.41	1.88
Reverse of loss on confirmed purchase order for undelivered raw materials	-	-	187	1.74	-	-
Reversal of loss on devaluation of inventories	52	0.35	81	0.76	-	-
Gain from debt restructuring	-	-	-	-	7.00	0.08
Reversal of provision on tax related liabilities	-	-	669	6.22	-	-
Gain from Debt Restructuring	47	0.32	7	0.07	191.07	2.31
Other Incomes	8	0.05	20	0.18	15.14	0.18

Sales Volume of the Company during the past 3 years with the following details:

(Unit: Ton)

Sales Volume (Only for the Company)	2014	2013	2012
Domestic Sales Volume			
-Trade Ally Group	-	-	-
-Affiliates	-	-	-
-Subsidiaries	-	-	-
-Related Companies	124,756	32,877	183,811
-Other Groups	542,873	443,180	149,244
Total Sales in Domestic	667,629	476,057	333,055
Foreign Countries	2,789	-	4,042
Total	670,418	476,057	337,096

Ratios of the domestic and foreign turnover per the total turnover of the hot-rolled coil of the company during the past 3 years with the following details:

(Unit: Million Baht)

Sales Income	2014		2013		2012	
	Income	%	Income	%	Income	%
Domestic	14,468	99.68	9,698	100.1	7,710	98.80
Foreign	56	0.38	-	-	94	1.20
Deduct: Trade Discount	(11)	(0.06)	(14)	(0.15)	(0)	-
Total	14,513	100	9,684	100	7,804	100

Product Characteristics

The Company has operated the business as the manufacturer of hot-rolled steel plate and related products, which can be divided into the product line as follows:

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

These products are used in the related industries as follows:

Type	Utilization
Hot Rolled Coil	Mechanical tube, electrical conduits, water pipe, construction, C-section, construction scaffold, electrical pole, gas cylinder, black steam pipe, product used in anti-corrosion from atmosphere and cold-rolled steel sheet.
Tempered Hot Rolled Coil	Agricultural tools, general construction and profile sheets.
Hot Rolled Pickled & Oiled Product	Chassis, wheel, compressor, refrigerator frame, microwave frame.

Marketing and Competitions

Tactics on the Products

The Company has developed and improved on the products to have more diverse on the thickness of steel such as the maximum normal thickness at 12.70 mm, but it can develop the product with the thickness up to 25 mm in the form of coil. Also on the subject of special quality that the market still has to depend on the import such as steel quality for gas cylinder, welding and high-tensioned steel.

The Company has a plan to improve the tactics on the products as follows:

1. To focus on products on demand of the market and regular use.
2. To develop the product to support the market not the general construction industry, but automobile and large construction industry, including the industries of household and electrical appliances.
3. To supply hot-rolled steel plate for the use of making cold-rolled steel sheet.
4. To develop the product with special thickness in the form of coil which is in the niche and the upscale market.

Pricing Strategies

1. The Company sets the price that is suitable for the general steel grades to be able to compete with the competitors and still can maintain the market share.
2. The Company improves the existing technology to help support low production cost to have the opportunity to enter new domestic and foreign markets.
3. The Company can produce goods with difference from the competitors on the quality and grade, so it can set the sales price that is higher.
4. The Company gives more information and confidence on the consumption of steel to the customer, including building good relations with the customers continuously.

Target Customer Groups

The customer target groups of the Company can be divided into three groups as follows:

- 1) Steel Service Centre is the buyers of hot-rolled and cold-rolled steel to cut to sizes and in turn for sales to the users.
- 2) Pipe Makers such as the steel pipe manufacturers for use in the pipe work, including production for export.
- 3) Direct Users such as the manufacturers of cold-rolled steel in the country, the manufacturers of auto parts and electrical appliances.

Channels of Distribution

For domestic sales the Company shall distribute its goods via the two channels as follows:

- 1) Direct Sales
The Company has a plan to distribute directly for the customer group of the steel service center is the manufacturers of steel pipe, auto parts and electrical appliances, which expected to have the ratio of 60 percent of the total domestic turnover.
- 2) Sales Through the Wholesalers
For other groups of the customers, which are the small customers and have numerous numbers, the Company shall distribute through the wholesalers, which can make the Company to reduce the expense on hiring the salesmen and the expense on marketing activities. Moreover, it is to shift the risk on credit in this group of customers to the wholesalers to be responsible for it. The Company expects to sell through this channel at the approximate ratio of 40 percent of the domestic turnover.

While on the export the Company expects to sell through its wholesalers principally, or about 90 percent of the total export, while the balance of 10 percent would be sold directly.

Marketing Strategies

- 1) The Company is customers are in various industries such as the pipe manufacturers, the domestic and foreign cold-rolled manufacturers, the steel service center, the auto industry, the large construction projects with the demand to use special quality steel.
- 2) The Company has developed and improved the quality of the goods all the time by investing in the tools for modernization to increase potential and quality improvement and reduce cost of the production.
- 3) The Company has sent the working team with capability and expertise on using steel in the various jobs and to give support on the knowledge on the steel with the customers in the various industries for safety and optimization on the use of steel suitably.
- 4) The Company has succeeded very much in building confidence in the delivery of the goods to the customers punctually, so the customers can plan and manage the inventory suitably.

- 5) The Company has given prioritization on the improvement and development of the goods and service of the Company regularly with a survey and listening to the opinion of the customers periodically, so the Company knows of the correct and suitable demand of the customers clearly.

Planning on the Production in the Business Operations

Since the hot-rolled product of the Company seems to have similarity with the product of the major shareholders is G Steel PCL, but in reality the product of hot-rolled steel plate has great diversity on the grade (quality class) and size. If consider on similarity or overlap of the goods, it is necessary to consider the details to be complete in the three aspects as follows:

1. Grade (quality class) according to the international standard and the tailor-made, which the plant of the Company and G Steel can produce hundreds of grade.
2. The widths produced by the plant of the Company and of G Steel ranging from 900 mm to 1,571 mm every 1 mm of different widths is the product that is the different altogether the total of 672 sizes.
3. The thicknesses or gauges produced by the Company and G Steel ranging from 1.00 mm to 25.00 mm, with each thickness of 0.05 mm is the unique product of the total thicknesses of 480 sizes.

When the thickness and width of the product are multiplied shall derive of the product with altogether 268,800 different sizes. However, it does not consider the number of grades produced by hundreds of grades and not included the classification of the products as the basic or value-added products such as the skin-passed, pickled & oiled, etc. Thus, the actual production line has the different products that are not overlapped numerous numbers.

Nevertheless, both companies have planned joint marketing to avoid and reduce the overlap of the products by the Company focuses on production of hot-rolled steel with thin and wide and the width between 1.20-1.95 mm (it is the product range with the specially thin size) and the thickness between 13.00 – 25.00 mm (which is the special thickness range). Due to suitability of the production and technology of the Company that can produce the thin sheet better, while the production of G Steel mostly puts emphasis on the goods with the thickness more than 2 mm, which is the benefit from the joint marketing planning. So both companies have better production efficiency and benefit from the economies of scale, including reducing the loss from the non-continuous production process that requires producing diverse goods.

In the future the Company has planned on the development of the products of the galvanized and cold-rolled steel, which are value-added and the segment that has high growth and large import. The production line of the Company has been designed to support the expansion of such product production already. Thus, the overlap of the products may have the reduced ratio in the future.

Procurement of Products or Service

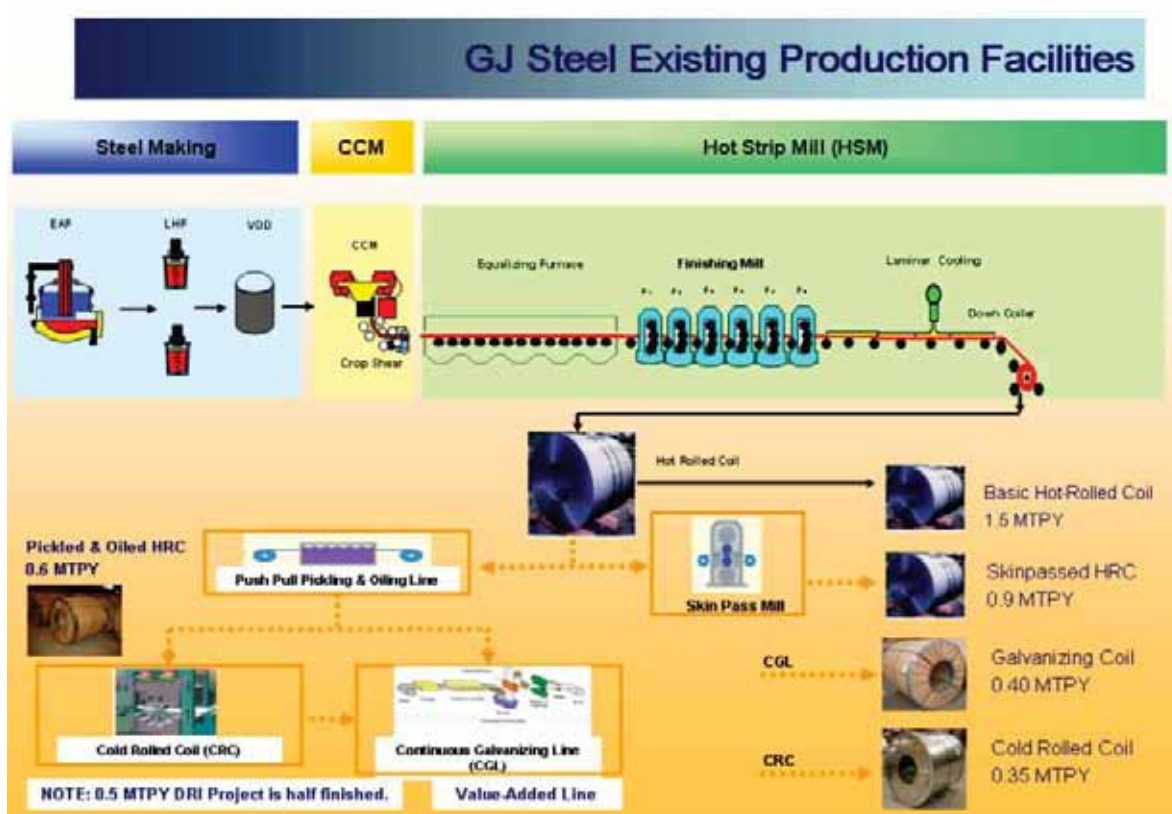
At present the Company has 2 production plants are the hot-rolled steel and related product plant.

The hot-rolled steel plant is a mini-mill, which the construction and the machinery consist of thin slab casting and the hot strip mill continues through the 6 rolling platforms. The raw material for casting and hot roll is sent from the process of smelting raw material by using an electric arc with the conveyor system and heated by the ConSteel[®] process.

For the continuous production plant, the installation of the skin-passed line of the steel surface was completed in the middle of 2004. While the installation of the pickled & oiled line and the acid regeneration to be used in the

process of the pickle has been installed completely and started to produce goods to the market. The Company has designed the production line of the project cold-rolled and galvanized steel already, and has imported the remaining machinery in 2009. The Company has invested in the project cold-rolled and galvanized steel in the initial part of construction of the project by about 50% of the total investment. However, it is expected the installation of this production shall be completed within 18 months after an injection of fresh found.

Procurement of Products or Service



The Company uses the production method of the mini mill instead of the production of the integrated plant. Moreover, the plant of the Company also has the advantage over other small steel plants by using the technology of ConSteel process. It is developed by Intersteel Technology Inc. and the thin slab casting developed by SMS Group. The cast steel goes to the tunnel furnace to the hot-rolled process via the six rollers. Then it goes to the cooling process by using the Laminar cooling and to the coiler later. The method of production that integrates the cast of steel slab and hot roll together called the compact strip production (“CSP”)

The production process that uses the technology on continuous feeding steel scrap and the CSP has been installed in other plants in the USA, Japan and Italy. The advantages of the said technology and the technique as follows:

1. The technology of continuous feeding steel scrap helps to reduce time and energy in the electric arc furnace (“EAF”), due to not opening the smelting lid to receive the steel scrap, so no loss of energy. While conveying the steel scrap to the furnace the steel scrap receives heat vapor from the EAF before being sent to the melting process, that it can maintain constant energy.

The continuous production process benefits the cost of the production of GJS cheaper than other mini mills i.e. cost of smelting, casting and electricity.

2. Development of the thin slab casting technique without too much investment can help to increase the ability on competition in the market of the hot-rolled steel producers.

3. Production of hot-rolled steel by the thin slab casting can reduce the cost significantly. The first is the cost of energy by reducing the loss of energy in the procedure of conveying the thin slab through the tunnel furnace to enter the hot-rolled process directly, while the steel slab still has the temperature at 900-1,000 °C. Another aspect is the size of the thickness that starts rolling from the reduction at the thickness of 50-60 mm instead of starting at the 200-250 mm as in the old method. Also it can help to reduce the cost on the maintenance as well.

4. Continuous production process from the conversion of raw material to hot-rolled steel within less than 4 hours, so no goods left during the production, and then the production process has flexibility and punctuality.

The technology of feeding steel scrap of the continuous and thin slab casting is the modern technology for steel production during the past 25 years.

The production process of the Company after deriving of the hot-rolled steel can be produce continuously by 3 independent stages are:

- 1) Line on adjusting the steel surface condition.
- 2) Line on pickling and oiling.
- 3) Line on galvanization.

Steel Industry Situation in Thailand in 2014

In the statistics of Iron and Steel Institute of Thailand (ISIT) reported the total finished steel products of Thailand in 2014 at 6.79 million tons, is shrunk by 1.2% from 6.87 million tons, compared with the previous year. It is divided into the long steel products of 3.93 million tons and the flat steel products of 2.85 million tons. If considered by the product group found the long steel production decreased by 1.29%, while the flat steel production decreased by 1.08% compared with the same period of the past year.

As for the total import and export of finished steel of Thailand from the Iron and Steel Institute of Thailand found the import of the total finished steel of Thailand was shrunk by 2.88% at 11.89 million tons, compared with the 2013 year. It is divided into the import of long steel products of 3.18 million tons (average 0.26 million tons per month) increased by 8.57% from the past year, while the import of the flat steel products at 8.71 million tons (average 0.72 million tons per month) reduced by 6.48% compared with the previous year. It is due to the domestic industry was affected by the dumping of the hot-rolled steel sheet (non-alloy and boron steel of the coil and plate) imported from overseas in the rapidly increased volume of hot-rolled steel goods (hot-rolled steel sheet with boron, chromium alloy or other elements both coil and plate types). While the Ministry of Commerce has issued an injunction for the remedial measures on the trade by the anti-dumping and safeguard measures to help the domestic industry can compete with the imported goods and can adjust to compete with the imports in the domestic market. As for the total finished steel export of Thailand was at 1.35 million tons, decreased by 3.14% due to the shrinkage of the export in the flat steel market that was reduced up to 8.64% compared with the same period of the past year, but the long steel products were reduced a little at 0.66%.

Situations of Hot-Rolled Steel Industry in 2014

In 2014 the total production, imports, exports and consumption of the hot-rolled steel sheet and plate from the flat steel products from the data statistics of the Iron and Steel Institute of Thailand (ISIT) found the total production of the hot-rolled steel sheet in the country in 2014 was shrunk by 1.1% at 2.85 million tons down from 2.88 million tons of the previous year. It is divided into hot-rolled steel plate shrunk by 19.6% to 0.24 million tons, while the hot-rolled steel sheet expanded by 1.1% at 2.61 million tons, compared with the same period with the 2013 year.

As for the import and export of the hot-rolled sheet of Thailand found the import of the hot-rolled steel decreased by 6.5% at 8.71 million tons (average 0.72 million tons per month), it is divided into the import from the hot-rolled steel plate totaling 0.26 million tons (carbon steel 0.17 million tons, stainless steel 0.018 million tons and alloy steel 0.069 million tons respectively) and the import of hot-rolled sheet totaling 4.19 million tons (carbon steel 1.56 million tons, carbon steel P&O 1.03 million tons, stainless steel 0.30 million tons and alloy steel 1.30 million tons respectively). Meanwhile, the export of the hot-rolled steel at 0.39 million tons down by 8.6% compared with the 2013 year. It is divided into the export of hot-rolled plate totaling 8,000 tons and the hot-rolled sheet totaling 37,000 tons.

Regarding the domestic demand volume for using hot-rolled plate & sheet consumption (excluding the hot-rolled plate of stainless steel type) at 6.97 million tons (average 0.58 million tons per month) was down by 0.55 million tons, or decreased by 7.37% compared with the previous year. In such the number is divided into the domestic production of 2.85 million tons, the import of 4.13 million tons and export of 0.026 million tons.

Trend on Steel Industry in Thailand in 2015

The overall picture of 2015 industry of Thailand expected to have good expansion, the trend on recovery of the economy and world trade volume in 2015 has improved. The Office of Industrial Economics forecast that in 2015 the GDP of industry may expand by 2-3 percent, and the index on the industrial productivity can expand by 3-4 percent. Although the domestic production of finished steel in 2014 adjusted downward by 1.2% at 6.79 million tons due to the political situations that protracted since the end of 2013 up to early 2014 reduced the confidence on the investment of the private sector. Although the political situation started to ease during the middle of the year and there is a government administered the country from during the end of August of 2014, the investment in construction projects of the public sector to stimulate the demand for steel was not as much as it should be.

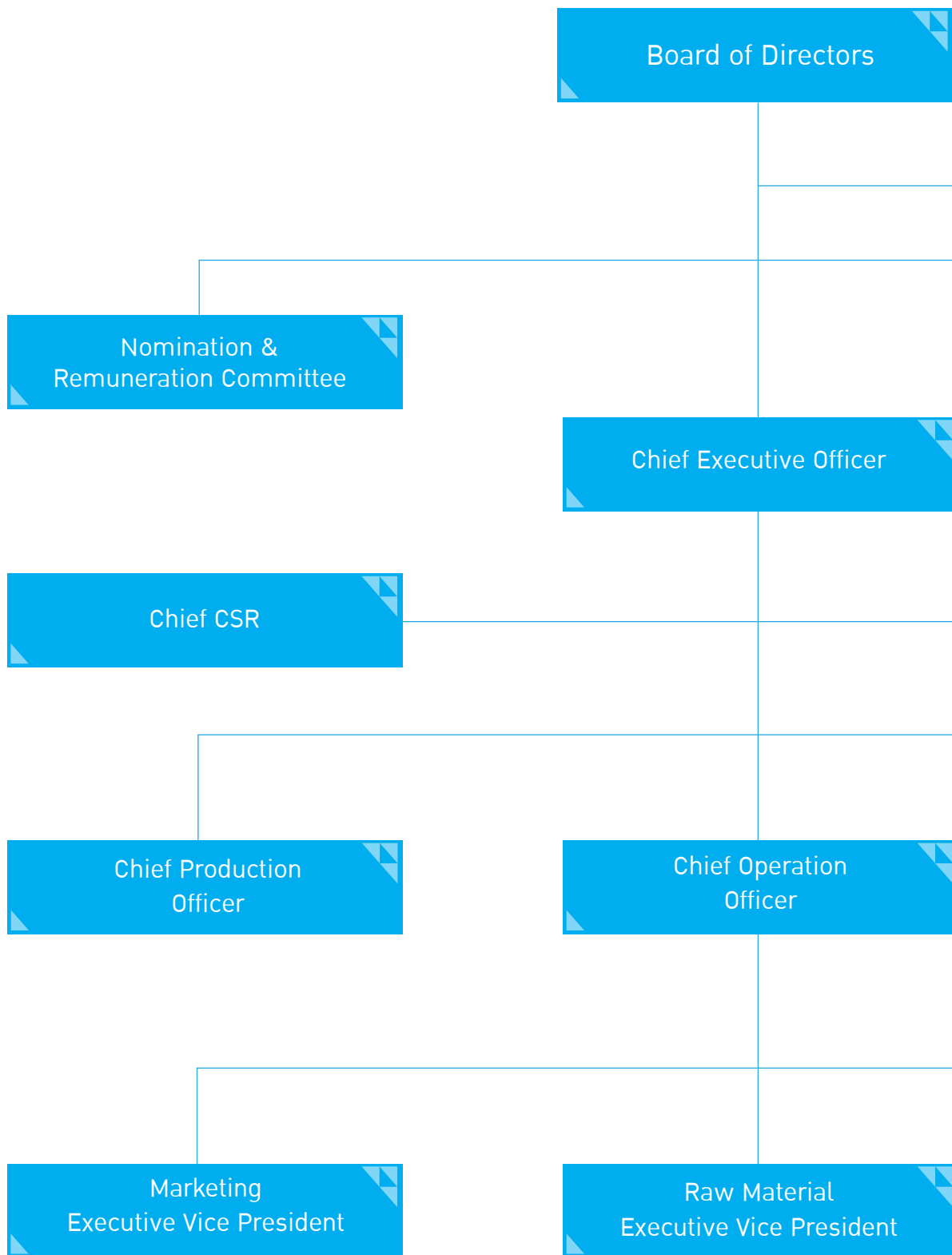
However, the Office of Industrial Economics forecast the steel situation at the end of 2015, the production of finished steel domestically would be stable at about 6.8 million tons. The domestic demand for steel at 0-3% for the flat steel products expected to be adjusted upward by about 2.64 percent. The important factor to drive the demand of steel use higher is the investment in the construction of infrastructures by the public sector, while the construction of the private sector is still slowdown due to the consumers delayed their purchase and investment in the real estate sector.

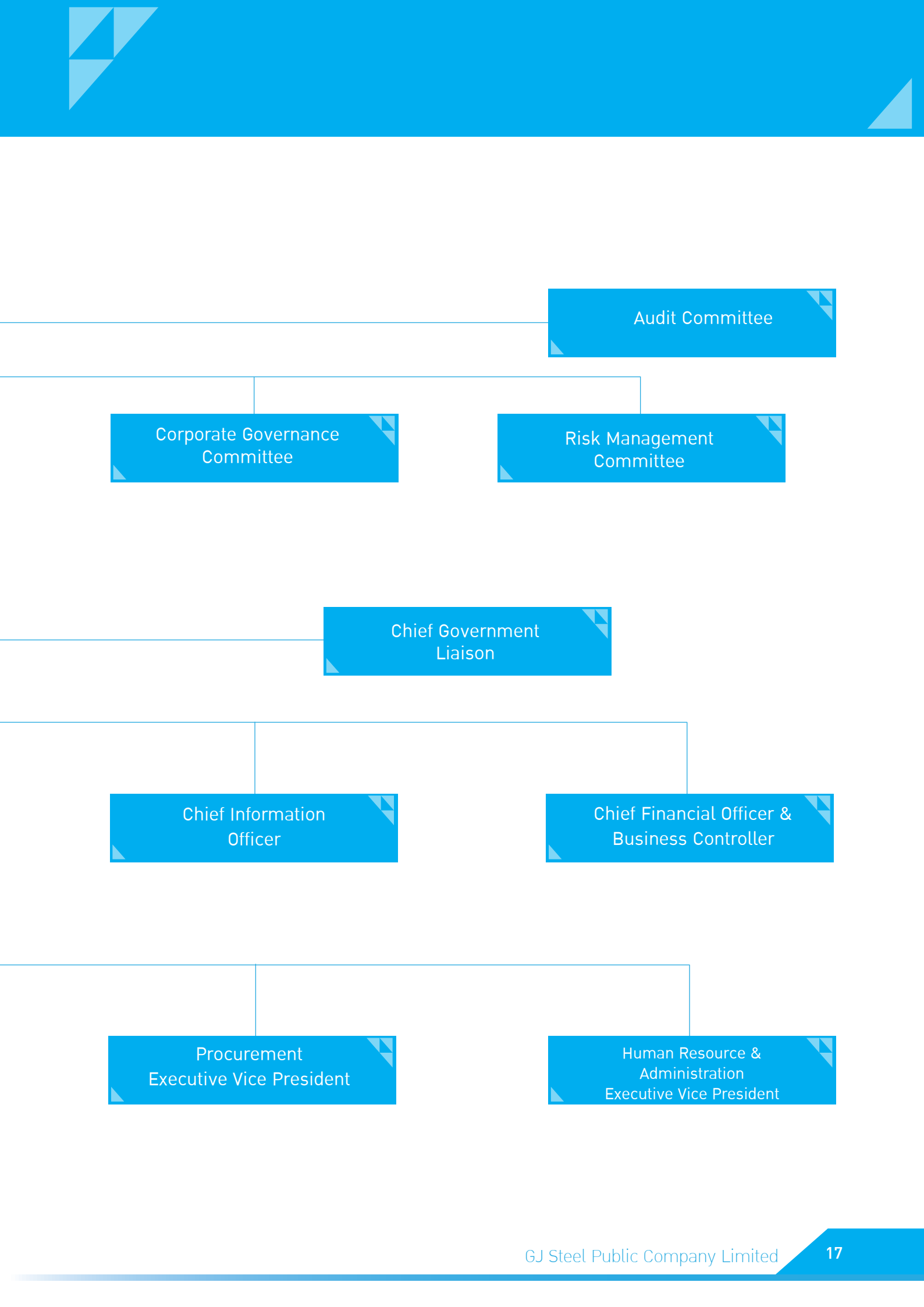
Rules and Regulations of the Government

The anti-dumping countervailing duty still is the important measures by the public sector in the steel industry to use in protecting the domestic manufacturers for fair trade competition for the domestic manufacturers and foreign traders. It can help to protect the import of goods from dumping by the foreign trade partners. However, if the import of the foreign goods is not dumping the market the importers are not affected by such measures. In the past the public sector, by the Ministry of Commerce, has renewed the term of using the countervailing duty against the hot-rolled steel with the origins from Japan, South Africa, Russia, Kazakhstan, India, South Korea, Taiwan, Venezuela, Argentina, Ukraine, Algeria, Indonesia, Slovak and Romania, totaling 14 countries by another five year with effectiveness from May 2009 onwards. And in 2011 it used the countervailing duty against the dumping for the hot-rolled steel sheet with the origins from the Republic of China and Malaysia for five years with the effect from August 2011. Also on December 2012 the public sector used the countervailing duty against the dumping for hot-rolled steel goods with boron having the origin from the Republic of China for five years additionally.

And other than the anti-dumping measures, the measures protecting the increased import are one of the measures with very importance from now due to the importers and exporters have changed their tactics of import. They now turned away from importing the hot-rolled steel sheet (7208) to other hot-rolled steel sheet of other tariffs (7225 or 7226) by adding an element at the minimum volume to change the import tariff. As a result, they could avoid the countervailing duty in existence as well. Thus, the protective measures against the goods increase should be the important factor to help close the loop hole or resolve such the problem.

Organization Chart





Information about the Board of Directors and the Management

(1) The Board of Directors

Name / Position	Age (years)	Relation ship	Education / Training	% of shares	Experience
1. General Lertrat Ratanavanich - Chairman	67	-None -	<ul style="list-style-type: none"> • BSCE, The Citadel, USA • MSCE, Massachusetts Institute of Technology, USA • MSSM, University of Southern California, USA • Honorary Doctorate (Development Administration), Maejo University • Honorary Doctor of Philosophy (Sustainable Energy and Environment Technology and Management), Rajamangala University of Technology Rattanakosin • Honorary Doctor of Philosophy (Public Administration), Eastern Asia University Training <ul style="list-style-type: none"> • Director Certification Program (DCP) (30/2003), The Role of Chairman Program (RCP) (1/2000), Financial for Non-Financial Director (FND) (1/2003), The Role of the Compensation Committee (RCC) (13/2011), Financial Statements for Directors (FSD) (13/2011), The Role of Chairman Program (RCP) (28/2012) Thai Institute of Directors (IOD) 	-None -	<u>G J Steel Public Company Limited</u> 2013-Present Chairman of the Board of Directors <u>G Steel Public Company Limited</u> 2013-Present Chairman of the Board of Directors <u>Others</u> 2014- Present Member of National Reform Council and Constitution Drafting Committee 2013-present Director, MFC Asset Management Public Co., Ltd. 2012-Present Chairman, Thailand Professional Qualification Institute (Public Organization) 2006-Present Honorary Vice President, Amateur Athletics Association of Thailand under the Royal Patronage of H.M. the King 2003-Present Royal Bodyguard 2013-2015 Chairman, Wind Energy Holding Company Limited 2011-2013 Director, PTT Exploration and Production Public Co., Ltd. 2008-2011 Senator and Chairman Energy Standing Committee, Senate of Thailand 2005-2009 Judiciary Supreme Military Court

Name / Position	Age (years)	Relation ship	Education / Training	% of shares	Experience
2. Dr. Somsak Leeswadtrakul - Vice Chairman of the Board of Directors	62	Husband of Khunying Patama Leeswad- trakul	<ul style="list-style-type: none"> ● Wharton-NIDA Executive Leadership Program, University of Pennsylvania ● Leadership Program, Capital Market Academy ● The Program of Senior Executive in Criminal Justice Administration ● Honorary Doctorate (General Administration), Ramkhamhaeng University ● Honorary Doctorate in Administration, Kasetsart University ● Doctor of Philosophy (Musicology), Mahidol University ● MBA, Ramkhamhaeng University ● B. Econ., Ramkhamhaeng University Training <ul style="list-style-type: none"> ● Director Accreditation Program (DAP), Director Certification Program (DCP), The Role of Chairman Program (RCP) and Financial Statements for Directors (FSD) Thai Institute of Directors (IOD) 	-None -	G J Steel Public Company Limited 2009-Present Vice Chairman of the Board of Directors G Steel Public Company Limited 2009-Present Vice Chairman of the Board of Directors 1995-2009 Chairman of the Executive Committee and Chief Executive Officer Others Present -Honorary President, Association of Thai Metal -Advisor, The Federation of Thai Industries -Honorary Chairman, Iron and Steel Institute of Thailand -Director, Thailand Iron Works Public Co., Ltd. -National Institute of Development Administration Council Member -Distinguished Member Ramkhamhaeng University -Council Member, Mahidol University -Council Member, St. Louis College -Investment Policy Governance Committee Member, National Institute of Development And Administration (NIDA) -Audit Committee Member, Ramkhamhaeng University -Advisor, Mahidol University Alumni Association under the Royal Patronage of His Majesty the King -Honorary Advisor, World Vision Foundation of Thailand -Director, Salesian Sisters Foundation of Thailand 1991-1994 -Former Senator

Name / Position	Age (years)	Relation ship	Education / Training	% of shares	Experience
3. Assoc. Prof. Niputh Jitprasonk - Director - Chairman of Audit Committee - Chairman of the Corporate Governance Committee	73	-None -	<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 ● Thailand National Defence College (TNDC.) 377 Training <ul style="list-style-type: none"> ● Director Accreditation Program (DAP) (85/2007) Thai Institute of Directors (IOD) 	-None -	<u>G J Steel Public Company Limited</u> 2009-Present Director and Chairman of Audit Committee 2013-Present Chairman of the Corporate Governance Committee <u>Others</u> 2011-Present Director, AIRA Capital Plc. 2009-Present Consultant, Real Estate Business Program, Thammasat University
4. Assoc. Prof. Sukanya Tantanawat - Director - Audit Committee Member	62	-None -	<ul style="list-style-type: none"> ● Master of Development Economics Nation Institute of Development Administration (NIDA) ● Bachelor of Arts in Economics, Chulalongkorn University 	-None -	<u>G J Steel Public Company Limited</u> 2010-Present Director and Audit Committee Member

Name / Position	Age (years)	Relation ship	Education / Training	% of shares	Experience
5. Mrs. Churairat Panyarachun - Director - Audit Committee Member - Corporate Governance Committee Member - Chairman of Nomination and Remuneration Committee	60	-None -	<ul style="list-style-type: none"> ● Master of Arts Program in Leadership in Society, Business and Politics, Rangsit University ● Master of Science in Economics, Kasetsart University ● Bachelor of Arts in Economics, Kasetsart University ● Graduate Diploma in Management of Public Economy, King Prajadhipok's Institute Training <ul style="list-style-type: none"> ● Director Certificate Program (DCP) (41/2004) Thai Institute of Directors (IOD) 	0.030%	<u>G J Steel Public Company Limited</u> 2013-Present Director, Audit Committee Member, Corporate Governance Committee Member and Chairman of Nomination and Remuneration Committee <u>Others</u> 2005-Present Director, Foundation of Juvenile and Family Court, Nonthaburi Province 2004-Present Associated Judge, Juvenile and Family Court, Nonthaburi Province 2009-2011 President, Thai Asset Management Corporation 2000-2004 President, Sukhumvit Asset management Co., Ltd.
6. Mr. Ryuzo Ogino - Director	71	-None -	<ul style="list-style-type: none"> ● B. Econ., Keio University, Japan 	-None -	<u>G J Steel Public Company Limited</u> 2013-Present Director <u>G Steel Public Company Limited</u> 2005-Present Director 2010-2013 Chief Executive Officer 2004-2009 President <u>Others</u> 2000-2004 Director, Suncall Corporation 1965-2000 Director, Itochu Corporation

Name / Position	Age (years)	Relation ship	Education / Training	% of shares	Experience
7. Mr. Chanathip Trivuth - Director - Nomination and Remuneration Committee Member - Chief Information Officer	51	-None -	<ul style="list-style-type: none"> ● MBA., National Institute of Development Administration (NIDA) ● B. Econ., Thammasat University Training <ul style="list-style-type: none"> ● Director Accreditation Program (DAP) (64/2007) Thai Institute of Directors (IOD) 	-None -	<u>G J Steel Public Company Limited</u> 2014-Present Chief Information Officer 2009-Present Nomination and Remuneration Committee Member 2008-Present Director <u>G Steel Public Company Limited</u> 2014-Present Chief Information Officer <u>Others</u> 2006-Present Director, Asia Metal Public Co., Ltd. 2004-Present Director, Felix River Kwae Resort (Kanchanaburi) Co., Ltd. 2004- Present Managing Director, S.S.P. Place Co., Ltd. 1999-Present Managing Director, Great Siam Steel Work Co., Ltd. 1991-Present Director, Intelligent System Network Limited 2004-2006 Associate Judge , Central Labour Court
8. Mr. William Anthony Gloyne - Director - Corporate Governance Committee Member	64	-None -	<ul style="list-style-type: none"> ● Grammar School Education, England, UK 	-None -	<u>G J Steel Public Company Limited</u> 2013-Present Director and Corporate Governance Committee Member <u>G Steel Public Company Limited</u> 2013-Present Director and Corporate Governance Committee Member <u>Others</u> 2007-2013 Director and Chief Financial Officer, Bangkok Mass Transit System Public Co., Ltd. 1998-2007 Independent Financial Consultant, World Bank Group and Asian Development Bank

Name / Position	Age (years)	Relation ship	Education / Training	% of shares	Experience
9. Mr. Paul Russell Smith - Director - Chief Financial Officer and Business Controller	55	-None -	<ul style="list-style-type: none"> Associate Chartered Accountant (ACA), Victoria University New Zealand Bachelor of Commerce and Administration (BCA), Major in Accounting and Commercial Law, Victoria University, New Zealand 	-None -	<u>G J Steel Public Company Limited</u> 2014-Present Chief Financial Officer and Business Controller 2013-Present Director <u>G Steel Public Company Limited</u> 2014-Present Chief Financial Officer and Business Controller 2013-Present Director <u>Others</u> 2012-2013 Managing Director, Head: Debt Products, Investment Banking, South East Asia, Standard Merchant Bank (Asia) Limited, Singapore 2006-2012 Managing Director, Head of Structured Solutions, Asia, Standard Bank PLC, Hong Kong Branch, Hong Kong
10. Mr. Sittisak Leeswadtrakul - Director - Chief Operation Officer - Executive Vice President Marketing	36	Son of Dr. Somsak Leeswadtrakul	<ul style="list-style-type: none"> Master of Business Administration Program in Business Modeling and Analysis (International Program), Mahidol University Bachelor of Science (General Engineering), Queen Mary University (London) Executive Certificate in Strategy – Building and Sustaining Competitive Advantage, Harvard University, USA Executive Certificate in Management and Leadership, Massachusetts Institute of Technology, Cambridge, USA <u>Training</u> <ul style="list-style-type: none"> Director Certification Program (DCP 163/2555) Thai Institute of Directors (IOD) 	-None -	<u>G J Steel Public Company Limited</u> 2014-Present Chief Operation Officer and Executive Vice President Marketing 2011-Present Director <u>G Steel Public Company Limited</u> 2014-Present Director, Chief Operation Officer and Executive Vice President Marketing <u>Others</u> 2008-2011 Senior officer, steel division Mitsui & Co. (Thailand) Ltd. 2006-2008 Business Assistant, steel division Mitsui & Co. Europe PLC

Name / Position	Age (years)	Relation ship	Education / Training	% of shares	Experience
11. Ms. Soontareeya Wongsirikul - Director - Deputy Chief Financial Officer	47	-None -	<ul style="list-style-type: none"> • Master of Business Administration (Finance), Sasin Graduate Institute of Business Administration, Chulalongkorn University (Scholarship student of Bank of Asia Public Co., Ltd.) • Master of Science (Biotechnology), Chulalongkorn University • Bachelor of Science (Biotechnology), King Mongkut's Institute of Technology Ladkrabang 	-None -	<p><u>G J Steel Public Company Limited</u></p> <p>Present Director and Deputy Chief Financial Officer</p> <p><u>G Steel Public Company Limited</u></p> <p>Present Director and Deputy Chief Financial Officer</p> <p><u>Others</u></p> <p>2012-2014 Intermediate Business Referrer for Thailand Market, Bank of Singapore (a Private Banking of OCBC group)</p> <p>2010-2012 Head of Corporate Banking, Oversea-Chinese Banking Corporation Ltd., Bangkok Branch</p> <p>2006-2010 Vice President - Commercial Banking, (Large Local Corporate Customers), Hongkong and Shanghai Banking Corporation Ltd., Bangkok Branch</p> <p>2005-2006 Vice President - Corporate Banking, CIMB Thai Bank Public Co., Ltd.</p> <p>1996-2005 Assistance Vice President - Corporate Banking, United Overseas Bank (Thai) Public Co., Ltd. (Bank of Asia Public Co., Ltd.)</p>

(2) The Management

Name / Position	Age (years)	Relation ship	Education / Training	% of shares	Experience
1. Mr. Michael Richard Loeffler - Chief Executive Officer	55	-None -	<ul style="list-style-type: none"> Ludwig Maximilian University, München, German 	-None -	<u>G J Steel Public Company Limited</u> 2013-Present Chief Executive Officer <u>G Steel Public Company Limited</u> 2013-Present Chief Executive Officer <u>Others</u> 2011-2013 CFO Downstream Center Golden Agri-Resources / Golden Agri International, Singapore 2009-2011 Head of Distribution and Bank Relationship Management Asia. Cargill TSF Asia Pte Ltd. 2008-2009 Director, Cargill TSF Asia Pte Ltd.
2. Mr. Somchai Leeswadtrakul - Chief Government Liaison	53	Brother of Dr. Somsak Leeswadtrakul	<ul style="list-style-type: none"> M.A. in Political Science, Ramkhamhaeng University BAA., Northrop University, USA Business course, Columbus Business University, USA The Real Estate Executive Association of Chulalongkorn University Chief Executive of justice College of Justice Judicial training Institute Office of the Judiciary 	-None -	<u>G J Steel Public Company Limited</u> 2013-Present Chief Government Liaison <u>G Steel Public Company Limited</u> 2013-Present Chief Government Liaison <u>Others</u> Present Chairman of the Executive Committee, Sukhumvit Inter Development Co., Ltd. <u>Experience</u> -President, Siam Power Generation Co., Ltd. -Vice President, Pacific Ocean Shipping Co., Ltd. -Executive Director, Siam Property Service Co., Ltd. -Executive Director, S.S.P. Place Co., Ltd.

Name / Position	Age (years)	Relation ship	Education / Training	% of shares	Experience
3. Mr. Nopakao Srisuvannda - Chief Production Officer	56	-None -	<ul style="list-style-type: none"> Bachelor of Engineering, (Metallurgy) Chulalongkorn University 	-None -	<u>G J Steel Public Company Limited</u> 2014-Present Chief Production Officer <u>G Steel Public Company Limited</u> 2014-Present Chief Production Officer 2012-2013 Production Senior Executive Vice President 2006-2012 Senior Vice President Operation 2002-2006 Vice President Operation

Management Structure

The Company's Management Structure comprises the Board of Directors and 4 committees namely Audit Committee, Nomination and Remuneration Committee, Corporate Governance Committee and Risk Management Committee. Each committee's scope of authorities and responsibilities are as follows;

Board of Directors

Definition

• Non-Executive Director

Non-Executive Director means outside directors who are not the Company's executives or employees, nor executive directors, nor authorized signatory directors.

• Executive Director

Executive Director mean directors who are involved in routine operation and management as well as are authorized signatory directors.

Currently, the Company's Board of Directors comprises 11 persons with are Chairman of Independent Director, Non-Executive Director and Independent Director 5 persons and Executive Director 6 persons as follows :

	Name	Position
1.	General Lertrat Ratanavanich	Chairman / Independent Director
2.	Dr. Somsak Leeswadtrakul	Director / Vice Chairman
3.	Assoc. Prof. Niputh Jitprasonk	Independent Director / Chairman of the Audit Committee
4.	Assoc. Prof. Sukanya Tantanawat	Independent Director / Audit Committee Member
5.	Mrs. Churairat Panyarachun	Independent Director / Audit Committee Member
6.	Mr. Chanathip Trivuth	Director
7.	Mr. Ryuzo Ogino	Director
8.	Mr. William Anthony Gloyne	Director
9.	Mr. Paul Russell Smith	Director
10.	Mr. Sittisak Leeswadtrakul	Director
11.	Ms. Soontareeya Wongsirikul	Director

At present , Authorized signatory directors on the Company's behalf are "Mr. Chanathip Trivuth or Mr. Sittisak Leeswadtrakul or Mr. Paul Russell Smith or Mr. Ryuzo Ogino or Ms. Soontareeya Wongsirikul, any 2 of these 5 directors can co-sign with the Company seal affixed. "

The Roles and Responsibilities of the Board of Directors

The Company's board of directors has the power and duty in managing the company to comply with the objective, bylaws and resolutions of the shareholders' meeting. However, the board cannot approve or consider anything except by approval of the majority vote of the attending directors of the board meeting on the following matters:

1. Investment on the equity or purchasing of the property of other business not in the case of buying or transferring the business of other companies or a private company to the Company.
2. Signing a joint investment with a partnership or other matters with other people with the objective to share the profit and loss.
3. Acquisition, disposal and transfer or permission to exercise the right or transferred right in the process, trademark, trade name, trade secret or other intellectual property in the same format of other people, not the normal trade.
4. Approval of the annual budget and expenditures of the Company.
5. Approval of construction of a new steel plant.
6. Lending/borrowing for other benefits, not the working capital with the amount not exceeding one hundred million US dollars (USD 100,000,000) or the equivalent in the baht currency.
7. Signing the contract with the term of one (1) year and up, or not the normal trade.
8. Execution of the right on the persons involved under the management agreement or the management advisory and technical assistance agreement.

However, in the case of any implementation on any matter that any directors or possible vested interests according to the notification of the Security and Exchange Commission (SEC) and/or the SET as stakeholders or conflict of interests, and the Company has designated it, so that director has no power to approve that matter. However, it is only for the overall benefit of the Company or the shareholders as priority.

• Independent Director

Independent director means director that have specifications as follows;

1. Hold not exceeding 0.5% of the total voting shares of the Company, its subsidiaries or affiliates nor being a major shareholder, nor having any control power. The voting shares also include the shares held by their related persons (under Section 258 of Securities and Exchange Commission Act)
2. Never be or used to be Director who participates in management, nor being employee, staff, advisor in the payroll, or person who is authorized to control the Company, subsidiaries or affiliate companies, nor having benefit or gain or loss, except that person has been no longer in such positions for at least 3 years.
3. Not being person who has descending relationship, or legally register as father, mother, spouse, relative, or child, or the child born from the spouse of executive, major shareholder, authorized controller, or person who is nominated to be executive or authorized person controlling the Company or subsidiaries.

4. Not being person who has, or used to have, business relationship with the Company, subsidiaries, affiliate companies, major shareholder, or authorized controller, by offering professional and trade service, according to SET requirement on connected transaction, except that he has no longer had such relation for at least 3 years.

5. Not be nor used to be auditor of the Company, subsidiaries, affiliate companies, major shareholder, or authorized controller, and not being shareholder.

6. Never been appointed as representative of the Company's director, major shareholder, or shareholder who is connected with major shareholders.

7. Not be in any other position that cannot offer independent views.

8. Be capable in protecting all shareholders' benefits equally and supervising so as for any conflict of interest between the Company and related persons to be prohibited, and able to attend the meetings of the Board of Directors whereby a decision on significant issues are made.

Furthermore, this definition of independent directors has been revised so as to be more strict than that defined by SEC.

Criteria in selecting independent director

The Company selects independent directors taking into account the knowledge, experience, good understanding in related businesses, vision, as well as sufficient time to perform duty, also with the qualities as stated in the concerned government agencies' announcements, regulations and rules. The Company would invite qualified persons to be its independent directors. The Company also considers whether the aforementioned independent directors are able to exercise their knowledge and capability as well as to provide opinions that are useful and appropriate to support the Company's business operation.

The Board of Directors comprises the Chairman who is an Independent Director, Non-Executive Director and Independent Director 5 persons and Executive Director 6 persons. The number of 11 persons of the Board of Directors is supposed to be appropriate, as well as the composition of 55% executive directors, all are knowledgeable and can provide in-depth comment in regards to steel industry as well as formulate strategic business plan, while non-executive and independent directors accounting for 45%, have good knowledge and understanding of the overall industrial sector, finance and banking, asset management, auditing, law, and others, so as to encourage creative opinion expression in the Board of Directors' meetings. The Board of Directors shall make decision for the best benefits of the Company.

During 2014 up to the present time there has been a change in the directors and revision of the power of the directors.

❖ One director is Mr. Paniti Junhasavasdikul submitted a letter of resignation director to the Company with effect from 6 March 2015 and the Board of Directors Meeting No. 2/2015 on 20 March 2015 resolved to appoint Ms. Soontareeya Wongsirikul to replace the resigned directors.

And revise the authorized directors as follows;

“Mr. Chanathip Trivuth or Mr. Sittisak Leeswadtrakul or Mr. Paul Russell Smith or Mr. Ryuzo Ogino or Mrs. Soontareeya Wongsirikul, any 2 of these 5 director can co-sign with the Company seal affixed. ”

Audit Committee

Definition

• Audit Committee

Audit Committee members mean persons appointed by the Board of Directors or the Company's shareholders. The Audit Committee members must be independent directors and not to be directors assigned by the Board of Directors to make decision on business operations of the Company, parent companies, subsidiaries, joint venture, similar subsidiaries, or any juristic persons that may have conflict of interest. They must be neither the director of parent companies, subsidiaries, joint venture, or similar subsidiaries. They must have qualifications and responsibilities as announced by the SEC and as per the SET regulations on the qualifications and work scope of audit committee. They must also have sufficient knowledge and experience to review the reliability of the financial statements and perform other duties in the capacity as Audit Committee members.

The Board of Directors considered that all the Audit Committee members are qualified according to the Company's definition and comply with the SEC and SET regulations. The Audit Committee meeting also considered that Assoc. Prof. Niputh Jitprasonk has good knowledge and expertise in accounting and finance, as well as long experience in auditing which is adequate to review the reliability of the financial statements. Therefore, he was appointed as the Chairman of the Audit Committee, the biography of whom has been disclosed in the Audit Committee member's certificate of biography submitted to SET in 2008 according to the new regulations.

Currently, the Audit Committee comprised the following 3 members with 3 years term:

	Name	Position
1.	Assoc. Prof. Niputh Jitprasonk	Chairman of the Audit Committee
2.	Assoc. Prof. Sukanya Tantanawat	Audit Committee Member
3.	Mrs. Churairat Panyarachun	Audit Committee Member

Responsibilities 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 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 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 as well as their remuneration, and to attend the meeting with the external auditors without the Management at least once a year.
5. To consider any related transactions or 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 in relations to accuracy, sufficiency and reliability of the Company's financial report.
- (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 (Charter).
- (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 agreed by the Audit Committee.

8. To be accountable to the Board of Directors as per roles and responsibilities entrusted and shall report to it the performance, recommendations and findings at least twice a year.

In any case where any Audit Committee member or parties with possible conflict of interest, have 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 shareholders' meeting for consideration and approval in compliance with related law and regulations.

Nomination and Remuneration Committee

Definition

• Nomination and Remuneration Committee

Nomination and Remuneration Committee Member means a person appointed by the Board of Directors as a member of the Nomination and Remuneration Committee. For the transparency and independence in performance of duties, the Chairman of the Nomination and Remuneration Committee shall be an independent director and no less than two-thirds of total number of the committee members shall be the independent directors. In addition, the committee member shall have sufficient knowledge and experience to nominate directors and senior executives of the Company and to conduct other duties as the nomination and remuneration committee member, provided that the qualifications of the committee member shall be prescribed by the Company and in accordance with the corporate governance principles prescribed by Stock Exchange of Thailand.

Currently, the Nomination and Remuneration Committee comprises 2 members with 3 years term as follows:

	Name	Position
1.	Mrs. Churairat Panyarachun	Chairman of the Nomination and Remuneration Committee
2.	Mr. Chanathip Trivuth	Nomination and Remuneration Committee Member

Responsibilities of the Nomination and Remuneration Committee

1. To formulate criteria and policy in nominating directors, members of different committees and the Chief Executive Officer.
2. To consider and nominate appropriate persons to be appointed as directors, and members of different committees as well as the Chief Executive Officer for approval by the Board of Directors and/or Shareholders' Meeting.
3. To stipulate all rules and policies on remunerations for the Board of Directors, committees and Chief Executive Officer for approval by the Board of Directors and/or, as the case may be, the Shareholders' Meeting.
4. To set necessary and appropriate annual remunerations for the Board of Directors, committees and the Chief Executive Officer.
5. To report to the Board of Directors the Nomination and Remuneration Committee meeting results or other matters the Board of Directors should be informed.

Corporate Governance Committee

Definition

• Corporate Governance Committee

A corporate governance committee member means a person appointed by the Board of Directors as a member of the Corporate Governance Committee. The Chairman of the Corporate Governance Committee shall be an independent director and have sufficient knowledge in relation to the compliance with the corporate governance principles for the purpose of the compliance with the corporate governance principles prescribed by the Stock Exchange of Thailand.

Currently, the Corporate Governance Committee comprises 3 members with 3 years term as follows:

	Name	Position
1.	Assoc. Prof. Niputh Jitprasonk	Chairman of Corporate Governance Committee
2.	Mrs. Churairat Panyarachun	Corporate Governance Committee
3.	Mr. William Anthony Gloyne	Corporate Governance Committee

Responsibilities of the Corporate Governance Committee

1. Propose and review the policy on the good governance of the company to the Board of Directors.
2. Develop and review the process or guidelines on good governance to present or recommend to the Board of Directors.

3. Follow up and monitor the operations of the management to comply with the policies and guidelines on good governance of the company approved by the Board of Directors.

4. Perform other duties as the Board of Directors assigns related to the good governance.

5. Report on the operations about the supervision of the Company to the Board of Directors.

Risk Management Committee

Definition

• Risk Management Committee

The Company's Risk Management Committee means the group of persons appointed by the Company's Board of Directors to review system and evaluate effectiveness of risk management, and to report how the risk goes on as well as risk management method to the Audit Committee in specified duration so as for maximizing the benefit to the Company.

Currently, the Risk Management Committee comprises 12 members and 1 consultant as follows;

	Name	Position
1.	Assoc. Prof. Sukunya Tantanawat	Chairman of Risk Management Committee
2.	Mr.Chanathip Trivuth	Member of Risk Management Committee
3.	Ms. Pannee Tanaprateepkul	Member of Risk Management Committee
4.	Mr. Chaimongkol Boonchanaphun	Member of Risk Management Committee
5.	Mr. Wasan Chitsuk	Member of Risk Management Committee
6.	Mr. Tanongsak Bhumina	Member of Risk Management Committee
7.	Mr. Sathaporn Varongchayakul	Member of Risk Management Committee
8.	Mr. Surapong Tanapongpitaya	Member of Risk Management Committee
9.	Ms. Jurai Chailertdilokkul	Member of Risk Management Committee
10.	Mrs. Kwanjai Kasamlonnappa	Member of Risk Management Committee
11.	Mr. Kittinai Pora	Member of Risk Management Committee
12.	Mr. Pasakorn Pongsangiam	Member of Risk Management Committee
13.	Asst. Prof. Dr. Narumon Saardchom	Consultant

Responsibilities of the Risk Management Committee

1. To set risk management policy that can be applied to all the organization.

2. To review and assess the effectiveness of the risk management at least 4 times a year and every period that the risk level changes, including paying attention and monitor risk warning signs as well as irregular items.

3. To report to the Internal Audit Committee any risk progress and risk management measures within the provided period for the best benefits of the Company.

Management Team

The current management team of the Company is as follows;

	Name	Position
1.	Mr. Michael Richard Loeffler	Chief Executive Officer
2.	Khunying Patama Leeswadtrakul	Chief CSR
3.	Mr. Somchai Leeswadtrakul	Chief Government Liaison
4.	Mr. Nopakao Srisuvannda	Chief Production Officer
5.	Mr. Chanathip Trivuth	Chief Information Officer
6.	Mr. Sittisak Leeswadtrakul	Chief Operation Officer
7.	Mr. Paul Russell Smith	Chief Financial Officer and Business Controller

Responsibilities of the Chief Executive Officer

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 preset objectives and within the policy, business plan and budget plan approved by the Board of Directors.

3. To approve an execution or payment according to the Company's authorization regulations or 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 as well as appropriate remuneration. For the positions equivalent to Senior Vice President or higher to report to the Board of Directors, while for the positions equivalent to the Internal Audit Department executives, the proceeding 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, sales 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 to be executed as per the Company's policies.

7. To appoint advisors in various aspects 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 Board of Directors.

10. To perform other works assigned by the Board of Directors.

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

The Selection of Directors, Chief Executive Officer and Executives

(1) The selection of the Directors and Chief Executive Officer

When the position of Company's directors or Chief Executive Officer are vacant, the Nomination and Remuneration Committee are responsible for selecting and nominating the persons to take these positions. The Nomination and Remuneration Committee shall consider person with knowledge, capability, experience with specialization that are crucial and essential to the Company's operation. The Nomination and Remuneration Committee shall consider the following qualifications:

1. Qualification as per Clause 68 of the Public Limited Company Act B.E. 2535, and announcement or rules and regulations of the Stock Exchange of Thailand and the Securities and Exchange Commission (SEC) and the Company's regulations.

2. The candidates' knowledge, capability, experience and specializations that would contribute to the Company's operational efficiency.

3. The candidates' qualifications shall support good corporate governance practices, such as ethics, independence, assertiveness, creativity, carefulness and integrity as well as ability to dedicate their time for the Company.

(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 Shareholder's Meeting and by majority vote of the shareholders present at the 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 person as directors but cannot separate votes for any person(s).

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.

In addition, in selecting new director to replace a position vacant due to other reasons than end of term according to the law shall be approved by the Board of Directors' meeting and thus with no less than two-thirds of the votes of the remaining directors. The new director who replace the vacant position shall be in the position for the remaining term of the vacant position.

In case directors resign, the Company's regulations allow the Board of Directors to appoint new directors as replacement.

(3) The selection of the Management

The Chief Executive Officer is authorized to nomination and appoint persons with appropriate qualifications in terms of education, knowledge, capability and business experience. The selection shall follow the Company's rules related to human resources management. For position equivalent to Senior Vice President or higher, the appointment of the person shall be reported to the Board of Directors for acknowledgement, while an appointment of positions equivalent to the Internal Audit Department executives shall be made with the Audit Committee's discretion.

Company Secretary

The Board of Directors Meeting No. 2/2015 held on 20 March 2015 appointed Ms. Pannee Tanaprateepkul to perform the duties of Company Secretary on giving the advices regarding laws and regulations which the Board of Directors shall be aware, to monitor the Board of Directors' conduct as well as to coordinate and follow up the execution to be according to the Board of Directors' resolution.

Responsibilities of the Company Secretary

1. To give basic advice to the Board of Directors on related laws, regulations and provisions of the Company in accordance with the good corporate governance practices, as well as follow up and monitor the compliance to be accurate and consistent.
2. To arrange meetings of the Board of Directors, committees and shareholders in accordance with the applicable laws, the Company's regulations and practices, as well as complying with the good corporate governance policy of the Company and SET.
3. To monitor the disclosing of data and information to the responsible government agencies according to the regulations and requirements of related organizations, including communicating with shareholders and take care of them appropriately.
4. To provide and keep the following documents
 - (a) Directors' Record
 - (b) Invitation letters and minutes of the Board of Directors meetings, as well as the Company's annual report.
 - (c) Invitation letters to shareholders for the meeting and the minutes.
5. To keep the conflict of interest report provided by directors or executives.
6. To support the Board of Directors' task as assigned.
7. To operate other tasks as specified by the SET's Capital Market Supervisory Board

Compensation for the Board of Directors and the Management

As for 2014, the remuneration committee meeting has considered the suitability with the burden, duty and responsibility assigned and compared with the compensation of the directors in the listed companies in the similar industry and business for the compensation. Including considering the overall operation results, business environment, so it resolved to set up the remuneration for the directors 2014 in the same rates as the year 2013 with details on it as follows:

- **Table of the Compensation for the Board of Directors in 2014**

Title	Position Remuneration (Baht/Month)	Monthly Remuneration (Baht/Month)	Meeting Allowance (Baht/Time)
Chairman of the Board of Directors	100,000	-	6,250
Director	-	20,000	5,000
Executive Director	-	-	-
Chairman of the Audit Committee	60,000	-	6,250
Audit Committee Member	-	20,000	5,000
Chairman of the Nomination and Remuneration Committee	-	-	6,250
Nomination and Remuneration Committee Member	-	-	5,000
Chairman of the Corporate Governance Committee	-	-	6,250
Corporate Governance Committee Member	-	-	5,000

Remark: The directors who the title of the management or employment in the company and have received the compensation in the form of salary do not qualify for the gratuity and The meeting allowance

● The compensation for the directors classified by individual for 2014

Name of the Directors	Remuneration for director (Baht)	Meeting Allowance (Baht)				Total Monetary Remuneration (Baht)
		Board of Directors	Executive Committee	Audit Committee	Nomination and Remuneration Committee	
1. General Lertrat Ratanavanich	1,100,000	37,500	-	-	-	1,137,500
2. Dr. Somsak Leeswadtrakul *	-	-	-	-	-	-
3. Assoc. Prof. Niputh Jitprasonk	720,000	35,000	-	37,500	-	792,500
4 Assoc. Prof. Sukanya Tantanawat	240,000	35,000	-	30,000	-	305,000
5. Mrs. Churairat Panyarachun	240,000	35,000	-	30,000	6,250	311,250
6. Mr. Ryuzo Ogino*	-	-	-	-	-	-
7. Mr. Chanathip Trivuth *	-	-	-	-	-	-
8. Mr. William Anthony Gloyne *	-	-	-	-	-	-
9. Mr. Paul Russell Smith*	-	-	-	-	-	-
10. Mr. Sittisak Leeswadtrakul *	-	-	-	-	-	-
11. Ms. Soontareeya Wongsirikul **	-	-	-	-	-	-
Total	2,300,000	142,500	-	97,5000	6,250	<u>2,546,250</u>

Remark: * They are directors who hold the title of the management or employee in the company and have received compensation in the form of salary, so not granted the remuneration and the meeting allowance.

** Appointed as a director in the Board of Directors Meeting No. 2/2015 held on 20 March 2015

Personnel

Number of Personnel

On 31 December 2014 the company had the total of 653 employees, with the number of employees in each division as follows:

Division	Number of Employees
The Management	54
Personnel & General Administration	29
Accounting, Finance, Purchasing and Inventory	66
Sales and Marketing	6
Information for Management	8
Production, Planning and Transport	174
Technical and Product Development	36
Engineering and Maintenance	251
Vocational Health, Safety and the Environment	6
Internal Audit	1
Continuous Production	22
Total	653

Personnel Compensation

As of 31 December 2014 the company has paid entire compensation to its employees according to the following details:

Compensation	Amount (Million Baht)
Salary	279
Fringe Benefit	95
Contribution to the Provident Fund	16
Total	390

Shareholding of the Board of Directors and the Management

The Company's Secretary notified the Board of Directors and executives of the Notification of Securities and Exchange Commission (SEC) stipulating that the Company's directors and executives shall be liable to report the asset possession of them, spouses, including underage children to SEC within 30 days from the date of electing to be director and executive. Whenever such asset possession changes, it must be reported to SEC within 3 working days. Currently, there were changes in the assets possession of the Company's directors and executives, as follows:

Changes in Shareholding of the Board of Directors

Name	Shareholding (shares) : Par value 0.69 Baht		
	As of 31 Dec. 2014	As of 31 Dec. 2013	Increase/(Decrease)
1. General Lertrat Ratanavanich	-	-	-
2. Dr. Somsak Leeswadtrakul	-	-	-
3. Assoc. Prof. Niputh Jitprasonk	-	-	-
4. Assoc. Prof. Sukanya Tantanawat	-	-	-
5. Mrs. Churairat Panyarachun	32,000,000	32,000,000	-
6. Mr. Chanathip Trivuth	-	-	-
7. Mr. Ryuzo Ogino	-	-	-
8. Mr. William Anthony Gloyne	-	-	-
9. Mr. Paul Russell Smith	-	-	-
10. Mr. Sittisak Leeswadtrakul	-	-	-
11. Ms. Soontareeya Wongsirikul	-	-	-

Change in Shareholding of the Management

Name	Shareholding (shares) : Par value 0.69 Baht		
	As of 31 Dec. 2014	As of 31 Dec. 2013	Increase/(Decrease)
1. Mr. Michael Richard Loeffler	-	-	-
2. Mr. Somchai Leeswadtrakul	-	-	-
3. Mr. Nopakao Srisuvannda	-	-	-

Policy on Good Corporate Governance

• The Company's Board of Directors is committed to directing the business in compliance with the good corporate governance which is beneficial and important to promote efficiency and transparency of the Company's operation, helping increase competitive advantages, and add long-term value to the shareholders. The Board of Directors and the Management have formulated good corporate governance practice and made them the Company's policy in writing. The Board of Directors approved the policy the essences of which are as follows:

1. Respecting shareholders' right including allowing them to propose agenda in advance for the shareholders' meeting, and nominating in advance persons to be elected as directors, etc., the Company shall not take any action which may infringe or limit the rights of shareholders.

2. Equitably and fairly treating all shareholders, investors, stakeholders and related parties.

3. Accurately, adequately, equitably, and timely disclosing information to shareholders, investors, stakeholders and related parties through appropriate channels, including website, to enable shareholders and related parties to have easy access to the information.

4. Performing its duties and responsibility in supervising and directing the operations of the Company with integrity, ethics and prudence to achieve the Company's goal and for the best benefits of the Company and its shareholders, as well as preventing conflict of interest.

5. Managing the Company with transparency under sufficient internal control and audit system.

6. Controlling and managing risks at the appropriate level.

7. Operating the Company with integrity and in compliance with laws and business ethics.

The Committees

Structure of the Board of Directors

• The Board of Directors consists of 11 directors with diverse qualifications on skills, experience and specialization that are beneficial to the Company. It includes the dedication of time and effort in the performance of duty. It is complemented to have a strong board, and there are appointments of the committees to relieve the burden/duty and ad hoc committees with the details appear in the heading on the structure of management.

• The Board of Directors considers the management that has transparency and accountability as priority. Thus, the chairman of the company is an outside director, and not the same one with the executives or CEO. Meanwhile, the Board has approved the definition of the outside directors to be stricter than required by the SEC, such as the independent directors can hold shares by no more than 0.5 percent, which is more than the requirement by the SEC.

• In the process of recruitment of the directors, the directors have designated the formal methodology based on the principle of transparency, free from the influence of the management or the shareholders with the control power. That is the recruitment committee shall recruit the directors by selecting the suitable persons considering from the qualification, capability, experiences, etc. to coincide with the missions/duties of the directors and/or committee

members in the various committees. After the suitable selection of the directors, so it is presented to the Board of Directors for approval/appointment of the directorship.

- The Board has arranged to reveal the names of the directors and its committees on the name, title, age, education background, ratio of shareholding, working experience and relations with the management in the various channels, including in the annual report and the company's website.

Executive Committee

In the past year, the Executive Committee performed its duties in managing the Company's operations in reviewing the Policies, Business Plan, Investment Plan, and Annual Budget Plan, to submit to the Board of Directors for approval. The Executive Committee would be monitoring, supervising and controlling the execution to achieve the goals of such plans approved or assigned by the Board of Directors, and reporting the quarterly and annual business performances to the Board of Directors.

Audit Committee

In 2014, the Audit Committee performed its duties in reviewing the financial statements of the Company and its subsidiaries, auditing the internal control report submitted every month by the Internal Audit Department, as well as meeting with independent auditors to discuss various matters. The Audit Committee Chairman not only reported the Board of Directors the summary of significant issues for acknowledgment and consideration by including such issues in the meeting agenda, but also provided its opinion in the Audit Committee Report as published in the annual report.

In 2014, the Audit Committee convened 6 times, the meeting attendance of each member of the Audit Committee is as follows;

No.	Audit Committee	Attendance / No. of meetings
1.	Assoc. Prof. Niputh Jitprasonk	6 / 6
2.	Assoc. Prof. Sukanya Tantanawat	6 / 6
3.	Mrs. Churairat Panyarachun	6 / 6

Nomination and Remuneration Committee

For the 3 directors retiring at the end of their terms in the year 2014, the Nomination and Remuneration Committee had considered their qualifications, knowledge, capability, experience and good performance in the Company's business, and ethics, to be proposed to the Board of Directors' meeting to reelect the 3 retiring directors to serve for another term, namely; Assoc. Prof. Sukanya Tantanawat, Mrs. Churairat Panyarachun and Mr. Paniti Junhasavasdikul and approved by the Annual General Meeting of the Shareholders for the year 2014.

And performed its duties in setting remunerations for directors who are not the Company's executives nor employees for the year 2014 by considering their duties, scope of responsibilities, compared with the remunerations paid to directors of the listed companies in SET of the same size and industry, as well as considering the Company's business profits, business surroundings and the overall economy. The remunerations mentioned were submitted to the Board of Directors and the Annual General Meeting of the Shareholders for the year 2014 for approval.

In 2014 the Nomination and Remuneration Committee held one meeting and all committee members attended such meeting in unison.

No.	Nomination and Remuneration Committee	Attendance / No. of meetings
1.	Mrs. Churairat Panyarachun	1 / 1
2.	Mr. Chanathip Trivuth	1 / 1

Risk Management Committee

In 2014, the Company appointed the Risk Management Committee to set appropriate risk management policy that applies to the entire Company, also to review and appraise the efficiency of the Company's risk management practice, as well as periodically report the results to the Board of Directors for acknowledgement and consideration.

In 2014, the Risk Management Committee held one meeting and all committee members attended such meeting in unison.

Recruitment and Appointment of the Directors and the Senior Management

Independent (outside) Directors

Definition

Independent Directors

Independent director means the directors who have the following specifications:

1. Hold shares of the company by no more than 0.5 percent of the voting shares in the company, subsidiaries, affiliates or other corporations that may have conflict of interest. The shares are included the related persons (pursuant to the Section 258 of the SEC Act).
2. Do not participate in the management as a controller, as well as having the power to sign and bind the company, or is not the management or a regular employee or salaried consultant or authorized person in the company, its subsidiaries, affiliates or corporations with conflict at present and the past three years before the appointment.
3. Do not have lineage relations or being legal parents, spouse, sibling or offspring, including the spouse of the offspring of the management, major shareholders, authorized persons or person proposed to become the management or authorized person of the company or its subsidiaries and are independent from the major shareholders, the management and the authorized persons.

4. Do not have business relations with the company in terms of providing professional service or business to comply with the requirement of the SET on the conflict of interest.

5. Have not been appointed as a representative of the directors, shareholders or shareholders related to the major shareholders.

6. Not be in any other position that cannot offer independent views.

7. Be capable in protecting all shareholders' benefits equally and supervising so as for any conflict of interest between the Company and related persons to be prohibited, and able to attend the meetings of the Board of Directors whereby a decision on significant issues are made.

Criteria in selecting independent directors

The Company selects independent directors taking into account the knowledge, experience, good understanding in related businesses, vision, as well as sufficient time to perform duty, also with the qualities as stated in the concerned government agencies' announcements, regulations and rules. The Company would invite qualified persons to be its independent directors. The Company also considers whether the aforementioned independent directors are able to exercise their knowledge and capability as well as to provide opinions that are useful and appropriate to support the Company's business operation.

Director recruitment

Criteria in selecting independent directors

(1) Nomination and Remuneration Committee

When the position of Company's directors is vacant, the Nomination and Remuneration Committee are responsible for selecting and nominating the persons to take these positions. The Nomination and Remuneration Committee shall consider person with knowledge, capability, experience with specialization that are crucial and essential to the Company's operation. The Nomination and Remuneration Committee shall consider the following qualifications:

1. Qualification as per Clause 68 of the Public Limited Company Act B.E. 2535, and announcement or rules and regulations of the Stock Exchange of Thailand and the Securities and Exchange Commission (SEC) and the Company's regulations.

2. The candidates' knowledge, capability, experience and specializations that would contribute to the Company's operational efficiency.

3. The candidates' qualifications shall support good corporate governance practices, such as ethics, independence, assertiveness, creativity, carefulness and integrity as well as ability to dedicate their time for the Company.

(2) Recruitment of the directors (In the case of the required rotation)

The election of the directors to replace the rotated directors at the expiry period shall require appointing from the Annual General Meeting of the Shareholders by the recruitment committee has the duty to recruit the reasonable persons suitable to be presented as the directors. It is considered the qualifications, knowledge, capability, experiences,

good working background, leadership and good vision, including having the virtue, ethics, good attitude with the organization and can sacrifice time for the company fully.

The company has set up the definition for the independent (outside) directors is more stringent than the minimum requirement of the SEC and the SET on shareholding. That is, the independent directors may not hold shares more than 0.5 percent of the entire voting shares of the company, its subsidiaries, affiliates or corporations, which may have a conflict of interest, and the SEC and the SET have set at no more than 1 percent.

Supervision of the Subsidiaries

GJS Notes Holding Co., Ltd. (GJS Notes), the company has appointed two directors as the authorized directors to act on behalf of GJS Notes are Mr. Chanathip Trivuth and Mr. Sittisak Leeswadtrakul.

Control of the use of internal information

The Internal Audit Department is responsible for auditing the Company's finance and operation, and hiring legal advisors with specialization in the required area to assist the department in monitoring the execution of related rules, regulations and laws, and to ensure that the Company's operation and significant activity are directed in the right direction. In order to maintain the Internal Audit Department's independence and balance of power, the Board of Directors therefore assigned the department to report directly to the Board.

The Audit Committee had 6 meetings in 2014, to review justification of related transactions, adequacy of internal control system, including meeting with independent auditor to examine financial statements and data disclosure revision, and also to scrutinize the annual audit plan as well as to monitor the results of the internal audits.

The use of internal information Policy

The Company stipulated ethics policy that shall be executed by the directors, executives and employees. Under the policy, the directors, executives and employees shall not use the Company's significant internal information, which is not released to the public, for own or others' benefits, including trading of the Company's shares. Measures to prevent directors from using internal information for own and others' benefits are as follows

1. Ensure that the executives and management in all departments understand their duty in reporting the shareholding status in the Company of themselves, spouses, and children who have not yet attained manhood, and report changes in their shareholding as required by the Article 59 and Punishment Article 275 of the Securities and Stock Exchange Act B.E. 2535.

2. To circulate letters to executives informing them that any executive who receives significant internal information and financial statements that may affect the Company's share price, should avoid or cease trading the Company's shares and not disclose such significant information to others 1 month prior to the disclosure of financial statements or internal information to the public.

The Company has imposed penalties in the Company's regulations for the persons who use such internal information in breach of the regulations for their own interest starting from verbal warning to dismissal.

Employee development policy

The Company arranged internal trainings to enhance employees' knowledge and skills by learning from hands-on experience and advice from experienced seniors in different areas. In addition, the Company encouraged

employees to regularly attend trainings and seminars organized by outside organizations. The Company also has a policy to offer appropriate remuneration to employees to stimulate and maintain them with the Company in the long run.

Dividend payment policy

The Company has a policy to pay dividend to shareholders in case that it does not require money for additional investment or business expansion and when there is sufficient cash flow. The Company's policy is to allocate 50 percent of its net operational profit after corporate withholding tax and legally required reserve for dividend payment. The Board of Directors may stipulate different policy if necessary, such as during significant changes in overall economy or market or other events that may have impact on the Company's financial liquidity, etc.

Remuneration for the Auditors

The Extraordinary General Meeting of the Shareholders (EGM) No. 1/2014 held on 3 April 2014, resolved to appoint A.M.T & Associate as its auditors for the financial statement of 2014, with the details of the licensed auditors as follows:

- | | |
|------------------------------------|-------------|
| 1. Prof. Emeritus Kesree Narongdej | CPA No.0076 |
| 2. Mr. Chaityuth Angsuwithaya | CPA No.3885 |
| 3. Mrs. Natsarak Sarochanunjeen | CPA No.4563 |
| 4. Mr. Sumit Khopaiboon | CPA No.4885 |

And specified the annual auditing fees in the amount of 2,975,000 Baht

Compliance with the good Governance Principle in Other Matters

Through the year 2014, the Board of Directors has perpetuated the intentions to enhance the Good Corporate Governance (CG) in accordance with the international standards. The Board of Directors therefore applied the CG Self Assessment for developing the Company's governance system under the CG established by The Stock Exchange of Thailand (SET). The purposes of this are for the most efficiency of management system including priority given to the shareholders' rights, equal treatment to shareholders, stakeholders' roles, data disclosure and transparency, and responsibilities of the Board of Directors. All those are for protecting the shareholders' interest.

In 2014, the Company's CG practices were divided into 5 parts, as follows:

Part 1 : Shareholders' Rights

1.1 CG on Shareholders' Right Protection Policy

- The Company's Board of Directors formulates the shareholders' right protection policy in writing in 2006. The policy emphasizes on allowing shareholders to have equal rights to have access to the Company's operational performance; and to participate in important decisions making, as well as protecting, promoting, encouraging but not to infringe shareholders' rights. The policies are as follows:

Policy on shareholders' right protection

1. The Board of Directors is responsible for protecting and respecting basic rights of the Company's shareholders, such as right to purchase, sell or transfer shares, right to the Company's profit sharing; right to obtain sufficient information about the Company's operation, right to attend the shareholders' meeting to appoint or terminate directors and independent auditors, allocate dividend payment, formulate or amend the provisions or Memorandum of Association, approve capital increase or decrease, and special items, etc.

2. The Board of Directors has duty to promote and support shareholders to exercise their rights in various areas at the Annual General Shareholders' Meeting, i.e. the right to propose meeting agenda in advance, the right to nominate persons as directors, the right to submit questions to the Company prior to the annual shareholders' meeting and the right to openly express opinions and ask questions at the shareholders' meeting, etc.

3. The Board of Directors shall not take any action which may violate or limit, or infringe the shareholders' right to study the Company's information that shall be disclosed according to the related requirements, and the right to attend shareholders' meeting; for example, not to distribute significant information document unexpectedly added, not to add agenda or amend the important data without advance notice to shareholders.

4. The Board of Directors has responsibility to facilitate the applying of the shareholders' rights such as giving the significant information updated via website, inviting the shareholders to visit factory, etc.

1.2 Allowing shareholders to study information prior to the shareholders' meeting

- The Board of Directors and the Management have implemented the policy relating to shareholders' right that covers more the rights than those required by law, especially the right to general and significant information. At the Annual General Meeting of the Shareholders for the year 2014, the Company provided the shareholders with sufficient opportunity to study the information to the meeting date via the Company's website. Such information was also published in both Thai and English similar to the hard copy the Company submitted to shareholders.

- To deliver to the shareholders the meeting documents, the Company assigned the Thailand Securities Depository Company Limited ("TSD"), which is the Company's share registrar, to distribute the invitation to the Annual General Meeting of the Shareholders to all shareholders 14 days prior to the meeting date in order to provide shareholders with sufficient time to study the information. Such delivery period of meeting documents was more than that specified by the applicable laws.

- During the meeting, the Company facilitated shareholders to exercise their rights to attend the meeting by implementing a barcode system for registration and vote counting, as well as providing the revenue stamps for proxy authorization. The label of registered shareholder was provided for access convenience while meeting, without time loss to recheck their documents.

- After the Annual General Meeting of the Shareholders for the year, the Company compiled the document, including agenda, meeting resolutions, voting results, questions and shareholders' opinion expressed at the meeting, so as to provide "The minutes of Annual General Meeting of the Shareholders for the year 2014" for publishing on the Company's website in compliance with the regulations of SEC and SET.

• The Company provided the video of meeting atmosphere in soft file for publishing on the Company's website for shareholders who could not attend the meeting, apart from the minutes publicized in the channel of SET and the Company's website.

1.3 Preventing limitation of shareholders' rights to general information and information technology

• Through publishing all information on the Company's website prior to the Annual General Meeting of the Shareholders, the Company's Board of Directors supported and not to infringe the shareholders' rights exercise while the Company did not distribute additional document containing significant information during the meeting, or add or change meeting agenda or amend significant information without advance notice. There has been no complaint from shareholders on this case.

1.4 Facilitating shareholders to exercise rights

• The Company facilitated the shareholders and shareholders' proxy to register attending the meeting by implementing a barcode system for registration and vote counting as well as distributing voting ballots to the shareholders before meeting.

• The Company clearly stated shareholders' meeting rules and process in the meeting invitation. The moderator of the meeting also informed the attending shareholders of the rule and voting process at the meeting. The shareholders' meeting minutes also included a record that the meeting was informed of the rules and voting process.

• Moreover, the Company invited its shareholders to exercise their right to visit its factory. Regularly, the Company updates current information and data published on its website.

1.5 Providing time and opportunity for shareholders to express their opinions

• The Chairman of the Board of Directors asked the meeting at the end of each agenda whether the shareholders ask questions related to the meeting agenda or related to the Company, whereby they could openly express their opinion. Any questions related to the meeting agenda or the Company together with shareholders' opinion as well as the answers or clarification made by the Board of Directors or the Company's management, were entirely recorded in the minutes.

• The Company provided recording sound of the shareholders' meeting, and disclosed the significant matters arising during the meeting in the meeting minutes for reference in the future and enable shareholders who could not attend the meeting to follow up the meeting particulars.

1.6 Directors to attend the shareholders' meeting

• With fully respect of shareholders' right, 10 members of the Board of Directors attended Annual General Meeting of the Shareholders for the year 2014 and one member was absent with advance notice.

Part 2 : Equitable treatment towards shareholders

2.1 Policy on facilitating the minor shareholders

- The Board of Directors respected the equitable treatment to shareholders, and therefore the facilitation policy for minor shareholders was set as follows:

Policy on facilitating the minor shareholders

1. The Board of Directors has the duties to respect the shareholders' rights and treat them equally.
2. The Board of Directors has the duties to encourage and support the shareholders to exercise their rights in any respects for the annual general meeting of shareholders such as proposing an issue in the agenda in advance, nominating a person to be selectively director in advance, and submitting questions prior to the meeting, etc.
3. The Board of Directors has the duties to assist the shareholders in any respects such as supporting the shareholders to study information before making decision. For the voting, the Company supports the shareholders to authorize proxies by offering alternatives at least 2 independent directors for the shareholders to authorize as their proxies.

2.2 Criteria to provide the minor shareholders the opportunity to propose in advance an issue in the agenda of the shareholders' meeting

- The Company allowed and assisted any shareholders to propose in advance an issue in the meeting agenda by providing the consideration criteria published via the data system of SET and the Company's website 3 months prior to the Annual General Meeting of Shareholders for the year 2014. The Board of Directors' Secretary was assigned to compile the meeting agenda and submitted to the independent directors for consideration. Basically, if the independent directors viewed such issue as proper, they shall propose to the Board of Directors. In 2014, none of shareholders proposed in advance any issue in the agenda. The criteria of proposing the agenda of the Annual General Meeting of Shareholders for the year 2014 were the followings:

1. The qualifications of shareholders entitled to propose issue for the annual general meeting of shareholders agenda shall be the shareholder holding not less than 100,000 shares, maybe a sole shareholder or combined shareholders, holding continuingly such shares not less than 12 months from the holding date to the proposal date.
2. An issue shall be proposed through the "Agenda Proposal Form for the Annual General Meeting of Shareholders for the year 2014" with related complete and entire documents, to be submitted to the Company.
3. Criteria to reject the issues proposed:
 - (1) Issue proposed by the shareholder with incomplete qualification, incomplete or inaccurate documents, or not propose in time.
 - (2) Issue proposed has been normally specified by the laws to be considered in the shareholders' meeting, and the Company has already included it in the agenda every time.
 - (3) Issue proposed is the Company's normal business and/or completely operated.

(4) Issue proposed is of the Company's authority, unless any case may cause damages significantly to shareholders as a whole.

(5) Issue having been proposed to the shareholders' meeting within the last 12 months and has been resolved with votes less than 10% of all voting rights and the matter of fact does not significantly change.

(6) Issue proposed is useless to the Company's operation and/or repeatedly proposed.

(7) Issue proposed conflicts with the Company's regulations, the laws, the regulations of supervisory agents, or related agencies, or the business purposes and ethics.

(8) Issue proposed is an external factor beyond the Company's control.

4. The Company's independent directors considered and screened the issues proposed by shareholders prior to submit to the Board of Directors. The Company would notify the consideration result after the meeting of the Board of Directors. The approved issues would be included in the agenda attached to the invitation to the Annual General Meeting of Shareholders for the year 2014.

2.3 Consider not to add an issue in the shareholders' meeting agenda

- The Board of Directors complied with the policy on monitoring the shareholders' rights. In shareholder meeting, the Board of Directors strictly conducted the meeting in line with the agenda and did not distribute any additional documents suddenly, or add any issue in the agenda or change any significant information without advance notice.

2.4 Criteria to provide the minor shareholders to nominate person for director position

- The Company allowed and assisted any shareholders to nominate in advance qualified person for director position by providing the consideration criteria published via the data system of SET and the Company's website 3 months prior to the Annual General Meeting of Shareholders for the year 2014. The Board of Directors' Secretary was assigned to compile the accompanied information of the nominee's qualifications as well as his/her consent, and then submitted to the Nomination Committee to consider the qualifications of person nominated by the minor shareholders in accordance with the Company's nomination procedure. Generally, if the Nomination Committee viewed such person nominated as proper, it shall propose to the Board of Directors to consider and propose to the Annual General Meeting of Shareholders for the year 2014. In 2014, none of shareholders made nomination. The nomination criteria were the followings:

1. The qualifications of shareholders entitled to nominate director are to hold not less than 100,000 shares, maybe a sole shareholder or combined shareholders, holding continuingly such shares not less than 12 months from the holding date to the proposal date.

2. To nominate director the shareholders must complete these 3 forms:

- (1) Nomination Form to propose for consideration in the Annual General Meeting of Shareholders the person to be elected director.

(2) Nominee Biography Form to propose a brief biography of the person proposed in the Annual General Meeting of Shareholders to be elected director.

(3) Nominee Consent Form for election in the Annual General Meeting of Shareholders the person to be director.

With complete and entire related documents to be submitted to the Company.

3. The Nominee must be completely qualified according to the criteria of SEC and SET, the Public Company Act B.E. 2535, as well as the Company's regulations.

4. The Nomination Committee shall consider the nominee selection under the procedure of director selection to propose to the Board of Director and notify the consideration result after the meeting of the Board of Directors.

2.5 Encouraging the shareholders to use the Proxy Form

- The Board of Directors encouraged the shareholders to use the Proxy Form in voting AGREE, NOT AGREE, ABSTAIN by providing the Proxy Form B. Besides, the Company provided the shareholders with the Proxy Form A (general Proxy Form) and the Proxy Form C (only for custodian) published on the website 14 days prior to the meeting date for download.

2.6 Encouraging the shareholders to vote

- The Board of Directors provided convenience for shareholders who could not attend the meeting but wish to exercise their voting rights by allowing them to assign proxy. The Company arranged 2 independent directors to attend the meeting and vote on behalf of the shareholders. An independent directors is Assoc. Prof. Niputh Jitprasonk (Chairman of the Audit Committee and independent director). Shareholders can appoint one of the two independent directors as their proxy. In this regard, 29 shareholders authorized the independent director to attend the meeting and vote on behalf of them in the Annual General Meeting of Shareholders for the year 2014.

2.7 Giving the shareholders opportunity to exercise right to appoint individual director

- The Board of Directors encouraged the shareholders to use their voting rights by providing and distributing voting ballots at the registration before meeting. Voting ballots were provided for each issue of the agenda, such as dividend payment approval, independent auditor remuneration, and individual director appointment. The vote counting was recorded in the minutes of each meeting for transparency and reference in case of objection later.

2.8 Measures to prevent directors, executives, and employees from using the internal information for own benefits

- The Board of Directors stipulated the measures to prevent the directors, executives, and employees from using the internal information for their or others' benefits in the Code of Conduct covering the use of internal information for stock trading, the conflict of interest, and the confidentiality of information. The measures were notified through the business ethics, training, and the Company' website. Besides, the secretary of the Board of Directors was assigned to notify the rules in data disclosure and monitor that the Board of Directors and executives

report their asset possession including the disclosure of the conflict of interest and connected transaction between directors and executives.

Part 4 : Information disclosure and transparency

4.1 Results of the execution of good corporate governance policy

- Last year, the Company accurately, adequately, timely and transparently disclosed the financial and non-financial information required by the SEC and SET through SET's online system and the Company's website. The Company has never been punished by the SEC or SET for not disclosing the information as required. Also, the Company regularly appraises the efficiency of information disclosure process and strictly follows the regulations.

- Moreover, the Company published and regularly updated all significant information submitted to the SET and other current information on its website as well as provided all shareholders and stakeholders with such information both in Thai and English so as for equal access to the information.

4.2 Remuneration for the directors and the management

- The Nomination and Remuneration Committee formulated the policy on remuneration for directors, Chief Executive Officer and top executives as follows;

Policy on remuneration for directors, Chief Executive Officer and top executives

1. Remuneration of the Company's directors, Chief Executive Officer and top executives shall be set in accordance with their duty, scope of responsibility, fairness and attractiveness, which should be compared to those for directors in other listed companies in the same industry and similar size, including the Company's performance, business surroundings, and overall economic conditions.

2. The Nomination and Remuneration Committee shall be responsible for initial consideration and propose for the approval of the Board of Directors and the Annual General Meeting of the Shareholders the maximum remuneration of the year, position remuneration and meeting allowance.

3. The Nomination and Remuneration Committee shall comply with the resolution of the Annual General Meeting of the Shareholders on the remuneration budget and details which are also disclosed in the annual report. The remuneration that the directors received from positions in other companies, such as consultancy fee, and directorship in the Company's subsidiaries shall also be disclosed.

4. Any director who currently holds management position in the Company and receives the remuneration in the forms of monthly salary will not be entitled to receive the remuneration.

- The Nomination and Remuneration Committee proposed to the Board of Directors and the Annual General Meeting of the Shareholders for the year 2014 to approve the remunerations for the non-executive and non-employee directors as shown in Remuneration for Directors and the Management Chapter. Any director being the subsidiary's director shall not be entitled to take any remuneration from such subsidiary.

4.3 Board of Directors' Report

The Company provided the Board of Directors' responsibility report on financial statements together with the independent auditor's report, as published in the annual report under the Board of Directors' Responsibility towards financial statements.

4.4 Roles and duties of the Board of Directors and Committees

In 2014, the Board of Directors managed the Company in compliance with legal framework, the Company's objectives, rules and regulations, as well as the resolution of the shareholders' meeting with honesty and discretion and for the best benefits of the shareholders. Besides, the Board of Directors appointed committees to assist the Board of Directors in studying details, in monitoring and supervising the Company's operations, as well as screening assigned tasks. Committees which have different roles and responsibilities are as follows:

Board of Directors

In 2014, the Board of Directors has the total meetings of 7 times. All meetings were arranged strictly in compliance with the Company's Article of Association and the Public Limited Company Act B.E. 2535. Meeting agenda and related information were distributed to the directors 7 days prior to the meeting. Also, adequate and equal opportunities for the directors to discuss significant issues are provided. The Board of Directors' secretary and legal advisor attended and recorded the meeting, questions, and recommendations of the directors in order to allow directors and concerned parties to study and audit.

In Annual General Meeting of the Shareholders for the year 2014 the management in finance, independent auditors, and legal advisors attended. Details of the attendance in all the meetings above are as follows;

No.	Board of Directors	Attendance / No. of meetings	EGM No. 1/2014	2014 AGM
1.	General Lertrat Ratanavanich	6 / 7	✓	Absent with advance notice
2.	Dr. Somsak Leeswadtrakul	7 / 7	✓	✓
3.	Assoc. Prof. Niputh Jitprasonk	7 / 7	✓	✓
4.	Assoc. Prof. Sukanya Tantanawat	7 / 7	✓	✓
5.	Mrs. Churairat Panyarachun	7 / 7	✓	✓
6.	Mr. Ryuzo Ogino	6 / 7	✓	✓
7.	Mr. Chanathip Trivuth	7 / 7	✓	✓
8.	Mr. William Anthony Gloyne	4 / 7	✓	✓
9.	Mr. Paul Russell Smith	4 / 7	✓	✓
10.	Mr. Sittisak Leeswadtrakul	5 / 7	✓	✓
11.	Ms. Soontareeya Wongsirikul *	-	-	-

Remark * Appointed as the directors in the Board of Directors Meeting No. 2/2015 held on 20 March 2015

4.5 Relationship with investors

- The Company has a policy on significant information, including general information, to be disclosed properly, completely, reliably, sufficiently, timely, and transparently, including general information that may affect the Company's share price, assigning the Company's representative to communicate with the institute and individual investors as well as analysts and concerned government agencies. The Company's website (www.gsteel.com) is used as a channel to distribute all information, such as the information regarding the Company, business, financial information, news that may affect investment decision, reports submitted to the SET, the Company's activities, and shareholders' meeting details, in order to enable shareholders to keep updated of the Company's movement and information.

- The Company prepared an investor relations plan in brief which can be revised depending on conditions and suitability, as follows:

1. Organize the press conference regularly at least once a quarter in order to announce the quarterly business performance.
2. Organize a quarterly meeting for analysts. The Company will also organize a meeting between its Investor Relations and analysts occasionally in case the analysts need more information on additional matters.
3. The Company provided an opportunity for its investors to visit the factory apart from inviting them to talk with the Management.
4. Arrange the roadshows overseas at least once a year.
5. Participate in exhibitions held by SET, Brokers' Association and other organizations to provide information to investors.

Part 5 : The Board of Directors' Responsibilities

5.1 Policy on Good Corporate Governance

- The Company's Board of Directors is committed to directing the business in compliance with the good corporate governance which is beneficial and important to promote efficiency and transparency of the Company's operation, helping increase competitive advantages, and add long-term value to the shareholders. The Board of Directors and the Management have formulated good corporate governance practice and made them the Company's policy in writing. The Board of Directors approved the policy the essences of which are as follows:

1. Respecting shareholders' right including allowing them to propose agenda in advance for the shareholders' meeting, and nominating in advance persons to be elected as directors, etc., the Company shall not take any action which may infringe or limit the rights of shareholders.
2. Equitably and fairly treating all shareholders, investors, stakeholders and related parties.
3. Accurately, adequately, equitably, and timely disclosing information to shareholders, investors, stakeholders and related parties through appropriate channels, including website, to enable shareholders and related parties to have easy access to the information.
4. Performing its duties and responsibility in supervising and directing the operations of the Company with integrity, ethics and prudence to achieve the Company's goal and for the best benefits of the Company and its shareholders, as well as preventing conflict of interest.
5. Managing the Company with transparency under sufficient internal control and audit system.

6. Controlling and managing risks at the appropriate level.
7. Operating the Company with integrity and in compliance with laws and business ethics.

5.2 Structure of the Board of Directors

- The Board of Directors comprises 11 members that have different qualifications, skills, experience and specialization being benefit to the Company, and ability to contribute their time and efforts to perform a duty to reinforce the Board of Directors. The Board of Directors shall select and appoint the committees in order to share its works for specific issues, as specified in the annual report under Management Structure.
- The Board of Directors gives priority to transparency and therefore stipulated that the Board of Directors Chairman is an independent director and shall not be the same person as the Chief Executive Officer or President. The Board of Directors approved the definition of independent directors which is stricter than that required by SEC, for example, an independent director shall hold the shares not exceeding 0.5% in the Company.
- The Board of Directors stipulated a formal and transparent process of director nomination which is free from influence from shareholders who have controlling authority. The Nomination Committee shall nominate directors by considering education, capability, experience, etc. in accordance with the scope of responsibilities of the Board of Directors or committees. The list of nominees will be proposed to the Board of Directors for consideration and appointment.
- The Board of Directors disclosed the list of the directors and committee members in terms of names, positions, age, education, shareholdings, work experience and relationship with the Company's executives in various channels, including the annual report and the Company's website.

5.3 Leadership and vision

- The Board of Directors has strong leadership, vision and independence in making decision for the best benefit of the Company and its shareholders. Roles and responsibilities of the Board of Directors and the Management are clearly separated, i.e. the Management is responsible for compiling necessary information for the Board of Directors' consideration.
- With a goal to ensure stable business with long-term sustainability and success, the Board of Director, in cooperation with the Management in reviewing and ensuring that vision and mission best address the changing environment, the business goals, business plan and budget are prepared by taking into consideration the maximum added value and long-term stability of the Company and its shareholders. The Board of Directors also directs the business and ensure that the business operation is efficiently executed by the Management.
- The Board of Directors encourages good corporate governance within the organization and formulates good corporate governance practice, code of ethics, measures and approval procedure of connected transactions between the Company and related parties or persons who may have conflict of interest, as well as clearly separates the authority of shareholders from that of the Board of Directors, also that between the Board of Directors and the executives and other committees, in order to balance the power, and each other shall be independently examined.

5.4 Conflict of interest

- The Board of Directors shall consider connected transactions that may cause conflict of interest between shareholders, directors and the Management, with best prudence, integrity, reasonableness and independence within good business ethic framework. It also discloses complete information for the best benefit of the Company. The Board

of Directors shall strictly conform to the criteria and procedures or regulations set by SET whereby the Audit Committee shall provide information about the necessity and appropriateness of such transaction.

- The Board of Directors has formulated measures and approval procedure of connected transactions between the Company and its subsidiaries or persons who may have conflict of interest. The persons who may have direct or indirect conflict of interest shall not be allowed to make decision on the matter. The Audit Committee is required to participate in the consideration and provide opinions on the necessity and reasonableness of the items proposed for the best benefits of the Company. The connected transactions are also required to be disclosed in the Notes to the Financial Statements prepared by using the generally accepted accounting principles published in the Annual Report.

5.5 Business ethics

- The Board of Directors has prepared the Management and Employees' Code of Conduct for the Company's Management and employees to use as guideline in performing their duties and to strictly and consistently implement in terms of business operations, equitably with fair treatment towards stakeholders, including the matters related to conflict of interest, information confidentiality and possible fraudulent use of information, bribes, and gifts. In this regard of the Code of Conduct, the Board of Directors assigned the Internal Audit Department to monitor and audit the implementation.

- The Board of Directors itself shall monitor and ensure that the Company's business operation, directors' ability to perform their duties, the Management's operation, and employees' work are within ethical framework in addition to the Company's regulations and related laws.

- The Board of Directors has also formulated a policy requiring directors, executives and employees who are involved with inside information to avoid or not trade the Company's shares 1 month before the significant information, such as financial information which may affect the Company's share prices, is disclosed to the public.

5.6 Power balance of non-executive directors

- The structure of the Company's Board of Directors comprises the Chairman who is an independent director, and non-executive directors and independent directors totaling 5 persons, together with 6 executive directors forming as 11 members of the Board of Directors. The balance of power by independent directors is 45% which is over half the Board of Directors.

5.7 Integration or segregation of positions for managerial balance of power

- The Board of Directors clearly divides scopes of roles and responsibilities among the Board of Directors, Executive Committee, Audit Committee, Nomination Committee, Remuneration Committee and Risk Management Committee, as well as the Chief Executive Officer with a clear stipulation that the Chairman of the Board of Directors shall not be the same person as the Chairman of the Executive Committee or Chief Executive Officer and shall not have any relations with the Management, in order to prevent any executive to have unlimited power, and the managerial balance can be checked.

5.8 Committees

- The Board of Directors appointed committees to assist it in monitoring and controlling the operations, as well as screening the assigned tasks. Roles, authorities, duties and responsibilities are clearly set. At present, there are 4

committees, each with different roles and scopes of responsibility, as specified in the Annual Report under Management Structure.

5.9 Roles and responsibilities of the Board of Directors

- In the past year, the Board of Directors reviewed and approved significant operational matters and directed the Management to efficiently implement the policies and plans, including to effectively manage the budget.

- Further to the Board of Directors having stipulated and approved the written good corporate governance policy, a review is to be made at least once a year.

- The Board of Directors provided and distributed the Code of Conduct in writing to the new directors, executives and employees; and reviewed other ethics for the existing directors, executives and employees to understand ethical standards applied to its business operation. The Board of Directors assigned the Internal Audit Department to closely monitor the execution of such Code of Conduct.

- The Board of Directors, having carefully studied and considered conflict of interest and connected transactions which may cause conflict of interest to the Company taking into account the shareholders' best benefits, found none of such items.

- The Board of Directors provided a financial statement control and regulations implementation. The Internal Audit Department independently performed its duty in monitoring the implementation of these regulations as well as the control measures. It is at least once a year to review such control.

5.10 The Board of Directors' meeting

- The Board of Directors convened at least 4 times a year and arranged the meeting in accordance with the Company's rules, the Public Limited Company Act B.E. 2535, and SET's regulations. The Chairman of the Board of Directors, in the capacity of the meeting chairman, would promote prudence in any consideration; provide sufficient time for the Management to present significant information and for directors to discuss the matter. Meeting minutes for every meeting were made for future reference and checking. It is the duty of the Board members to attend every meeting, except for a certain unavoidable case.

- Before the Board of Directors' each meeting in 2014, in late 2013 the Company Secretary prepared meeting agenda for whole year for the Board of Directors to be able to schedule their time for the meetings.

- In considering the number of meetings, the Board of Directors considered the duty and responsibility of the Board of Directors. The Company Secretary shall prepare the whole year meeting agenda and matters to be considered in each meeting in order to provide sufficient detailed information for the Board of Directors. For example, in the March meeting, the Board of Directors shall approve the annual financial statements, and schedule the annual general shareholders' meeting as well as set the date of the closing of the Company's registration book to suspend the share transfer, while the meetings in May, August and December are scheduled for reviewing and approving financial statements for the first, second and third quarters, then the December meeting is organized to consider budget for the following year.

- In each meeting, the Company Secretary provided the agenda and related information and distributed them to the directors for average 7 days prior to the meeting.

- The meetings were strictly held in compliance with the Company's rules and regulations, and the Public Limited Company Act B.E. 2535. The directors were given opportunity to discuss carefully the important problems. The Company Secretary and legal advisors attended the meeting and prepared the recording, so as for the minutes of

the meeting, which included also the directors' questions and recommendation in the meeting for future reference and cross-checking.

- In each meeting, the Chairman of the Board of Directors would conduct the meeting to last for 1-2 hours, which was sufficient for the Management to present the matters for consideration and for the directors to carefully and equally discuss the important issues. The Chairman of the Board of Directors encouraged the attending directors to use their best consideration. The Chairman also asked whether there was any question or other opinion on each issue of the agenda in every meeting.

5.11 Self Assessment of the Board of Directors

- The Company Secretary provided the "CG Self Assessment", and submitted to individual directors for considering his/her achievement and for resolving problems, as well as for the work efficiency improvement.

5.12 Remuneration for directors and executives

- In 2014 The Nomination and Remuneration Committee resolved, in accordance with the scope of duty and responsibility assigned and at the same range as that offered to directors in listed companies of similar size and in the same industry, and also the Company's performance, business environment and economy as a whole, to propose to the Board of Directors and to the Shareholders in the Annual General Shareholders' Meeting to approve the total amount of the Directors' remuneration 2014 same as rates 2013 year.

5.13 Directors and executives development

- The Board of Directors encouraged and provided the training courses to develop and educate the Company's directors and members of committees so as for the continuous improvement in performing their tasks.

- The Company Secretary prepared Directors' guidebook with criteria on information disclosure, profile, shareholdings, changes in shareholding of directors, etc. and distributed to new directors. The secretary shall also invite new directors to visit the Company's plant to introduce to them the hot rolled coil business as well as the Company's business operations.

- The Board of Directors has stipulated that the Chief Executive Officer and Presidents prepare a regular report for the Board of Directors to update on the development and succession plans in case they could not perform their duties.

- The Board of Directors, in parallel to the succession plan, implemented the executive development plan by assigning the Chief Executive Officer to report progress of executive development plan undertaken during the year.

Risk Factors and Risk Management

Risk factors to the Company's business that may materially affect its rates of return while its risk prevention guidelines can be summarized as follows:

Production risk

1) Risk from volatility of costs of raw material

Since the cost of the main raw materials in the production is steel scrap and pig iron, which most is imported from overseas. The price of the steel scrap and pig iron fluctuated according to the price mechanism in the world market. Thus, if the price of the main raw materials is in an upward trend, but the Company cannot increase the goods price at the equal rate or more than the raw materials, it may result in the sales price of the finished goods is lower than its cost and effectively affect its operation results.

Nevertheless, in order to reduce the impact from such the risk the Company has followed up on the change of the price of raw materials closely, including using the experience and good relations with the suppliers of raw materials to supplement the decision to order or plan the production to be suitable with the various situations expected to occur. It includes the management of the stock of the raw materials to be available at the suitable level and is consistent with the production plans and goods sales.

2) Risk from heavy dependence on very few raw material suppliers

To produce hot rolled steel sheets of the Company, the major raw materials used are scrap and pig iron, in this respect, the Company has to import all pig iron from overseas. For scraps, the Company mostly imports at the rate of 70% since there is a limited supply of steel scraps locally, which may cause a problem in procuring the raw materials and affect the Company's operations.

Nevertheless, most manufacturers throughout the world will have business dealings with less number of the suppliers in order to continually control quality, as well as terms and conditions. Over the past period, the Company placed the orders for the purchases of the main raw materials from trade partner companies which are large multinational companies of strong status and having been in this business for a long time. In addition, the Company has established relations with other raw material distributing agents both domestic and overseas which are ready to do business and support the Company. The Company has the policy to divide the quantity of non-core raw material purchase to other agents in order to maintain the business relationship with them. Presently, there are new agents both domestic and overseas constantly coming in for doing business with the Company resulting in the Company having more bargaining power both on the aspects of price and better terms of payment.

Market and distribution risk

1) Risk from product price volatility during the business downturn

Since the Company's products are used by related industries such as construction, the characteristics of which include upturn and downturn cycles, therefore, demands and prices of the Company's products will vary accordingly. Since this may affect the Company's future profit especially during the downturn, pricing volatility may affect its revenues in different periods and this could negatively affect its business, financial conditions, and operation results in future.

Yet, slowdown in some industries may not largely affect demands and prices of the Company's products. With the Company's production efficiency and competitiveness, it expects that during the downturn where these demands are less, it will be able to produce for exports more. At present, it has already developed its export markets.

Meanwhile, volatility of the product prices will not largely affect the Company's operation since both the costs of raw materials and products are varied in the same way, as a result, minimizing the negative effect upon the Company's profits.

Financial risk

1) Risk on currency exchange fluctuation

The Company exposes to currency exchange risk due to most of its incomes is in the Thai baht, while main raw materials are imported from overseas, mostly nominated in US\$. Thus, the fluctuations of the currency exchange may affect the cost of the Company and its profit or loss from the currency exchange.

Although the Company does not enter to forwards contracts, this risk is moderate as selling price is somewhat in line with world market price quoted in US\$ as well.

Environmental and personnel risk

1) Risk from pollution from production

As a result from the global warming at present, there is more alertness on conservation of the environment and the various countries around the world have the concept to limit or reduce the release of the Carbon Dioxide gas to reduce the global warming concern. Thus, the policy on management of the environment is another sector that the public sector has given priority. This can be seen from the concept on the legislation on the environmental tax, or the public relations on the results of the meetings of the various countries on reduction of the release of the greenhouse gas. It may have impact on all sectors, especially the industrial sector that is viewed as the principal on the destruction of the environment. Thereby, the Company, which is in the industrial sector, has to bear the impact from the various measures of the public sector to be issued in the future unavoidable. However, with the modern technology that is designed for use of the energy with cost effectiveness and conservation of the environment. It uses steel scrap that is the waste from the industrial sector to be recycled and pass through the process of continuous casting and rolling, so the rate of utilization of the natural resources is lower than the other processes of the hot-rolled steel plate that use raw materials from smelting and lower energy than other production process of the hot-rolled steel not continuous casting and rolling.

The Company is confident that it can be a part to help on conservation of the environment, the Company has followed up on the news and information on the environment to be able to realize the possible impact in the future. This risk is manageable as the Company can find a solution or prevention so it needs not face the problem on the environment. It includes the participation in the project saving energy with the Ministry of Energy to reduce the volume and use of energy with efficiency to reduce the greenhouse effect and have conversation of the environment.

2) Risk from doing business that may not be safe to staff

The Company's business is a heavy industry and staff may be exposed to danger from its production process where steel is melted and rolled. In addition, heavy materials are loaded in the process. The Company may have to pay for

damages from lawsuits initiated by those suffering from it as well as fines. This in turn could negatively affect its business, financial conditions and operation results in future.

However, the Company has an emergency plan and implement safety measures that are up to the standards and accepted by related private and government agencies. This risk is minimal as evidenced by the statistics in the past showing that accidents very low while there have never been claims for compensation for damages from its staff.

The Risk from government policies and related regulations

1) Risk from the Free Trade Agreement (FTA) covering hot-rolled steel

Referring to the public sector that has the policy at the launch of the FTA with the various countries to promote the trade expansion on both the bilateral and multilateral levels such as the ASEAN free trade zone, the Japan-Thai Economic Partnership Agreement: JTEPA, the ASEAN-China Free Trade Zone, ASEAN-Korea Free Trade Zone and others resulted in the reduction of the import duty of the hot-rolled steel products down to 0-5 percent. As a result, the import of hot-rolled steel products increased, so our market share, including other domestic manufacturers, has to bear the brunt directly.

However, the import of the foreign products has the disadvantage on taking time for delivery, the number of purchase, warranty and after-sales service. Thus, if no difference on the price too much, we have confidence that we can maintain the market share. Moreover, the Company also gives priority on the reduction of the production cost by emphasizing on the raw materials and use of energy with efficiency. We have G Steel as the ally in procurement of raw materials jointly, including the exchange of production technology, so the production can be effective with the low cost. Thus, we are confident that if there is a fair competition, without market dumping, we can surely compete with the imported products.

2) Anti-dumping

Referring the age of borderless communications, including the push to have economic expansion, by negotiations to open the free trade zones with various countries more, so the trading is more convenient. The access to customers and procurement of the goods source is easier, and the cost of importing goods lower, but as a result, the trade competition is considerably higher, especially with the hot-rolled steel products, which are the basic goods in the development of the countries with numerous manufacturers around the world. Thus, under the increased pressure, the manufacturers have to struggle for survival, as a result it creates the trade in terms of dumping more (Export price is lower than the domestic price) in the form that is both intentional and non-intentional characteristics. As a result, the market mechanism on the price of the country with the imported goods is distorted, or can be said of destroying the market of the domestic industry, so creating unfair competition in the process.

Thus, the policy on anti-dumping is an important tool to help create the fair trade to all concerned parties. As for Thailand, the public has given priority on this matter by the Ministry of Commerce has applied the anti-dumping measures for the hot-rolled steel products as follows:

1. Tax measures on anti-dumping for the hot-rolled steel products with the origin from the Republic of China and Malaysia for five years effective from August 2011.

2. Tax measures on anti-dumping for the hot-rolled steel products with boron-alloyed with the origin from the Republic of China for five years effective from December 2012.

As for the latest development, the public sector has opened public hearings to review the necessity in the renewal of the tax measures on anti-dumping for the hot-rolled steel coil and non-coil imported from 14 countries for another five years, while the old anti-dumping measures expired on May 2014. During the hearing period there was an announcement to collect the duty to counter the dumping for hot-rolled steel products imported from the 14 countries for another year.

While the exercise of the anti-dumping measures by the public sector is resulted in the fluctuation on the trade due to the dumping of the countries faced with such measures is reduced, it sent good results to the hot-rolled steel industry overall. However, the dumping still can occur from other countries not faced with such measures. Thus, the Company shall cooperate with other domestic manufacturers in the follow-up on the dumping that may take place by other countries or in other forms continuously. It is to prevent the unfair trade that can happen in Thailand later.

3) Protection of increased goods import

In the past few years after the public sector has exercised the measures on anti-dumping, the imported hot-rolled steel product price is higher and more difficult, the importers and exports have changed the tactics on importing the hot-rolled steel tariff (7208) to other hot-rolled alloy steel (7225 or 7226) by adding minimum alloy that can change the tariff category. As a result, they can invade the original anti-dumping measures, which such import has increased considerably in the past. This is, the import cause to have direct impact on the domestic manufacturers, including the Company as well. Thus, it has collaborated with other manufacturers to submit an application with the public sector to consider the impact by issuing protective measures from the increased products quickly. The public sector had announced the results on the final investigation to apply the protective measures against the import of other hot-rolled alloy steel coil and non-coil that increased. It took retroactive effect from February 2013 onwards for three years.

Although there was an application of the said protective measures, the attempt to import the goods from overseas still prevail continuously. By the latest development, they found a loop hole from the application of the anti-dumping and the protective measures from the existing imports by turning to import the hot-rolled steel sheet with the width of more than 1,550 mm, or other type of hot-rolled steel sheets instead. Meanwhile, the existing counter and protective measures could not be applied, but we have tried to solve such the problem by cooperating with other domestic manufacturers to submit a petition with the Ministry of Commerce to apply the measures against the hot-rolled steel sheet with the width exceeding 1,550 mm. By the late December of 2014, the public sector, by the Ministry of Commerce, announced the final inquiry and applied the protective measures against the hot-rolled steel sheet wider than 1,550 mm and other types of increased hot-rolled steel products with retroactive effect from June 2014 onwards for another three years to help the domestic industry. In such the measures may send good results to the overall hot-rolled steel industry. It can help to reduce the import of the goods that are applicable for evading the existing anti-dumping and protective measures very well.

Internal Control and Audit System

Internal Control

In the consideration on preparing the evaluation form of sufficiency of the internal control (audit) system, the Company has considered altogether five parts, consisted of the Part 1 Organization and the environment, Part 2 Risk management, Part 3 Supervision of the operations of the management, Part 4 Information system and information communication and Part 5 Follow-up system. While the board of directors deems that the Company has the internal control system that is sufficient, also there is the risk management committee helps to perform the duty in the review of the system and evaluate the effectiveness of the management on the risk throughout the year.

Moreover, the Company also has the internal control system on the transactions with the major shareholders, the directors or management or relevant persons with such people are sufficient enough, the board of directors has encouraged and promoted the management to develop the quality of the internal control continuously to reinforce the good corporate governance.

Sufficiency of internal control system assessment

The Board of Directors assessed the sufficiency of the Company's internal control system for the year 2014. The findings are as follows;

1. Organization and environment

- The Board of Directors has supervised the targets on the business operations of the Company on the short-term type of 1 year, the mid-term type of 5 years and the long-term type of 10 years in parallel with the annual budget designation. It shall follow up periodically with an adjustment during the business operation plan to be consistent with the situation at that time as appropriate. However, such the matter shall be presented to the board of directors for approval.

- The Board of Directors has considered setting the target on the operations with circumspection and review that it can comply with the actual targets by analyzing the incentive and remuneration for its employees to be justified.

- The Company has designed the structure of the organization clearly by separating the management into two parts being the production and maintenance, and the logistics for convenience and support of the management in the operations with the optimum efficiency.

- The Company has improved its code of conduct in 2008 additionally, which stipulates the policy on the ethics and their requirements. The management and the employees are prohibited from acting in such ways that may cause a conflict of interest with the Company and its trade partners, while it has designated a penalty in case of explicit violation.

- The Company has prepared its working policy and procedure in writing on the financial transactions, purchasing and general management carefully, so it can prevent from corruption. Together with the

establishment of power to approve the monetary limits clearly and it has developed the information system continuously for use as a tool in the control of corruption as well.

- In designating the policy and plan on the operations, the Company has considered the equity towards the trade partners by designating as a policy and guidelines on the practice in the code of conduct, so the management and its employees have the duty to build good relations with all of its trade partners. Also it has designated the measures for treating its trade partners with integrity, equality and confidentiality, as well as not accepting bribes from the trade partners.

2. Risk management

- The Company stipulated that the Management to have a meeting every week. Management of each area will present operation performance together with problem and risk facing in order to find solution and prevention.

- The Risk Management Committee will analyze and report progress of characteristics of risk and direction of risk management to maximize benefit to the Company.

- The Risk Management Committee stipulated measures to appraise the efficiency of risk control in various areas and to reduce possible risks that may affect the Company's operation.

- The Risk Management Committee has defined the Annual Risk Management Plan and assigned the Management to proceed with the actions in accordance with the Plan and then report back to the Risk Management Committee.

3. Operational control by the executives

- The Company clearly reviewed the regulation on approval authorization in financial and operational matters for the Management to manage the operations with utmost efficiency.

- The Company, with Work Flow provided, clearly separated the responsibilities of approving, recording accounting items and significant information, as well as assets maintenance.

- The Company stipulated measures and procedures of connected transaction approval and set as a policy on conflict of interest included in the Code of Conduct for executives and employees. The Internal Audit Department was assigned to audit and directly and consistently report to the Audit Committee. The Company also prohibits persons who may have conflict of interest to participate in approving transaction that may cause conflict of interest. In approving any transaction, the Company takes into account the long-term benefit as priority. In case of transaction that may involve conflict of interest, the matter shall be reported to the Audit Committee, or as the case may be, opinions of the Audit Committee shall be sought.

- The Company regularly monitored any execution in respect of contracts and agreements. The Company consistently monitored the operations of its subsidiaries where the Company has put an investment. The Company would appoint directors to hold directorship in the subsidiaries. For affiliate companies, the Company appointed representatives to be directors to protect its benefits.

- The Company hires a legal advisor from outside to review documents and provide consultancy in its operation. Internal Audit Department is assigned to audit the execution of the conduct to strictly conform to the rules, regulations and related laws.

4. Information and communication system

- For the Board of Directors' meeting, the Company Secretary and the Management prepared document and details concerning the important issues of the agenda to be considered so that the Board of Directors studied in advance. If there were any additional information, the secretary to the Board of Directors would provide the information prior to or within the meeting date.

- The Company delivered the meeting invitation, the previous meeting minutes and meeting document to the Board of Directors 7 days in advance.

- The Company prepared the Board of Directors' meeting minutes by recording significant details, including recommendation, objections (if any) and asked the Board of Directors to certify and approve the meeting minutes in the next Board of Directors' meeting. The Chairman of the Board of Directors granted the opportunities for the Board of Directors to independently correct or add content in the meeting minutes.

- The Company categorizing kept the documents supporting the financial and accounting transactions. In case of any incompleteness, the independent auditor to rectify and complete the document at once.

- The Company has its accounting policy as per the generally accepted accounting principle, to be restrained and audited by certified independent auditor.

5. Monitoring system

- The Management reported the operational performance to the Executive Committee and the Board of Directors every quarter. The Company also prepared annual budget for the following year and will use it as the criteria in appraising the performance and compare the difference between the forecast and the actual for the Board of Directors' acknowledgement.

- The Company arranged an executive meeting every week to monitor the operational performance, as well as seek solution in case the Company has not yet achieved the set goals. A committee was set up, with emphasis on operation system improvement, to handle project execution to enable the Company to achieve its business goal.

- The Company has arranged an examination to monitor regularly the set internal control system. The Internal Audit Department has duty for the annual monitoring plan covering finance, operation, and the practice in compliance with rules and law concerned, so as to assess the efficiency and effectiveness, including the implementation of the existing internal control system.

- The Company regularly and consistently monitored internal control system. The Internal Audit Department is assigned to report directly at least once a month to the Audit Committee. As a preventive measure, the Internal Audit Department has audited and closely monitored the execution of operations of every unit, to assess the rectification of any significant deficiency, and report to the Board of Directors.

- The Company required the Management to immediately report to the Board of Directors in case of fraud or suspected irregularities, breach of law and other irregular actions that may significantly affect the Company's reputation and financial status.

Related Transactions

Details of the related items between the Company and the People with a Possible Conflict of Interest

The Company has made items with people who may have conflict of interest from the shareholders and/or the management of the Company that can summarize the relations as follows:

Possible Conflict of Interest	Relation Characteristics
G Steel PCL	The main company and related directors
Oriental Access Co., Ltd.	A subsidiary of G Steel
GJS Notes Holdings Co., Ltd.	A subsidiary of G Steel
Siam Professional Holdings Co., Ltd.	A subsidiary of G Steel
GS Securities Holdings Co., Ltd.	A subsidiary of G Steel
SSP Place Co., Ltd.	Has joint directors
Millcon Steel Industries PCL.	Directors related to large shareholders of G Steel
Asia Metal PCL	Has joint directors
Millcon Burapha Co., Ltd.	Directors related to large shareholders of G Steel
Million Miles Ltd.	Directors related to large shareholders of G Steel
Ocean Profit Ltd.	Directors related to large shareholders of G Steel
Arnoma Hotel Bangkok Co., Ltd.	Has joint management with the Company
Thailand Iron Works PCL	Has joint directors with the Company
Great Siam Steel Works Ltd.	Has joint directors with the Company
Intelligent System Network Ltd.	Has joint directors with the Company
Felix River Kwai Resort (Kanchanaburi) Co., Ltd.	Has joint directors with the Company
Mahachai Coil Center Co., Ltd.	The company related to the shareholders of G Steel
Mahachai Steel Inter Co., Ltd.	The company is related to the shareholders of G Steel
Metal Inter Co., Ltd.	The company is related to the shareholders of G Steel
Kim Huat Steel Co., Ltd.	The company is related to the shareholders of G Steel
M & L Steel Co., Ltd.	The company is related to the shareholders of G Steel
M Steel Co., Ltd.	The company is related to the shareholders of G Steel
Alix Partners International LLC	It has joint directors with the Company from 16 January 2013 up to 28 June 2013.
Renaissance Advisory Limited	It has joint directors with the Company from 1 February 2013.

Related items took place in 2014 and 2013 with the following details

1. Related Items with G Steel PCL

Characteristics of the Items	Size of Item/Balance (Million Baht)		Necessity and Justification of the Item
	Date 31 Dec 2014	Date 31 Dec 2013	
- Buying raw materials and finished goods.	161.69	206.25	The management deems that such the item happens according to the normal business condition in its operations.
- Cost of operation consultant.	6.61	5.13	
- Income from sales	192.88	-	
- Trade creditor	1.73	0.17	
- Creditor from the offset of the cost of machinery	-	-	
-Trade debtor	1.94	-	
- Received interest	-	0.64	
- Interest paid	-	-	
- Deferred interest	-	-	
- Customer's advance payment	0.12	-	
- Short-term loan	-	-	

2. Related Items with Oriental Access Co., Ltd

Characteristics of the Items	Size of Item/Balance (Million Baht)		Necessity and Justification of the Item
	Date 31 Dec 2014	Date 31 Dec 2013	
- Expense on sales and Administration	-	-	The management deems such the items are necessary and justified, including approved by the creditor committee. The occurred expenses complied with the agreement on the management of the revolving credit facility for use in the operations; consultancy in establishing the strategy to help on the management of the Company. It includes the purchase of the materials used in production, production process, sales, marketing, sales promotion, domestic and foreign distribution of the goods and others for the agreed time.
- Deferred interest	1.62	-	
- Other creditors	42.99	-	

3. Related Items with Asia Metal PCL

Characteristics of the Items	Size of Item/Balance (Million Baht)		Necessity and Justification of the Item
	Date 31 Dec 2014	Date 31 Dec 2013	
- Income from selling finished goods	192.26	64.94	The management deems that such the item happens according to the normal business condition in its operations.
- Advance income from the customer	-	-	

4. Related Items with Millcon Steel Industries PCL

Characteristics of the Items	Size of Item/Balance (Million Baht)		Necessity and Justification of the Item
	Date 31 Dec 2014	Date 31 Dec 2013	
- Income from selling finished goods	-	61.24	The management deems that such the item happens according to the normal business condition in its operations.
- Advance income from the customer	-	-	

5. Related Items with SSP Place Co., Ltd.

Characteristics of the Items	Size of Item/Balance (Million Baht)		Necessity and Justification of the Item
	Date 31 Dec 2014	Date 31 Dec 2013	
- Expense on leasing the office space and other services	3.89	5.31	The management deems that the Company leases the office space for use in its operations with the office rentals at SSP Place Ltd. collected from the company is the same office rental that SSP Place collects from other lessees.
- Deferred expense	5.56	4.64	

6. Related Items with Arnoma Hotel Bangkok Co., Ltd.

Characteristics of the Items	Size of Item/Balance (Million Baht)		Necessity and Justification of the Item
	Date 31 Dec 2014	Date 31 Dec 2013	
- Other expenses	1.03	1.28	The management deems that such the item happens according to the normal business condition in its operations.
- Deferred expense	3.09	2.13	

7. Related Items with Intelligent System Network Co., Ltd.

Characteristics of the Items	Size of Item/Balance (Million Baht)		Necessity and Justification of the Item
	Date 31 Dec 2014	Date 31 Dec 2013	
- Other expenses	0.20	0.16	The management deems that such the item happens according to the normal business condition in its operations.
- Deferred expense	-	-	

8. Related Items with Mahachai Steel Inter Co., Ltd.

Characteristics of the Items	Size of Item/Balance (Million Baht)		Necessity and Justification of the Item
	Date 31 Dec 2014	Date 31 Dec 2013	
- Characteristics of the Items	46.91	79.49	The management deems that such the item happens according to the normal business condition in its operations.

9. Related Items with Kim Huat Steel Co., Ltd.

Characteristics of the Items	Size of Item/Balance (Million Baht)		Necessity and Justification of the Item
	Date 31 Dec 2014	Date 31 Dec 2013	
- Income from selling finished Goods	-	355.51	The management deems that such the item happens according to the normal business condition in its operations.
- Income from selling by- products	3.47	3.56	
- Trade debtor	-	-	
- Advance money from customer	-	3.47	

10. Related Items with Mahachai Steel Center Co., Ltd.

Characteristics of the Items	Size of Item/Balance (Million Baht)		Necessity and Justification of the Item
	Date 31 Dec 2014	Date 31 Dec 2013	
-Income from selling finished goods	135.05	89.34	The management deems that such the item happens according to the normal business condition in its operations.
- Buying raw materials and finished goods	1,897.10	-	
- Financial cost	13.87	-	
- Deferred interest	0.82	-	
- Cost of goods paid in advance	96.38	-	
- Trade creditor	139.47	-	

11. Related Items with M Steel Co., Ltd.

Characteristics of the Items	Size of Item/Balance (Million Baht)		Necessity and Justification of the Item
	Date 31 Dec 2014	Date 31 Dec 2013	
- Income from selling finished goods	-	15.33	The management deems that such the item happens according to the normal business condition in its operations.

12. Related Items with Metal Inter Co., Ltd.

Characteristics of the Items	Size of Item/Balance (Million Baht)		Necessity and Justification of the Item
	Date 31 Dec 2014	Date 31 Dec 2013	
- Buying raw materials and finished goods	2,285.59	210.69	The management deems that such the item happens according to the normal business condition in its operations.
- Other expenses	0.59	-	
- Financial Cost	7.03	-	

13. Related Items with GS Security Holding Co., Ltd.

Characteristics of the Items	Size of Item/Balance (Million Baht)		Necessity and Justification of the Item
	Date 31 Dec 2014	Date 31 Dec 2013	
- Debentures	640.80	916.32	The management deems that such the item happens according to the normal business condition in its operations.
- Financial consulting fees	21.92	12.81	

14. Related Items with Alix Partners International LLC

Characteristics of the Items	Size of Item/Balance (Million Baht)		Necessity and Justification of the Item
	Date 31 Dec 2014	Date 31 Dec 2013	
- Financial consulting fees	-	27.26	The management deems that such the item happens according to the normal business condition in its operations.

15. Related Items with Renaissance Advisory Limited

Characteristics of the Items	Size of Item/Balance (Million Baht)		Necessity and Justification of the Item
	Date 31 Dec 2014	Date 31 Dec 2013	
- Financial consulting fees	40.67	34.66	The management deems that such the item happens according to the normal business condition in its operations.

Measures or Procedure on Approval of the Related Items

Making a related item has to comply with the law on the securities and exchange and the rules, notifications, orders or requirement of the SET and the SEC. Those who have a conflict of interest or vested interests cannot vote in such items. The Board of Directors and the Audit Committee has to verify and supervise the related items, while the management and/or the non-stakeholders shall implement and make a decision on the related item. However, it does not include the transaction that is the normal course of business operations.

However, the procedure on making a related item shall comply with the rules of the Company by seeking opinion from the audit committee to consider the necessity and justification and notify the Board of Directors or seek approval from the Board and/or from the shareholders of the Company. It shall be implemented in consistency with the guidelines of the SET and the SEC on making the related items as a listed company. Moreover, the Company still has a policy on making the related items in the future on the normal business and lending as follows:

1. Normal business and items support the normal business with the general trade conditions
In the future the Company may do some items in the normal business and the supportive items in the normal course of business with the general trade conditions and the people who may have a continuous conflict in the future, for instance, trading of goods, lease of the office space or use of the place in organizing a seminar. The requirement on making the related items shall comply with the conditions on the normal trade conditions like the general customers in the fair price.
2. Normal business and the supportive items in the normal business without a general trade condition and between them.

In the future the Company may have items on the normal business type and the supportive items for the normal business, without general trade condition and related items with the people who may have continuous conflict such as the transaction with the allies, the consultant on the strategy of the Company. The Company shall comply with the designated conditions in the contract strictly. If there is a related item in addition in the future the Company has to follow the measures and procedure on approval of the related items. The board of the company may not approve item as they may have a conflict of interest in accordance with the specified scope of power of the board.

3. Lending

The Company has no policy on lending to other companies, including its allies and the strategic consultants. However, if it is necessary to implement, it has to follow the measures and procedure on approval of the related items. Meanwhile, the Board of Directors shall not approve any items that it may have a conflict of interest according to the specified scope of power of the board.

Moreover, since the products of the Company and those of our major shareholder, G Steel PCL (“G Steel”), have similarity; thus, for prevention of the conflict of interest in the future, the management of the Company has set guidelines on the measures as follows:

(1) Reduction of the chance of the business competition between the Company and G Steel.

The Management of the Company and of GSteel have planned and prepared guidelines on expanding the future business of each company based on the principle to have suitability with the expertise, production process, customer target group at present in each company to be consistent with the trend on the product demand in the future of each customer group, to avoid the repetitive investment and create the economies of scale in the production and purchase of raw materials.

(2) Independence of the Board of Directors and the management

Both companies have been managed with independent Boards and Audit Committees to maintain the interest of the minor shareholders on both sides, and the management has a policy of operating the business while maintaining freedom of management of each company.

(3) Making related items between the Company and G Steel

The Company has a policy on maintain the commercial arm’s length basis in making the related items and G Steel. Should there is a related item between the two companies, it shall provide an audit of the data that is transparent of the two companies to be able to verify and comment on the related item and disclose the information in the financial statement of the Company sufficiently.

Overall Policy

The company adheres to doing the operations on Corporate Social Responsibility (CSR) under the good governance principle and prioritization of the management of natural resources and the environment with sustainability. Khunying Patama Leeswadtrakul, chief CSR, is the responsible person to give support and promotion on the CSR operations for concrete continuity. She adheres to the policy on focusing the CSR from inside out. It means including taking care of the stakeholders such as the employees and their families, customers and creditors, shareholders, the surrounding communities, government agencies, suppliers and contractors, analysts, investors and financial institution, academics, educational institution and the media.

However, the company has implemented the CSR is based on the guidelines of “Being a leader in the steel industry at the world’s class” and has the mission involved with responsibility towards society and the environment. It is “Conservation of the environment and return to the society,” and “promotion of value to the stakeholders,” which is the important mission leading to sustainability.

Policy on the CSR and the Environment

The organization adheres to the business with transparency, accountability, ethics, respect of human rights, fair treatment of labor, anti-corruption, equity marketing and consumer protection as well as considering the impact on the stakeholders. Also it has determination on the operations with the responsibility for various impacts from the operations, including giving priority to the environment and promotion of participation and sustainable community development.

Implementation

The company has designated the policy, business ethics and practical guidelines, as well as punishment in the case involving the fair operations, relations with the involved stakeholders and the operations with a conflict of interest, including anti-corruption.

1) Supervision of the organization

It has the guidelines that all the employees have to perform the duty with integrity, ethical working, adhering to the bylaws of the company within the requirements, rules and various laws involved with its business operations strictly. It gives respect to the rights and interest of the stakeholders that it has relations. It also cooperates with a state agency or organizations that regulate the business of the company. Also it has to perform with circumspection, prudence and management of various resources among the personnel, finance, natural resources to have cost effectiveness and optimum benefit to the company and the public. Meanwhile, it can reveal information and review of the monitoring for transparency and accountability.

2) Human Rights

It has guidelines for all of its employees to respect and treat all the stakeholding groups with egalitarianism and equality based on the principle of respect to the human rights at the international level. They have the basic rights in livelihood and working, the right to expression and opinion, including the right to economics, society, culture, religion

and politics without discrimination on racism, religion and no violation of the various rights, as well as no exploitation of all the groups of the stakeholders, including the groups that need special care such as children, women, disable persons, the elderly, etc. Moreover, it has to avoid participation in the offence on violation of the human rights directly and indirectly towards the internal and external units as well.

3) Fair Competition

It has a policy on business competition with fair marketing and protection of the consumers considering the impact on the stakeholders. It includes countering market dumping, anti-corruption of all forms. It shall be the impetus to make the company stronger and dynamic all the time. The management and all of its employees have to learn and develop themselves all the time and comply with the policy on fair competition strictly, no exploitation of the competitors by any means that is not fair and/or against the business ethical principle.

4) Relationship with its Employees

It has the policy to treat all of its employees with egalitarianism according to the principle of respect to the human rights at the international level. All of its employees shall treat their colleagues with respect and honor, dignity and the right to privacy. The company shall collect and keep the personal background of all its employees only the part is necessary for working as a legal requirement. It is considered as confidential. A disclosure can be made only in the case of legal requirement only. It shall open the opportunity for the employees at all levels can develop their skills and training to have an opportunity for advancement in the occupation on the basis of equality and without bias.

Furthermore, the company has measures on promotion of health, safety and the working environment with the management of the working environment to be safe, hygienic and fostering work with optimization. Also it shall provide knowledge to the employees on health and working safety, including providing a check-up for its employees annually.

5) Relationship with the Customers

The company has a policy of focusing on the relations and cooperation in the long term with the customers, by requiring the management and all the employees to treat the customers based on integrity, reliability and mutual trust with the priority is building maximum satisfaction to our customers with responsibility, attention and prioritization of the problems and demands by the customers and the following guidelines:

- ❖ Adheres to presentation and delivery of the products meeting the standards and the quality coincides with the demand of the customers.
- ❖ Adheres to the various conditions agreed to the customers at the best.
- ❖ Offers the price and the conditions to the customers in the same group must be with the same conditions.
- ❖ Gives truthful information to the customers on the qualification and quality of the products for building confidence and equity to our customers.
- ❖ Be ready to answer the questions of our customers, including implementation on the complaints, advice and follow-up on the progress in various issues received from the customers.

6) Relationship with the Trade Partners

The company has a policy to build up good relationship with its suppliers/subcontractors by opening an opportunity to present goods/services with equal opportunity. The management and the relevant employees have to perform the job with honesty/loyalty, and the consideration and decision-making must be based on a comparison of quality of the goods/services, prices and conditions. It is based on the optimum benefit of the company in the short-term and long-term. Also it is prohibited from taking a bribe or any commissions from the trade partners, as well as disclosing or offering information of one or multiple trade partners to another trade partners directly and indirectly.

7) Relationship with the Local Community

The company has a policy of taking care of the locality, with the management and the employees to treat the local community nearby the plant with friendship and good relations with them by following these guidelines:

- ❖ Treat the local community with respect on their right and has responsibility, open the opportunity for the local community to participate and the community development in various issues to have good livelihood as appropriate on education, culture, public health, economics, employment and income generation, etc. It includes no prejudice or hindrance on those groups that need special care such as children, women, the disabled persons, the elderly, etc.
- ❖ Treat the local community with responsibility by solving their problems in case the consequential problems arise from the operations of the company fairly and with equality. It includes participation in the local community in solving other problems arise but not related to the operations of the company as appropriate.
- ❖ Provide care and support activities with benefit on the society and cooperation with the public sector and various agencies in the locality with willingness and sacrifice for the benefit towards the locality.

8) Responsibility for the Environment

The company has the policy on the responsibility for the environment with the management and the employees jointly are responsible for taking care and improving the production process and the waste treatment system. It is to make sure it has the minimum impact on the environment and has to resolve it promptly and seriously with urgency upon receiving a complaint on the environment. It includes management of natural resources and the environment to have optimum efficiency.

9) A Conflict of Interest

It has guidelines for all the employees to work considering the maximum benefit of the company and the stakeholders, by not allowing the personal or family reason to influence the decision to distract the above principle. So it is not the characterization of seeking personal interest that is a conflict of interest of the company and its customers.

10) Use of Insider Information for securities trading

It has guidelines that all of its employees have to adhere and keep the insider information as a secret, because it is an important factor that the investors have to use in making their decision. Regardless of being the information on the operation results, the plans on a business expansion or other data, which if a person receives insider information and

uses it to trade on the shares of the company, but it has not been revealed to the SET, it would be unfair to other investors, who do not know that information. So the company has a policy to prohibit it from using the insider information that is not disseminated to the public for trading of its shares.

11) Anti-Corruption and Bribery

It has guidelines for all of its employees are prohibited from giving or demanding a bribe or incentive, regardless of in any form. It is also forbidden from assigning other people to give or receive a bribe or incentive on their behalf to derive of a business advantage, a special right or a benefit on various finances. Also it is prohibited from giving a bribe directly or indirectly to the public officials or politicians to persuade them to use their discretion to benefit the company. These are the operations that against our ethical value and are a legal offence, including being prohibited from accepting a gift or reward and any entertainment from the trade partners more than the usual hospitality related to the business operations.

However, the internal audit of the company has the duty/responsibility to follow up on the anti-corruption and bribery, and opens an opportunity for its employees to report such the incident via the comment box or email or by phone to it directly. Such implementation may be made with a precaution and confidentiality. It also shall be no disclosure on the accusing source and the whistle blower is given protection, and it shall be reported to the inspection committee for further consideration or implementation.

Activities for the Benefit towards the Society and the Environment

As for 2014 the company focused on helping for the public interest towards the community and the environment, by sacrificing labor without incurring an expense such as the donations of blood, Activity on creative society jointly with the community, etc. with the CSR activities were implemented during the year as follows:

1. Participation in Social Development

1.1 Promotion of good health to the employees

- **Promotion of exercise**

The company has encouraged its employees to utilize their spare time, supported the sport play and competition to promote unity among its employees. It also has organized to be free from narcotics by providing knowledge on narcotics annually, so its employees have good health and not get involved with narcotics, etc.

1.2 Promotion of culture and conservation of the cultural heritage

- **Activity on religious support**

The Company has organized the activity on supporting the religion by having its employees to participate in the parade of the Lent candles and the candle casting on the Buddhist Lent Day jointly with Ban Khao Hin School in Chon Buri province.

- **Activity on making merit on the Songkran Day**

The Company organized the activity on Songkarn Day with its employees participated in making merit and bathing of the Buddha's image.

2. Participation for Social and Public Benefits

- Activity on blood donation

The Company jointly with the Office of The Red Cross Society of Chon Buri province, The Thai Red Cross Society, organized the activity of blood donations inside its factory, so the management and the plant employees jointly donated their blood.

- Activity on sharing spirit to the society

The Company has organized the activity by participating in with Ban Khao Hin School and Bo Win School, Chon Buri province on the Children's Day.

- Activity on creative society jointly with the community

The activity on creative society jointly with the community, the Company has organized the activity jointly with IRPC PCL to open an opportunity for visiting our factory.

Notes and Analysis of Financial and Operational Performance Result

Analysis and Explanation of the Management Analysis

The Company had a gross profit (loss) for 2014 and 2013 at the amounts of 491 million baht or 3.38% and (596) million baht, or (6.1%) respectively, and there are earnings before interest, taxes, depreciation and amortization (EBITDA) for 2014 and 2013 in the amount of 680 and (394) million baht respectively. In 2014 the goods sales price and volume adjusted higher, so we had the higher gross profit.

Operating results

- Income from sales and cost of sales

The Company had the income from sales for 2014 and 2013 in the amounts of 14,513 and 9,777 million baht respectively, and had the gross profit (loss) in the amount of 491 million baht or 3.38%, and (596) million baht or (6.1%) respectively. The important issues occurred in 2014 is the sales price and volume increased while the cost of sale decreased.

- Expense on sales

The sales expense for 2014 and 2013 were 153 and 108 million baht respectively, as the expense increased by 45 million baht due to the increased sales volume.

- Expense on the management

The expense on management for 2014 and 2013 amounted to 732 million baht and 1,325 million baht respectively, but the expense decreased by 593 million baht due to the reduction of the costs of production that is vacated, cost of consultant, and the penalty fine.

- Loss from the net currency exchange rate

The Company had the loss results from the exchange rate for 2014 in the amount of 28 million baht due to the weakness of the baht compared with the US dollar.

- Financial cost

The Company had the financial cost for 2014 and 2013 in the amounts of 175 and 213 million baht respectively. The financial cost in 2014 was reduced by 40 million baht due to the Company repaid and signed the agreement to adjust the debt restructuring with the multiple trade creditors successfully.

- Restatement of the loss result from reducing the inventory value

As for 2014 the Company restated the loss from reducing the inventory by the amount of 5 million baht due to the increased sales of the ready-made goods and the decreased production cost.

- Restatement of the loss from the purchase of the undelivered raw materials

In 2013 the Company restated the loss item from the purchase order of the raw materials undelivered in the amount of 186 million baht due to the end of 2013 the sales price of the ready-made goods increased while the cost of the raw materials decreased.

- Profit from the debt restructuring

As for 2014 the Company recorded a profit from the debt restructuring in the amount of 47 million baht due to it had reached the agreement with some creditors and repaid the debt in full.

- Other incomes

As for 2014 the Company had other incomes by the amount of 81 million baht, mostly arose from the sales of by-products, production consumables and salvage.

Financial Standing

Assets

As of 31 December 2014 and 2013 the Company had the consolidated assets equal to 19,833 and 20,687 million baht respectively. In 2014 they were decreased from 2013 by 854 million baht, divided into current assets of 1,762 million baht and non-current assets of 18,071 million baht.

Cash and its equivalent

At the end of 2014 it had cash and its equivalent of 208 million baht, increased by 7 million baht, or 3 percent over 2013. It had cash used in the operation activities (386) million baht, cash in the investment (0.3) million baht, but received from the procurement activity of (379) million baht respectively. So the cash and its equivalent increased.

Trade debtors

At the end of 2014 it had trade debtors of 617 million baht, offset for the doubtful debts of 417 million baht, leaving the net trade debtors of 200 million baht respectively. Also on 31 December 2013, it had the trade debtors valued at 627 million baht, offset by the doubtful debts of 417 million baht, leaving the net trade debtors for 210 million baht. The debtors reduced during the year by 10 million baht due to they paid the debts on time.

Inventory

As of 31 December 2014 and 2013 the Company had inventory to 1,094 and 894 million baht respectively, increased by 200 million baht, or 22.40 percent, arose from increase production and selling for finishing goods and raw material increase.

Land, buildings and equipment

As of 31 December 2014 and 2013 the Company had land, buildings and equipment valued to 17,368 and 18,293 million baht respectively, decreased by 925 million baht, or 5.05 percent, arose from the annual depreciation charge.

Intangible assets

As of 31 December 2014 and 2013 the Company had intangible assets amounted to 24 and 28 million baht respectively, decreased by 4 million baht, from the annual asset retirement.

Liabilities

As of 31 December 2014 and 2013 the Company had the total liabilities equal to 6,369 and 6,805 million baht respectively, decreased by 436 million baht, or 6.4 percent due to the reduction of the advance money from the customers, short-term loans from other businesses, debts under the business rehabilitation plan, debt forecast, other current liabilities, debentures and the increases of the trade creditors, other creditors and deferred expense, paid interest and employees' benefit obligations, which can be explained as follows:

Advance payment from the customers

As of 31 December 2014 and 2013 the Company received the advance money from the customers amounted to 307 and 325 million baht respectively, by decreasing 18 million baht due to more goods deliveries, so the advance payment for the cost of goods was reduced.

Short-term loan from other businesses

As of 31 December 2014 and 2013 the Company had short-term loans from other businesses in the amount of -0- and 62 million baht respectively, decreasing by 62 million baht due to the repayment of the loans.

Liabilities under the business rehabilitation

As of 31 December 2014 and 2013 the Company had debts under the business rehabilitation of 244 and 269 million baht respectively, by reducing the amount of 25 million baht, with the main cause from the repayment according to the creditor compromise contract.

Estimate on the liabilities

As of 31 December 2014 and 2013 the Company estimated the liabilities to be -0- million baht and 451 million baht respectively, decreased by 451 million baht with the principal causes from,

1. Breach of the debt compromise contracts and transfers to the deferred interest.
2. Repayment to the creditors according to the debt compromise contract and the transfer to profit from the debt restructuring.

Debentures

As of 31 December 2012 the Company had the leftover unsecured debentures of 1,210 million baht, increased between 2013 from the compromise with the creditors in the amount of 1,043 million baht, and repaid during 2013 of

1,337 baht, while in 2014, it repaid in the amount of 275 million baht with the balance on 31 December 2014 is 641 million baht.

Trade creditors

As of 31 December 2014 and 2013 the Company had trade creditors amounted to 2,240 and 1,247 million baht respectively, increased by 993 million baht, mostly due to the transfers of the trade creditors from the non-current liabilities because of the default on the repayment with the creditors according to the compromise contracts.

Deferred interest

As of 31 December 2014 and 2013 the Company had deferred interest of 975 and 519 million baht respectively, increased by 456 million baht. The main cause came from the breach of the debt compromise contracts, so there was a penalty on the deferred interest at the debt estimate to be transferred to the deferred interest like before.

Other creditors and deferred expenses

As of 31 December 2014 and 2013 the Company had other creditors and deferred expenses of 1,891 and 2,004 million baht respectively, decreased by 113 million baht from the repayment.

Benefit obligations for the employees

As of 31 December 2014 and 2013 the Company had benefit obligations for its employees of 37 and 28 million baht respectively, increased by 9 million baht, because it adheres to the accounting standard No. 19 Re: Fringe benefits for the employees.

Equity

As of 31 December 2014 and 2013 the Company had the equity equals to 13,464 and 13,882 million baht respectively, reduced by 418 million baht, or 3 percent, due to the annual net loss of 2014.

Liquidity

The financial statement as of 31 December 2014 and 2013, the Company had the liquidity that can be compared with the financial ratio as follows:

	As of 31 December	
	2014	2013
Current ratio	0.30	0.45
Quick ratio	0.07	0.11
Debt to equity ratio	0.47	0.49

Audit Committee Report

Audit Committee Report To the Shareholders of G J Steel Public Company Limited

The Audit Committee of G J Steel Public Company Limited was duly appointed by the resolution of the Company's Board of Directors consisting of three honorable independent directors as follows:

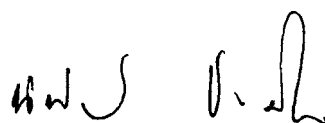
- | | | |
|----|---------------------------------|---------------------------------|
| 1. | Assoc. Prof. Niputh Jitprasonk | Chairman of the Audit Committee |
| 2. | Assoc. Prof. Sukanya Tantanawat | Audit Committee Member |
| 3. | Mrs. Churairat Panyarachun | Audit Committee Member |

The Audit Committee has been operating under the scope of duties and responsibilities as assigned by the Board of Directors in conformity with the rules and regulations of the Stock Exchange of Thailand as well as providing advices on related matters with good cooperation from the management. Therefore, I, Assoc. Prof. Niputh Jitprasonk, Chairman of the Audit Committee, would like to present the 2014 Audit Committee Reports as follows:-

During the financial period ended 31 December 2014 is the year that the Company could increase its production volume to the full capacity during the off-peak rates, while it still tried to resolve the liquidity problems simultaneously. It did by trying to find the capital source for the Company could have the working capital in the operation continuously and negotiated to restructure the debts with cooperation from the creditors very well. The Company could reduce the debt burden and change the debt to equity ratio to be at the suitable rate, so it has the better financial standing. Also the steel business group received support from the public sector with various measures to safeguard against the imports and counter the dumping of the imports of hot-rolled steel sheet coil, so the marketing situation in the domestic market started to return to normal conditions.

The Audit Committee has reviewed the internal audit report and coordinated with the licensed auditors to learn of the results on the audit and its financial results as well as the notes of the auditors and their advice. It is to present the occurred problems to the board of directors for consideration and assigned the management to address the various shortcomings, including improving the internal control to meet the international standards. Meanwhile, its operations can comply with the law and relevant requirements suitably and to reduce the damage or possible damage to be lessened or even wiped out.

Finally, the Audit Committee shall supervise the operations to be transparent and suitable with the aim to maintain the interests of the shareholders as priority.



(Assoc. Prof. Niputh Jitprasonk)

Chairman of the Audit Committee

Report on Board of Directors' Responsibility towards Financial Statements

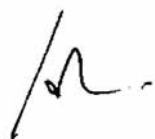
The Company's Board of Directors is responsible for Financial Statements of the Company and its subsidiaries including financial information appearing in the Annual Financial Report. Such Financial Statements are prepared in accordance with the generally accepted accounting standards with the selection of and consistent compliance with appropriate accounting policy. Discretion and estimation had been exercised at the best in the preparation of these statements with sufficient disclosure of significant information in the Notes to the Financial Statements, for the best benefit of shareholders and investors in general transparently.

The Company's Board of Director has caused to avail Risk Management System, to establish and maintain the suitable and effective Internal Control System in order to reasonably ensure that the accounting data are accurate and complete in nature and adequate to maintain the assets as well as to prevent any corruptions or irregularities to occur.

In this respect, the Audit Committee the members of which are independent directors has performed duties in verifying the accounting policy and quality of the financial report, the internal control system, internal audit system, risk management system, as well as making a consideration on data disclosures on the connected transactions which, in this connection, the opinions of the Audit Committee in relation to this matter have appeared in the Internal Audit Committee Report which have already been disclosed in the Annual Report.

Financial Statements of the Company and its subsidiaries are audited by A.M.T. & ASSOCIATES, which is the Company's independent auditor. In auditing, the Company's Board of Directors and the Management provide supports on the aspects of various data and documents in order to enable the auditor to audit and express opinions in accordance with the auditing standard which, in this respect, the auditor's opinions will appear in the Report of Independent Auditor shown in the Annual Report.

Yet, the Company's Risk Management Committee had assessed the sufficiency of the internal control system and the connected transactions on 20 February 2015 was of the opinion that the overall Company's internal control system was at the satisfactory level and could reasonably build the confidence that the Financial Statements of the Company and its subsidiaries for the year then ended 31 December 2014 were reliable and adhered to the generally accepted accounting standard and practiced properly in accordance with related law and regulations.



(General Lertrat Ratanavanich)
Chairman of the Board of Directors



(Ryuzo Ogino)
Director

Independent auditor's report

**To The Shareholders and Board of Directors of
G J Steel Public Company Limited**

- (1) I have audited the accompanying consolidated financial statements of G J Steel Public Company Limited and its subsidiary, which comprise the consolidated statements of financial position as of 31 December 2014, the related consolidated statements of changes in shareholders' equity, income, comprehensive income and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, and I have also audited the separate financial statements for the same year of G J Steel Public Company Limited.

Management's Responsibility for the Financial Statements

- (2) Management is responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

- (3) My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

- (4) In my opinion, the financial statements present fairly, in all material respects, the consolidated financial position of G J Steel Public Company Limited and its subsidiary as of 31 December 2014, and the result of their operations and their cash flows for the year then ended and the financial position of G J Steel Public Company Limited as of 31 December 2014, the results of its operations and its cash flows for the year then ended in accordance with Financial Reporting Standards.

Emphasis of Matters

Without qualifying my opinion, I drew attention to the following matters:

- (5) As mentioned in the Notes 1.2 to financial statements regarding going concern that as of 31 December 2014 and 2013 part of financial position of the Company are as follows;

Risk effected to the going concern	Million (Baht)	
	As of 31 December	
	2014	2013
(1) Loss for the years	418	1,599
(2) Deficit	20,075	19,656
(3) Current liabilities exceed current assets	4,022	2,103

These were affected by various factors including the fluctuation of global economics, the default payment on the debt restructuring plan, the dumping of goods from foreign steel manufacturers, and the suspension of production. These factors may cause the significant doubt on going concern of Group and the Company. However, the Management believes that the preparation of the financial statements on going concern basis is justified.

This is due to the fact that the Company has plans to improve its operations to bring back to normal situation and be to able to generate profits and wipe out the accumulated deficit as followings;

a) Negotiation with default creditors

The Company had reached agreement with various major default creditors, resulted in the liabilities as of 31 December 2013 of the Company decreased from 31 December 2012 amounting to Baht 3,724 million. And since 1 January 2014 to present, the Company has been in process of negotiation with the creditors regarding the debt repayment (principal and interest) request.

b) The production

In 2012, the Company has temporarily suspended its production. The Company has take this opportunity to conduct the annual maintenance of machinery and equipment. And the Company has resumed its production on 20 March 2013 and gradually increased its capacity to the full off-peak capacity which is the low electric usage period, until present. Its present production capacity is at 81% of the full off-peak capacity.

c) Source of funding

The Company has started implementing various funding plans to support the operations. This includes

1. Engaged the plan administrator to manage the turnaround plan until successfully completed the first phase of turnaround plan.
2. Successfully enhanced the Company's liquidity through the right issue.
3. Increasing of the cash flow through sale by manufacturing and selling the hot rolled coil
4. Reach an agreement with the customers in support of the increased credit line
5. Negotiating the credit line with the financial institutions
6. Accelerating the debt collection from its debtor
7. Selling through the method of advance payment

d) The Governmental support

The Company has cooperated with the other hot-rolled flat steel producers (collectively called "the domestic industry"), filed the petitions for trade remedies to the Thai government, led by Ministry of Commerce, as consequences to serious injuries caused by unfair trade practice in the forms of dumping import hot-rolled steel flat products and import surge to Thailand that also have dampened the stability of Thailand's economy. Up to the present, Ministry of Commerce had made several determinations and notifications of antidumping measures and safeguard measures in order to help the domestic industry to stand and compete with the import goods on a fair trade basis and to adjust themselves to further stand for increasing competition with the import goods in the domestic market, as per the following summary of the trade measures:

1. Antidumping measure on non-alloy steel hot-rolled flat products in coil and not in coil originated (or imported) from the 14 countries, i.e. Japan, South Africa, Russia, Kazakhstan, India, South Korea, Taiwan, Venezuela, Argentina, Ukraine, Algeria, Indonesia, Slovak and Romania, with antidumping duty imposition period from 23 May 2009 through 22 May 2014 (5 years); meanwhile before the said expiry date, the domestic industry filed petition for review of necessity to continue the antidumping measure, then on 14 May 2014 the Antidumping and Countervailing Committee made notification of continuation of antidumping duty imposition for another year (23 May 2014 through 22 May 2015), later on 15 May 2014 Department of Foreign Trade issued notification of review for the necessity of continuation of antidumping measure, as the start of antidumping review procedure that the domestic industry requested for, thus the results will be determined and notified within 12 months in the review procedure according to the concerned laws.

2. Antidumping measure on non-alloy steel hot-rolled flat products in coil and not in coil originated from China and Malaysia (2 countries in total), with the duty imposition period from 12 August 2011 onwards throughout the year 2014 and effective through 11 August 2016 (5 years).
3. Antidumping measure on boron-added steel hot-rolled flat products in coil and not in coil originated from China , with the duty imposition period from 26 December 2012 onwards throughout the year 2014 and effective through 25 December 2017 (5 years).
4. Safeguard measure on other-alloy steel hot-rolled flat products in coil and not in coil originated from any countries (except the developing countries that account for less than 3% of share in total import volume to Thailand), with the provisional safeguard duty imposition period from 27 February through 14 September 2013 (200 days) and then the final determination in effect from 15 September 2013 onwards throughout the year 2014 and effective through 26 February 2016 (about 2 years and a half).
5. Safeguard measure on non-alloy steel hot-rolled flat products in coil and not in coil originated from any countries (except the developing countries that account for less than 3% of share in total import volume to Thailand), with the safeguard duty imposition period from 7 June through 23 December 2014 (200 days) and then the final determination in effect from 24 December 2014 onwards and effective through 6 June 2017 (about almost 2 years and a half).

The measures above have brought back the situation to normalcy.

Based on the statistical data from Iron and Steel Institute of Thailand available to its members (in approximate numbers):

- Total domestic demand for hot-rolled steel flat products for 2014 is 6.97 million metric tonnes (“mmt”) (average 0.58 mmt per month), a decrease by 0.55 mmt or 7.4% decrease from previous year

The said number consists of 2.85 mmt of domestic production (average 0.24 mmt per month), 4.14 mmt of imports (average 0.34 mmt per month) and little volume 0.03 mmt of exports

e) Cooperation with trading partners

The Company had reached agreement with many long and good relation customers. After agree on debt restructuring, many major customers commit to purchase products from the Company. This enables the Company to effectively manage the production on a regular basis.

The financial statements of the Company has been prepared on going concern basis with the presumption that the operation plans as mentioned above will be successfully implemented.

- (6) As mentioned in the Notes 13 to financial statements that in determination of assets impairment, the management of the Company has verified various factors and concluded that there is no factor indicated the value of land, buildings and equipments as of 31 December 2014 and 2013 may be impaired. However, for the sake of certainty, during the 2nd Quarter of 2014, the management of the Company has retained 2 independent appraisers to evaluate the value of the land, buildings and equipments as of 31 December 2013 of the Company. Together with the valuation of the assets of the management, and concluded that as of 31 December 2014 and 2013 there are no factor indicated that the book value of the land, buildings and equipment may be impaired.



(CHAIYUTH ANGSUWITHAYA)

Certified Public Accountant

Registration No. 3885

A.M.T. & ASSOCIATES

Bangkok, Thailand

26 February 2015

Statement of financial position

G J Steel Public Company Limited and its Subsidiary

Assets	Note	Consolidated financial statements		Separate financial statements	
		31 December		31 December	
		2014	2013	2014	2013
		(Baht)			
Current assets					
Cash and cash equivalents	7	208,446,530	201,693,296	208,446,530	201,693,296
Trade accounts receivable	5, 8	199,720,686	209,400,196	199,720,686	209,400,196
Inventories	9	1,094,247,223	893,848,435	1,094,247,223	893,848,435
Other current assets	5, 10	259,488,243	383,419,788	259,488,243	383,419,788
Total current assets		1,761,902,682	1,688,361,715	1,761,902,682	1,688,361,715
Non-current assets					
Long-term loans to and receivables from former related parties	6	38,894	38,894	38,894	38,894
Investment in subsidiary	11	-	-	-	-
Advance payment for purchase of property, plant and equipment	12	210,000,000	210,000,000	210,000,000	210,000,000
Property, plant and equipment	13	17,368,271,543	18,293,542,324	17,368,271,543	18,293,542,324
Intangible assets	14	24,272,988	28,314,024	24,272,988	28,314,024
Cash guarantee for the utility usage	15	252,000,000	252,000,000	252,000,000	252,000,000
Other non-current assets	17	216,374,704	214,420,303	216,374,704	214,420,303
Total non-current assets		18,070,958,129	18,998,315,545	18,070,958,129	18,998,315,545
Total assets		19,832,860,811	20,686,677,260	19,832,860,811	20,686,677,260

The accompanying notes are an integral part of these financial statements

Statement of financial position (continued)

G J Steel Public Company Limited and its Subsidiary

Liabilities and equity	Note	Consolidated financial statements		Separate financial statements	
		31 December		31 December	
		2014	2013	2014	2013
		(Baht)			
Current liabilities					
Trade accounts payable	1.3, 5, 19	2,240,066,014	1,247,339,759	2,240,066,014	1,247,339,759
Other payables and accrued expenses	5, 20	1,343,739,369	1,296,229,074	1,343,421,169	1,296,079,074
Advance from customers	5, 38.4	306,835,064	325,091,693	306,835,064	325,091,693
Current portion of long-term loan from a related party	5, 18	-	-	-	-
Current portion of long-term from other party	18	-	-	-	-
Short-term loan from other parties	18	-	62,255,756	-	62,255,756
Current portion of debentures	5, 18	640,799,828	-	640,799,828	-
Accrued interest expenses	1.3, 5	975,165,319	519,436,359	975,165,319	519,436,359
Current portion of liabilities under rehabilitation plan	22	244,211,291	268,869,198	244,211,291	268,869,198
Provisions	24	-	39,213,360	-	39,213,360
Other current liabilities	21	33,369,536	32,669,174	33,369,536	32,669,174
Total current liabilities		5,784,186,421	3,791,104,373	5,783,868,221	3,790,954,373
Non-current liabilities					
Trade accounts payable	1.3, 19	-	949,649,251	-	949,649,251
Other payables and accrued expenses	20	547,797,458	708,024,758	547,797,458	708,024,758
Debentures	5, 18	-	916,322,558	-	916,322,558
Employee benefit obligations	23	37,197,310	28,022,584	37,197,310	28,022,584
Provisions	5, 24	-	411,525,238	-	411,525,238
Total non-current liabilities		584,994,768	3,013,544,389	584,994,768	3,013,544,389
Total liabilities		6,369,181,189	6,804,648,762	6,368,862,989	6,804,498,762
Equity					
Share capital	25				
Authorised share capital		129,979,834,014	129,979,834,014	129,979,834,014	129,979,834,014
Issued and paid-up share capital		73,039,109,694	73,039,109,694	73,039,109,694	73,039,109,694
Warrants	26	147,991,749	147,991,749	147,991,749	147,991,749
Premium (discount) on ordinary shares	25	(39,828,910,395)	(39,828,910,395)	(39,828,910,395)	(39,828,910,395)
Retained earnings (deficit)					
Appropriated					
Legal reserve	27	18,507,422	18,507,422	18,507,422	18,507,422
Deficit		(20,074,708,317)	(19,656,359,441)	(20,074,390,117)	(19,656,209,441)
Other components of equity	27	161,689,469	161,689,469	161,689,469	161,689,469
Total equity		13,463,679,622	13,882,028,498	13,463,997,822	13,882,178,498
Total liabilities and equity		19,832,860,811	20,686,677,260	19,832,860,811	20,686,677,260

The accompanying notes are an integral part of these financial statements

Statement of comprehensive income

G J Steel Public Company Limited and its Subsidiary

		Consolidated financial statements		Separate financial statements	
		31 December		31 December	
	Note	2014	2013	2014	2013
		(Baht)			
Income					
Revenue from sale of goods	5, 28, 35	14,512,999,808	9,777,468,191	14,512,999,808	9,777,468,191
Reversal of loss on devaluation of inventories	9	51,646,906	81,423,747	51,646,906	81,423,747
Reversal of loss on confirmed purchase orders for undelivered raw material	24, 38.3	-	186,871,401	-	186,871,401
Reversal of provision on tax related liabilities	24	-	668,746,781	-	668,746,781
Gain from debt restructuring	18, 22, 24	46,967,989	7,488,214	46,967,989	7,488,214
Other income	5	80,687,448	22,633,858	80,687,448	22,633,858
Total income		14,692,302,151	10,744,632,192	14,692,302,151	10,744,632,192
Expenses					
Cost of sale of goods	5, 9, 32	14,022,127,707	10,373,187,064	14,022,127,707	10,373,187,064
Selling expenses	5, 29, 32	152,692,953	107,776,520	152,692,953	107,776,520
Administrative expenses	5, 9, 30, 32	732,148,175	1,325,565,325	731,979,975	1,325,359,135
Bad and doubtful debts expense	6, 10	-	329,893	-	386,083
Net foreign exchange loss		28,377,410	203,515,620	28,377,410	203,515,620
Advisory fees for debt restructuring		-	119,189,095	-	119,189,095
Provision for tax-related liabilities	24	-	1,271,682	-	1,271,682
Finance costs	5, 18, 33	175,304,782	212,740,356	175,304,782	212,740,356
Total expenses		15,110,651,027	12,343,575,555	15,110,482,827	12,343,425,555
Net profit (loss) for the year		(418,348,876)	(1,598,943,363)	(418,180,676)	(1,598,793,363)
Other comprehensive income for the year		-	-	-	-
Total comprehensive income for the year		(418,348,876)	(1,598,943,363)	(418,180,676)	(1,598,793,363)
Earnings (loss) per share	36				
Basic earnings (loss) per share		(0.004)	(0.02)	(0.004)	(0.02)

The accompanying notes are an integral part of these financial statements

Statement of changes in equity

G J Steel Public Company Limited and its Subsidiary

Consolidated financial statements						
	Note	Issued and paid-up share capital	Warrants	Share premium / (discount)	Retained earnings (Deficit) Legal reserve (Bhlt)	Other components of equity
For the year ended 31 December 2013						
Balance at 1 January 2013		27,533,305,754	147,991,749	394,381,033	18,507,422	10,198,459,349
Transactions with owners, recorded directly in equity						
<i>Contributions by and distributions to owners of the Company</i>						
Issue of ordinary shares	25	45,505,803,940	-	(40,223,291,428)	-	5,282,512,512
Total contributions by and distributions to owners of the Company		45,505,803,940	-	(40,223,291,428)	-	5,282,512,512
Comprehensive income for the year						
Ner profit (loss) for the year		-	-	-	(1,598,943,363)	(1,598,943,363)
Other comprehensive income		-	-	-	-	-
Total comprehensive income for the year		-	-	-	(1,598,943,363)	(1,598,943,363)
Balance at 31 December 2013		73,039,109,694	147,991,749	(39,828,910,395)	18,507,422	13,882,028,498
For the year ended 31 December 2014						
Balance at 1 January 2014		73,039,109,694	147,991,749	(39,828,910,395)	18,507,422	13,882,028,498
Transactions with owners, recorded directly in equity						
<i>Contributions by and distributions to owners of the Company</i>						
Issue of ordinary shares	25	-	-	-	-	-
Total contributions by and distributions to owners of the Company		-	-	-	-	-
Comprehensive income for the year						
Ner profit (loss) for the year		-	-	-	(418,348,876)	(418,348,876)
Other comprehensive income		-	-	-	-	-
Total comprehensive income for the year		-	-	-	(418,348,876)	(418,348,876)
Balance at 31 December 2014		73,039,109,694	147,991,749	(39,828,910,395)	18,507,422	13,463,679,622

The accompanying notes are an integral part of these financial statements

Statement of changes in equity (continued)

G J Steel Public Company Limited and its Subsidiary

Separate financial statements								
	Note	Issued and paid-up share capital	Warrants	Share premium / (discount)	Legal reserve (Bakt)	Retained earnings (Deficit) Deficit	Other components of equity	Total equity
For the year ended 31 December 2013								
Balance at 1 January 2013								
Transactions with owners, recorded directly in equity								
Contributions by and distributions to owners of the Company								
Issue of ordinary shares								
25		27,533,305,754	147,991,749	394,381,033	18,507,422	(18,057,416,078)	161,689,469	10,198,459,349
Total contributions by and distributions to owners of the Company								
		45,505,803,940	-	(40,223,291,428)	-	-	-	5,282,512,512
		45,505,803,940	-	(40,223,291,428)	-	-	-	5,282,512,512
Comprehensive income for the year								
		-	-	-	-	(1,598,793,363)	-	(1,598,793,363)
		-	-	-	-	-	-	-
Total comprehensive income for the year								
		-	-	-	-	(1,598,793,363)	-	(1,598,793,363)
		73,039,109,694	147,991,749	(39,828,910,395)	18,507,422	(19,656,209,441)	161,689,469	13,882,178,498
For the year ended 31 December 2014								
Balance at 1 January 2014								
Transactions with owners, recorded directly in equity								
Contributions by and distributions to owners of the Company								
Issue of ordinary shares								
25		-	-	-	-	-	-	-
		-	-	-	-	-	-	-
Total contributions by and distributions to owners of the Company								
		-	-	-	-	-	-	-
Comprehensive income for the year								
		-	-	-	-	(418,180,676)	-	(418,180,676)
		-	-	-	-	-	-	-
Total comprehensive income for the year								
		-	-	-	-	(418,180,676)	-	(418,180,676)
		73,039,109,694	147,991,749	(39,828,910,395)	18,507,422	(20,074,390,117)	161,689,469	13,463,997,822

The accompanying notes are an integral part of these financial statements

Statement of Cash flows

G J Steel Public Company Limited and its Subsidiary

		Consolidated financial statements		Separate financial statements	
		For the year ended 31 December		For the year ended 31 December	
	Note	2014	2013	2014	2013
		(Baht)			
Cash flows from operating activities					
Net profit (loss) for the year		(418,348,876)	(1,598,943,363)	(418,180,676)	(1,598,793,363)
Adjustments for					
Depreciation and amortisation	13, 14, 32	1,051,857,765	992,799,174	1,053,857,765	992,799,174
Interest income		(742,035)	(3,080,569)	(742,035)	(3,080,569)
Finance costs	33	175,304,782	212,740,356	175,304,782	212,740,356
Loss on impairment of advance to suppliers	30	-	69,071,199	-	69,071,199
Loss on impairment in value of investment in subsidiary		-	200,000	-	200,000
Advisory fees for debt restructuring paid by share		-	119,189,095	-	119,189,095
Gain from debt restructuring	18, 22, 24	(46,967,989)	(7,488,214)	(46,967,989)	(7,488,214)
Unrealised loss (gain) on exchange rate		904,785	221,674,725	904,785	221,674,725
(Reversal of) bad and doubtful debts expense	6, 10	-	386,083	-	386,083
Gain from offsetting transaction	6	-	(12,327,498)	-	(12,327,498)
(Reversal of) loss on devaluation of inventories	9	(51,646,905)	(81,423,747)	(51,646,905)	(81,423,747)
(Reversal of) loss on confirmed purchase orders of undelivered of raw material	24, 38.3	-	(186,871,401)	-	(186,871,401)
Provision for tax-related liabilities	24	-	1,271,682	-	1,271,682
Reversal of provision for tax-related liabilities	24	-	(668,746,781)	-	(668,746,781)
Employee benefit expenses	23	9,174,727	9,142,449	9,174,727	9,142,449
Loss on write-off of inventories	9	-	75,000,000	-	75,000,000
Loss on write-off of assets		744,087	14,905	744,087	14,905
		720,280,341	(857,391,905)	722,448,541	(857,241,905)
Changes in operating assets and liabilities					
Trade accounts receivable		(59,612,673)	(21,182,233)	(59,612,673)	(21,182,233)
Inventories		(148,751,883)	(512,908,886)	(148,751,883)	(512,908,886)
Advances to suppliers		46,767,407	(216,276,704)	46,767,407	(216,276,704)
Other current assets		16,538,059	148,576,763	16,538,059	148,576,763
Cash guarantee for the Company's utility usage	15	-	(232,000,000)	-	(232,000,000)
Other non-current assets		(128,752,412)	(97,683,599)	(128,752,412)	(97,683,599)
Trade accounts payable		64,703,351	277,751,389	64,703,351	277,751,389
Advances received from customers		(18,256,629)	94,961,774	(18,256,629)	94,961,774
Other payables and accrued expenses		(108,958,484)	(24,900,224)	(109,126,684)	(25,050,224)
Other current liabilities		607,024	(10,210,944)	607,024	(10,210,944)
Provision paid	24	-	(1,271,682)	-	(1,271,682)
Income tax paid		-	-	-	-
Net cash used in operating activities		384,564,101	(1,452,536,251)	386,564,101	(1,452,536,251)
Cash flows from investing activities					
Interest received		742,035	3,299,692	742,035	3,299,692
Decrease (increase) in current investment		-	(520,773)	-	(520,773)
Proceeds from short-term loans to related party		-	16,114,495	-	16,114,495
Proceeds from long-term loan to and receivables from former related parties		-	16,000,000	-	16,000,000
Payment for investing in subsidiary	11	-	(200,000)	-	(200,000)
Purchase of property, plant and equipment		(1,016,363)	(12,493,528)	(1,016,363)	(12,493,528)
Net cash provided by investing activities		(274,328)	22,199,886	(274,328)	22,199,886

The accompanying notes are an integral part of these financial statements

Statement of cash flows (continued)

G J Steel Public Company Limited and its Subsidiary

		Consolidated financial statements		Separate financial statements	
		For the year ended 31 December		For the year ended 31 December	
	Note	2014	2013	2014	2013
				(in Baht)	
Cash flows from financing activities					
Finance cost paid		(88,996,499)	(71,369,946)	(88,996,499)	(71,369,946)
Payment of liabilities under rehabilitation plan	22	(13,258,885)	(5,385,389)	(13,258,885)	(5,385,389)
Repayment of short-term loans from other parties		(1,784,078)	(81,282,244)	(1,784,078)	(81,282,244)
Repayment of long-term loan from related parties		-	(148,673)	-	(148,673)
Repayment of long-term loan from other parties		-	(18,000,000)	-	(18,000,000)
Payment for redemption of debentures		(275,522,730)	(1,336,197,442)	(275,522,730)	(1,336,197,442)
Proceeds from ordinary shares issued		-	3,091,410,117	-	3,091,410,117
Proceeds from short-term loans from other parties		-	19,077,518	-	19,077,518
Net cash provided by financing activities		(379,562,192)	1,598,103,941	(379,562,192)	1,598,103,941
Net increase in cash and cash equivalents		6,727,581	167,767,576	6,727,581	167,767,576
Cash and cash equivalents at 1 January		201,693,296	33,776,913	201,693,296	33,776,913
Effect of exchange rate changes on balances held in foreign currencies		25,653	148,807	25,653	148,807
Cash and cash equivalents at 31 December	7	208,446,530	201,693,296	208,446,530	201,693,296
Non-cash transactions					
Conversion of debts to debentures and long-term loan from a related party	18	-	1,043,000,000	-	1,043,000,000
Transfer trade accounts payable and accrued interest expenses to provisions	1,3, 24	-	450,738,599	-	450,738,599
Conversion of debts to equity	5(a), 25	-	2,051,467,459	-	2,051,467,459
Issue of ordinary shares to pay advisory fees	25	-	139,634,936	-	139,634,936
Offsetting between trade accounts receivable and other current assets with trade accounts payable and other payables and accrued expenses	8, 10	-	-	-	-
Offsetting between short-term loans to and interest receivables from a related parties and other current asset with accrued interest expense and other payable and accrued expenses	5(h)	-	29,007,541	-	29,007,541
Offsetting between long-term loans to and receivables from former related parties with current portion of liability under rehabilitation plan	6	-	69,210,076	-	69,210,076
Transfer advance received from customer and other payable and accrued expense to payable to related party	5(i)	-	32,760,000	-	32,760,000
Transfer provisions and other current liabilities to other payable and accrued expenses	20	-	886,729,816	-	886,729,816
Offsetting between trade accounts receivable and advance to supplier with trade accounts payable and accrued interest and short-term loans from other party		129,918,350	-	129,918,350	-
Transfer provision to trade accounts payable		411,525,238	-	411,525,238	-

The accompanying notes are an integral part of these financial statements

Noted to the financial statements

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

The financial statements were approved and authorized for issue by the Board of Directors on 26 February 2015

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
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.

As at 31 December 2014, the Company’s major shareholders were G Steel Public Company Limited (“G Steel”) (20.79% shareholding), Superior Overseas (Thailand) Co., Ltd. (3.16% shareholding) and GS Securities Holdings Company Limited (“GS Securities”) (5.67% shareholding). Those companies were incorporated in Thailand. And GS Securities are 99.99% owned by G Steel.

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

Details of the Company’s subsidiary as at 31 December 2014 and 2013 were as follows:

Name of the entity	Type of business	Country of incorporation	Ownership interest (%)	
			31 December 2014	2013
<i>Direct subsidiary</i>				
GJS Notes Holding Company Limited (“GJS Notes”) (registered incorporation on 25 January 2013)	Special-purpose restructuring entity	Thailand	99.99	99.99

The Company and its subsidiary are hereafter referred to as “the Group”.

1.2 Going concern

As of 31 December 2014 and 2013, part of financial position of the Company are as follows;

Risk effected to the going concern	Million (Baht)	
	As of 31 December	
	2014	2013
(1) Loss for the year	418	1,599
(2) Deficit	20,075	19,656
(3) Current liabilities exceed Current assets	4,022	2,103

These were affected by various factors including the fluctuation of global economics, the default payment on the debt restructuring plan, the dumping of goods from foreign steel manufacturers, and the suspension of production. These factors may cause the significant doubt on going concern of Group and the Company. However, the Management believes that the preparation of the financial statements on going concern basis is justified.

This is due to the fact that the Company has plans to improve its operations to bring back to normal situation and be able to generate profits and wipe out the accumulated deficit as followings;

a) Negotiation with default creditors

The Company had reached agreement with various major default creditors, resulted in the liabilities as of 31 December 2013 of the Company decrease from 31 December 2012 amounting to Baht 3,724 million. And since January 1, 2014 to present, the Company has been in process of negotiation with the creditors regarding the debt repayment (principal and interest) request.

b) The production

In 2012, the Company has temporarily suspended its production. The Company has take this opportunity to conduct the annual maintenance of machinery and equipment. And the Company has resumed its production on 20 March 2013 and gradually increased its capacity to the full off-peak capacity which is the low electric usage period, until present. Its present production capacity is at 81% of the full off-peak capacity.

c) Source of funding

The Company has started implementing various funding plans to support the operations. This includes

1. Engaged the plan administrator to manage the turnaround plan until successfully completed the first phase of turnaround plan.
2. Successfully enhanced the Company's liquidity through the right issue.
3. Increasing of the cash flow through sale by manufacturing and selling the hot rolled coil
4. Reach an agreement with the customers in support of the increased credit line
5. Negotiating the credit line with the financial institutions
6. Accelerating the debt collection from its debtor
7. Selling through the method of advance payment

d) The Governmental support

The Company has cooperated with the other hot-rolled flat steel producers (collectively called "the domestic industry"), filed the petitions for trade remedies to the Thai government, led by Ministry of Commerce, as consequences to serious injuries caused by unfair trade practice in the forms of dumping import hot-rolled steel flat products and import surge to Thailand that also have dampened the stability of Thailand's economy. Up to the present, Ministry of Commerce had made several determinations and notifications of antidumping measures and safeguard measures in order to help the domestic industry to stand and compete with the import goods on a fair trade basis and to adjust themselves to further stand for increasing competition with the import goods in the domestic market, as per the following summary of the trade measures:

1. Antidumping measure on non-alloy steel hot-rolled flat products in coil and not in coil originated (or imported) from the 14 countries, i.e. Japan, South Africa, Russia, Kazakhstan, India, South Korea, Taiwan, Venezuela, Argentina, Ukraine, Algeria, Indonesia, Slovak and Romania, with antidumping duty imposition period from 23 May 2009 through 22 May 2014 (5 years); meanwhile before the said expiry date, the domestic industry filed petition for review of necessity to continue the antidumping measure, then on 14 May 2014 the Antidumping and Countervailing Committee made notification of continuation of antidumping duty imposition for another year (23 May 2014 through 22 May 2015), later on 15 May 2014 Department of Foreign Trade issued notification of review for the necessity of continuation of antidumping measure, as the start of antidumping review procedure that the domestic industry requested for, thus the results will be determined and notified within 12 months in the review procedure according to the concerned laws.
2. Antidumping measure on non-alloy steel hot-rolled flat products in coil and not in coil originated from China and Malaysia (2 countries in total), with the duty imposition period from 12 August 2011 onwards throughout the year 2014 and effective through 11 August 2016 (5 years).
3. Antidumping measure on boron-added steel hot-rolled flat products in coil and not in coil originated from China , with the duty imposition period from 26 December 2012 onwards throughout the year 2014 and effective through 25 December 2017 (5 years).
4. Safeguard measure on other-alloy steel hot-rolled flat products in coil and not in coil originated from any countries (except the developing countries that account for less than 3% of share in total import volume to Thailand), with the provisional safeguard duty imposition period from 27 February through 14 September 2013 (200 days) and then the final determination in effect from 15 September 2013 onwards throughout the year 2014 and effective through 26 February 2016 (about 2 years and a half).
5. Safeguard measure on non-alloy steel hot-rolled flat products in coil and not in coil originated from any countries (except the developing countries that account for less than 3% of share in total import volume to Thailand), with the safeguard duty imposition period from 7 June through 23 December 2014 (200 days) and then the final determination in effect from 24 December 2014 onwards and effective through 6 June 2017 (about almost 2 years and a half).

The measures above have brought back the situation to normalcy.

Based on the statistical data from Iron and Steel Institute of Thailand available to its members (in approximate numbers):

- Total domestic demand for hot-rolled steel flat products for 2014 is 6.97 million metric tonnes (“mmt”) (average 0.58 mmt per month), a decrease by 0.55 mmt or 7.4% decrease from previous year

The said number consists of 2.85 mmt of domestic production (average 0.24 mmt per month), 4.14 mmt of imports (average 0.34 mmt per month) and little volume 0.03 mmt of exports

e) Cooperation with trading partners

The Company had reached agreement with many long and good relation customers. After agree on debt restructuring, many major customers commit to purchase products from the Company. This enables the Company to effectively manage the production on a regular basis.

The financial statements of the Company has been prepared on going concern basis with the presumption that the operation plans as mentioned above will be successfully implemented.

1.3 The Company's debt restructuring

Major Trade Creditors Restructuring

Previously, the Company has three Major Trade Creditors with aggregated claims of USD 73 million (Baht 2,411 million) as at 31 December 2014 (*31 December 2013: USD 71 million (Baht 2,344 million)*).

The Company has defaulted on certain negotiated repayment schedules of Major Trade Creditors. As a consequence of default, the outstanding balances are payable on demand and accrue interest at a rate of 7.5% annually from the date of default and re-negotiation of compromise agreements have occurred and are in progress providing improved repayment terms over extended time periods.

On 11 June 2013, the Company re-entered into a compromise agreement with one of three Major Trade Creditors amounting to USD 44.51 million (included accrued interest expenses). Under the terms of the compromise agreement, the creditor agreed to extend the debts repayment schedule amounting to USD 32.02 million in accordance with the following repayment schedule;

- USD 3.20 million payable in equally quarterly installment starting from 31 March 2014
- USD 6.40 million payable in equally quarterly installment starting from 31 March 2015
- USD 6.40 million payable in equally quarterly installment starting from 31 March 2016
- USD 8.01 million payable in equally quarterly installment starting from 31 March 2017
- USD 8.01 million payable in equally quarterly installment starting from 31 March 2018

Accordingly as at 31 December 2013, the Company reclassified outstanding balance of trade accounts payable of Baht 950 million to present as non-current liabilities.

Moreover, G Steel's lead shareholder agreed to provide a personal guarantee to this Major Trade Creditor in the maximum amount of USD 5 million to guarantee the obligations of the Company under the compromise agreement.

This compromise agreement has a condition that in case of events of default, an amount of USD 12.49 million which the creditor forgave under terms of the compromise agreement, will be reversed and become immediately due and payable.

Since 31 March 2014 to present, the Company has defaulted the payment on the repayment schedule agreed upon with the above trade creditors. As a consequence of the default, the Company has the obligation to pay interest on overdue debts at the rate of 5% per annum from the date of default. The Company is currently in re-negotiations to extend the repayment schedule.

Accordingly, the Company has classified outstanding balance of such payables to present as current liability since 31 March 2014.

Other Creditors Restructuring

The Company has negotiated repayment schedules for overdue debt owed to Other Creditors for the year ended 31 December 2014 as details below;

	Consolidated and Separate financial statements
	<i>(in million Baht)</i>
At 31 December 2013	144
Additional repayment schedules	1
<i>Deduct</i> Repayment during the year	(89)
Effect of exchange rate	2
At 31 December 2014	58

Under the terms of compromise agreements with Other Creditors, interest accrues during the repayment period at 2.00% per annum and is repaid on the last business day of June and December each year.

For two Other Creditors, the compromise agreements have a condition that in case of events of default, an amount of USD 1.03 million and Baht 5 million which the creditors forgave under terms of the respective compromise agreements, will be reversed and become immediately due and payable.

As described above on 31 December 2013, restructuring of the debt owed to one of the Major Trade Creditors and two Other Creditors has not yet become irrevocable, and therefore the Company has not recognise Baht 451 million as gain from debt restructuring. However, the future potential gain was recognised as provision for deferred difference from debt restructuring. And since 31 March 2014 to present, the Company has defaulted the payment on the restructuring of the debt owned to such Major Trade Creditor. Therefore, the Company has transfer provision for deferred from debt restructuring of Baht 412 million to trade account payable and accrued interest. Later in the 4th quarter of the year 2014 the Company has paid the debt restructuring with two Other Creditors in full amounts. The Company has transferred the provision for deferred difference from debt restructuring of Baht 39 million to gain from debt restructuring in the statement of income. (See note 24)

The summary of transactions to transfer from debt obligation before creditor restructuring to provision for deferred difference from debt restructuring during the year ended 31 December 2013 are shown as follows;

	<i>Note</i>	Consolidated and Separate financial statements <i>(in million Baht)</i>
Carrying value of the debts obligation before creditors restructuring		
- Trade accounts payable		
• Major Trade Creditor		1,096
• Other creditors		157
- Accrued interest expenses		
• Major trade creditor		371
		<u>1,624</u>
<i>Less</i> Payment during the year		(53)
<i>Less</i> Future cash payment		
- Trade accounts payable		
• Current		(170)
• Non-current	19	(950)
		<u>(1,120)</u>
Transfer to provision for deferred difference from debt restructuring	24	<u>451</u>

1.4 Change of directors and turnaround plan

On 17 and 21 January 2013, the Company announced the appointment of six directors to the Company's board of directors to replace the directors who resigned. The directors who were appointed are as shown below;

1. General Lertrat Ratanavanich
2. Mr. Ivo Naumann
3. Mr. William Anthony Gloyne
4. Mr. Flemming Jensen
5. Mr. Paniti Junhasavasdikul
6. Mrs. Churairat Panyarachun

During October - November 2012 G Steel and the Company engaged AlixPartners International, LLC ("AlixPartners"), an operational turnaround consulting firm, to conduct a detailed review of the business and to provide a turnaround plan. The turnaround plan implementation formally began on 11 February 2013 following the fund raising (Rights Offering) of January 2013. In parallel with the AlixPartners team G Steel and the Company appointed new external persons as Directors in the positions of Chief Financial Officer, Commercial (Procurement & Sales) Director and Legal Counsel.

AlixPartners successfully completed the first phase of the turnaround plan including the recommencement of production at the Company's plant together with implementing efficiencies in operating procedures, information systems, corporate and organizational management which have been adopted and continue to be enhanced by the Company, by the end of the second quarter of 2013. Subsequently, a permanent Chief Executive Officer was identified through an international search process, and engaged from 1 July 2013, to continue the turnaround project from the AlixPartners team. This appointment, along with the re-assignment of several other key management positions, now provides a permanent managerial basis for achieving longer-term growth and the profitability objectives of the Company.

As a consequence of this transition, on 1 July 2013, the Company announced the appointment of Mr. Michael R Loeffler as Chief Executive Officer in replacement of Mr. Eric E Thompson from his former post as Chief Executive Officer (interim CEO) after completion of his tenure under the first phase of the turnaround plan, and Mr. Paul Smith as director to the Company's board of directors to replace Mr. Ivo Naumann from Alix Partners.

The Company resumed operation of its plant since 20 March 2013, and started to produce during off-peak period (which has lower demand for electricity and hence lower tariff rate) until the operation level was running at full capacity utilization for off-peak period from July 2013 onwards. Contingent on acceptable market conditions, the Company plans to produce at 24 hours a day in order to improve the production efficiency and benefit from economies of scale from reduction in production cost per unit. Acceptable market conditions to ramp-up production capacity to 24 hours a day are being closely monitored. To expand its production level, the Company is well supported by working capital credit lines in the form of Collateral Management Agreements ("CMA") from various raw material trade suppliers, both local and foreign. Such CMA working capital lines have been utilised by the Company for many years and enable it to finance the import and use of scrap and pig iron, which are the main raw material in its production.

The Company expects the domestic market price for hot-rolled coil product to increase in the near future due to the international trade measures imposed by the Thai government for protection of the domestic industry by means of safeguards and antidumping tariff measures on imported hot-rolled steel flat products. The measures has been imposed after the government had investigated the issue and found that the domestic hot-rolled steel industry has actually been affected. These measures will benefit and promote the better steel business in the future.

The Company has made significant progress in its debt restructuring programs. Total liabilities have been reduced considerably from the financial statements as at 31 December 2012. As at 31 December 2012 Company's debt to equity ratio ("Debt to Equity Ratio") was equal to 1.03 times, while as at 31 December 2013 and 2014 the Company's Debt to Equity Ratio decreased to 0.49 times and 0.47 times respectively. The management is confident that it can continue to reduce its liabilities through continued negotiation with further major trade creditors in order to reduce the debt levels as much as possible, while at the same time improve the operational liquidity of the Company to be used for working capital in its production processes.

On 17 February 2014 the Board of Directors' Meeting no.1/2014 had announced of receiving the addition working capital facilities for the purchase of raw material in the amount Baht 7,450 million, resulting the working capital to be totalling of Baht 10,375 million.

1.5 Lead Shareholder guarantee

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 2014, the gross receivables due to the Company amounted to Baht 417 million (2013: Baht 417 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 embarked on a recapitalization program, the Lead Shareholder entered into an agreement with the Company and G Steel which provided for a three-year irrevocable guarantee in favour of the Company and G Steel covering full recovery of the aforementioned receivables. This guarantee expired on 17 May 2013. On 14 May 2013, the Company's Board of Directors approved to extend the personal guarantee provided by the Lead Shareholder until 17 May 2015 on the same terms and conditions.
- Additionally, in order to facilitate a recapitalization of the Company and ramp-up in production, 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 years, ending on 17 May 2015.

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. These shares were deposited with the custodian on 10 September 2010. The Company has not attributed any value in its financial statements in respect of this guarantee and share pledge. Upon the earlier of the repayment by those accounts receivable or the execution of the guarantee or pledge, the Company will reverse the allowances held in respect of these certain doubtful debts in full or in part.

2 Basis of preparation of the financial statements

(a) Statement of compliance

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

The FAP has issued the following new and revised TFRS relevant to the Group's and the Company's operations and effective for accounting periods beginning on or after 1 January 2013:

Accounting Standard

TAS 1	Presentation of Financial Statements (revised 2012)
TAS 7	Statement of Cash Flows (revised 2012)
TAS 12	Income Taxes (revised 2012)
TAS 17	Leases (revised 2012)
TAS 18	Revenue (revised 2012)
TAS 19	Employee Benefits (revised 2012)
TAS 21	The Effects of Changes in Foreign Exchange Rate (revised 2012)
TAS 24	Related Party Disclosures (revised 2012)
TAS 34	Interim Financial Reporting (revised 2012)
TAS 36	Impairment of Assets (revised 2012)
TAS 38	Intangible Assets (revised 2012)

Financial Reporting Standard

TFRS 8	Operating Segments (revised 2012)
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Financial Reporting Standard Interpretation

TFRIC 10	Interim Financial Reporting and Impairment
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Adoption of the above financial reporting standards in the current period does not have material effect on the financial statements.

In addition to the above new and revised TFRS, during the year to present, the FAP has issued a number of other new and revised TFRS which are effective for financial statements beginning on or after 1 January 2015 and have not been adopted in the preparation of these financial statements. Those new and revised TFRS that are relevant to the Group's and the Company's operations are disclosed in Note 3.

An English language version of the financial statements has been prepared from the statutory financial statements that were issued in Thai language. In case of conflict of difference in understanding, the financial statements in Thai language shall prevail.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except as stated in the accounting policies.

(c) Functional and presentation currency

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

(d) Use of estimates and judgments

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

Estimates and underlying assumptions are reviewed on an on going 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 judgements 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 8	Allowance for doubtful accounts
Note 9	Allowance for devaluation of inventories
Note 13	Appraisal valuations and allowance for impairment of property, plant and equipment
Note 17	Appraisal valuations and allowance for impairment of suspended construction in progress
Note 23	Measurement of defined benefit obligations
Notes 24, 39 & 40	Provisions, Litigations and Contingent liabilities
Note 37	Financial instruments

3. Financial reporting standards which are not effective for the current year

During the year to present, the Federation of Accounting Professions has issued the revised and new accounting standard, financial reporting standards, accounting standard interpretation and financial reporting standard interpretations, which are effective for financial statements period beginning on or after January 1 in the year indicated as follows:

Accounting Standard	<u>Year effective</u>
TAS 1 Presentation of Financial Statements (revised 2014)	2015
TAS 2 Inventories (revised 2014)	2015
TAS 7 Statement of Cash Flows (revised 2014)	2015
TAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (revised 2014)	2015
TAS 10 Events After the Reporting Period (revised 2014)	2015
TAS 11 Construction Contracts (revised 2014)	2015
TAS 12 Income Taxes (revised 2014)	2015
TAS 16 Property, Plant and Equipment (revised 2014)	2015

	<u>Year effective</u>
Accounting Standard	
TAS 17 Leases (revised 2014)	2015
TAS 18 Revenue (revised 2014)	2015
TAS 19 Employee Benefits (revised 2014)	2015
TAS 20 Accounting for Government Grants and Disclosure of Government Assistance (revised 2014)	2015
TAS 21 The Effects of Changes in Foreign Exchange Rates (revised 2014)	2015
TAS 23 Borrowing Costs (revised 2014)	2015
TAS 24 Related Party Disclosures (revised 2014)	2015
TAS 26 Accounting and Reporting by Retirement Benefit Plans (revised 2014)	2015
TAS 27 Separate Financial Statements (revised 2014)	2015
TAS 28 Investments in Associates and Joint Ventures (revised 2014)	2015
TAS 29 Financial Reporting in Hyperinflationary Economics (revised 2014)	2015
TAS 33 Earnings per Share (revised 2014)	2015
TAS 34 Interim Financial Reporting (revised 2014)	2015
TAS 36 Impairment of Assets (revised 2014)	2015
TAS 37 Provisions, Contingent Liabilities and Contingent Assets (revised 2014)	2015
TAS 38 Intangible assets (revised 2014)	2015
TAS 40 Investment Property (revised 2014)	2015
Financial Reporting Standard	
TFRS 2 Share - Based Payment (revised 2014)	2015
TFRS 3 Business Combinations (revised 2014)	2015
TFRS 4 Insurance Contracts (revised 2014)	2016
TFRS 5 Non-current Assets Held for Sale and Discontinued Operations (revised 2014)	2015
TFRS 6 Exploration for and Evaluation of Mineral Resources (revised 2014)	2015
TFRS 8 Operating Segments (revised 2014)	2015
TFRS 10 Consolidated Financial Statements	2015
TFRS 11 Joint Arrangements	2015
TFRS 12 Disclosure of Interests in Other Entities	2015
TFRS 13 Fair Value Measurement	2015

	<u>Year effective</u>
Accounting Standard Interpretations	
TSIC 10 Government Assistance – No Specific Relation to Operating Activities (revised 2014)	2015
TSIC 15 Operating Leases - Incentives (revised 2014)	2015
TSIC 25 Income Taxes - Changes in the Tax Status of an Entity or its Shareholders (revised 2014)	2015
TSIC 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease (revised 2014)	2015
TSIC 29 Service Concession Arrangements (revised 2014)	2015
TSIC 31 Revenue - Barter Transactions Involving Advertising Services (revised 2014)	2015
TSIC 32 Intangible Assets - Web Site Costs (revised 2014)	2015
Financial Reporting Standard Interpretations	
TFRIC 1 Changes in Existing Decommissioning, Restoration and Similar Liabilities (revised 2014)	2015
TFRIC 4 Determining whether an Arrangement contains a Lease (revised 2014)	2015
TFRIC 5 Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds (revised 2014)	2015
TFRIC 7 Applying the Restatement Approach under TAS 29 Financial Reporting in Hyperinflationary Economies (revised 2014)	2015
TFRIC 10 Interim Financial Reporting and Impairment (revised 2014)	2015
TFRIC 12 Service Concession Arrangements (revised 2014)	2015
TFRIC 13 Customer Loyalty Programmes (revised 2014)	2015
TFRIC 14 TAS 19 (revised 2014) - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	2015
TFRIC 15 Agreements for the Construction of Real Estate (revised 2014)	2015
TFRIC 17 Distributions of Non-cash Assets to Owners (revised 2014)	2015
TFRIC 18 Transfers of Assets from Customers (revised 2014)	2015
TFRIC 20 Stripping Costs in the Production Phase of a Surface Mine	2015

The management of the Company has assessed that TAS 1, TAS 2, TAS 7, TAS 8, TAS 10, TAS 12, TAS 16, TAS 17, TAS 18, TAS 19, TAS 21, TAS 23, TAS 24, TAS 27, TAS 33, TAS 34, TAS 36, TAS 37, TAS 38 and TFRS 2, TFRS 8, TFRS 10 and TFRS 12 will not have material impact on the financial statements when it is applied. For the other TAS, TFRS, TSIC and TFRIC are not relevant to the Company's business, therefore they do not have impact on the financial statement when they are applied.

4 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements except as explained in Note 3, which addresses changes in accounting policies.

(a) *Basis of consolidation*

The consolidated financial statements relate to the Company and its subsidiaries (together referred to as “the Group”)

Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the Group. Losses applicable to non-controlling interests in a subsidiary are allocated to non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Loss of control

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(b) *Foreign currencies*

Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the foreign exchange rates ruling at that date. Foreign exchange differences arising on translation are recognised in profit or loss.

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

Foreign currency differences arising on retranslation are generally recognized in profit or loss.

(c) 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.

(d) 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.

(e) 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 costs to complete and to make the sale.

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.

(f) Investments

Investments subsidiary

Investments in subsidiary in the separate financial statements of the Company are accounted for using the cost method.

Disposal of investments

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

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

(g) Property, plant and equipment

Recognition and measurement

Owned assets

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

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Cost also may include transfers from other comprehensive income of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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

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

Subsequent costs

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

Depreciation

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

Depreciation is charged to profit or loss on the straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. The estimated useful lives are as follows:

Land improvements	20 years
Buildings	20 - 50 years
Machinery and equipment	15 - 30 years
Furniture and fixtures	5 years
Office equipment	5 years
Vehicles	5 years

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

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

(h) Intangible assets

Intangible assets represent the cost of computer software and a production license. These intangible assets that are acquired by the Group and the Company and have finite useful live are measured at cost less accumulated amortisation and impairment losses.

Subsequent expenditure

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

Amortisation

Amortisation is calculated over the cost of the asset, or other amount substituted for cost, less its residual value.

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

Computer software licences	10 years
Production licences	25 years

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

(i) Deferred costs of rolls

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

(j) Impairment

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

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 profit or loss 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 in profit or loss.

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.

(k) *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 profit or loss over the period of the borrowings on an effective interest basis.

(l) *Trade and other accounts payable*

Trade and other accounts payable are stated at cost.

(m) *Employee benefits*

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group and the Company's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognised past service costs and the fair value of any plan assets are deducted. The discount rate is the yield at the reporting date on AA credit-rated bonds that have maturity dates approximating the terms of the Group and Company's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

The calculation is performed by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Group and the Company, the recognised asset is limited to the total of any unrecognised past service costs and the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Group and the Company. An economic benefit is available

to the Group and the Company if it is realisable during the life of the plan, or on settlement of the plan liabilities.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised in profit or loss on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in profit or loss.

The Group and Company recognises all actuarial gains and losses arising from defined benefit plans in other comprehensive income and all expenses related to defined benefit plans in profit or loss.

(n) Provisions

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

Onerous contracts

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

(o) Revenue

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

Sale of goods

Revenue is recognised in profit and loss 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 profit or loss as it accrues.

(p) Finance costs

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions and contingent consideration, losses on disposal of available-for-sale financial assets, dividends on preference shares classified as liabilities, fair value losses on financial assets at fair value through profit or loss, impairment losses recognised on financial assets (other than trade receivables), and losses on hedging instruments that are recognised in profit or loss.

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

(q) Lease payments

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

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

Determining whether an arrangement contains a lease

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

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

(r) Income tax

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

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

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

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

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

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

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

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

(s) *Earnings (loss) per share*

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

(t) *Segment reporting*

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

5 Related parties

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

Relationships with related parties 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
GJS Note (registered incorporation on 25 January 2013)	Thailand	Special-purpose restructuring entity	Subsidiary of the Company
SPH	Thailand	Holding company	Subsidiary of G Steel
GS Securities	Thailand	Special-purpose restructuring entity	Subsidiary of G Steel
SSP Place Co., Ltd.	Thailand	Office rental	Common director
Mill Con Steel PCL. (formerly Mill Con Steel Industries PCL.)	Thailand	Manufacture and sale of steel bars	Director related to major shareholder of G Steel
Asia Metal PCL.	Thailand	Manufacture and sale of steel	Common director
Millcon Burapa Co., Ltd.	Thailand	Manufacture and sale of steel bars	Director related to major shareholder of G Steel
Million Miles Co., Ltd.	Thailand	Transportation	Director related to major shareholder of G Steel
Ocean Profit Co., Ltd.	Thailand	Manufacture and sale of steel	Director related to major shareholder of G Steel
Arnoma Hotel Bangkok Co., Ltd.	Thailand	Hotel, food and beverage	Common executive
Thailand Iron Works PCL.	Thailand	Manufacture and sale of galvanised steel	Common director

Name of entities	Country of incorporation/ Nationality	Type of business	Nature of Relationships
Great Siam Steel Works 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
Mahachai Steel Center Co., Ltd.	Thailand	Sale of steel	Related party of the shareholder of G Steel
Mahachai Steel Inter Co., Ltd.	Thailand	Sale of steel	Related party of the shareholder of G Steel
Metal Inter Co., Ltd.	Thailand	Sale of steel	Related party of the shareholder of G Steel
Kim Huad Steel Co., Ltd.	Thailand	Sale of Steel	Related party of the shareholder of G Steel
M & L Steel Co., Ltd.	Thailand	Sale of Steel	Related party of the shareholder of G Steel
M Steel Co., Ltd.	Thailand	Sale of Steel	Related party of the shareholder of G Steel
AlixPartners	USA	Consulting	Common director since 16 January 2013 until 28 June 2013
Renaissance Advisory Limited (“RA”)	Hong Kong	Financial Advisory	Common director since 1 February 2013
Key management personnel	Thailand	-	Persons having authority and responsibility for planning directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the Company

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

Transactions	Pricing policies
Sale of raw materials	Cost plus margin
Sale of finished goods	Agreed prices with reference to market prices
Purchase of raw materials	Cost plus margin
Purchase of finished goods	Agreed prices with reference to market prices
Operating service expense	Contractual prices based on contract rate and actual hours
Rental and service expenses	Contractual prices
Financial advisory services	Contractual prices
Finance cost	Contractual rate

Significant transactions for the years ended 31 December 2014 and 2013 with related parties were as follows:

<i>Year ended 31 December</i>	Consolidated and Separate financial statements	
	2014	2013
	<i>(in million Baht)</i>	
Parent (G Steel)		
Sales of raw materials and finished goods	193	-
Purchases of raw materials and finished goods	162	206
Operating service expense	7	5
Other related parties		
Sales of raw materials and finished goods	378	669
Purchases of raw materials and finished goods	4,183	211
Rental and service expenses	5	6
Financial advisory services	41	62
Finance costs	44	12
Key management personnel		
Key management personnel compensation		
Salary and bonus	46	46
Meeting allowance and other benefits	5	6
Total key management personnel compensation	<u>51</u>	<u>52</u>

Balances as at 31 December 2014 and 2013 with related parties were as follows:

	<i>Note</i>	Consolidated and Separate financial statements	
		2014	2013
		<i>(in million Baht)</i>	
Trade account receivable			
Parent			
G Steel	8	<u>2</u>	<u>-</u>
Short-term loans to a related party			
Parent			
G Steel		<u>-</u>	<u>-</u>

Movements during the years ended 31 December 2014 and 2013 of short-term loans to a related party were as follows:

	Consolidated and Separate financial statements	
	2014	2013
	<i>(in million Baht)</i>	
Parent		
G Steel		
At 1 January	-	28
Increase	-	-
Decrease	-	(28)
At 31 December	-	-

Short-term loan to G Steel is bearing interest at 9% per annum.

		Consolidated and Separate financial statements	
	Note	2014	2013
		<i>(in million Baht)</i>	
Other current assets			
Other receivable	10		
Other related party			
RA	5(g), 11	1	13
Total		1	13
Advance to suppliers	10		
Other related parties			
Mahachai Steel Center Co., Ltd.		96	40
Metal Inter Co., Ltd.		-	36
Total		96	76
Trade accounts payable	19		
Parent			
G Steel	5(a)	2	-
Other related parties			
Mahachai Steel Center Co., Ltd.		139	-
Mahachai Steel Inter Co., Ltd.		-	27
Total		139	27
Total		141	27
Other payables and accrued expenses	20		
Parent			
G Steel		-	1
Other related parties			
RA		-	-
OAC	5(a), 5(b), 5(h), 5(i)	43	33
SSP Place Co., Ltd. and others		6	5
Arnoma Hotel Bangkok Co., Ltd.		3	2
Total		52	40
Total		52	41

		Consolidated and Separate financial statements	
		2014	2013
		<i>(in million Baht)</i>	
	<i>Note</i>		
<i>Payable to a related party from offsetting of machinery purchase</i>	18		
Parent			
G Steel	5 (c)	<u>-</u>	<u>-</u>
<i>Advances from customers</i>			
Parent			
G Steel	5 (a), 5(d)	<u>-</u>	<u>-</u>
Other related parties			
Kim Huad Steel Co., Ltd.		-	3
Mahachai Steel Inter Co., Ltd.		<u>-</u>	<u>1</u>
		<u>-</u>	<u>4</u>
Total		<u><u>-</u></u>	<u><u>4</u></u>
<i>Accrued interest expenses</i>			
Parent			
G Steel	5 (a), 5 (c)	<u>-</u>	<u>-</u>
Other related party			
GS Securities		24	19
OAC		2	-
Mahachai Steel Center Co., Ltd.		1	-
Metal Inter Co., Ltd.		<u>-</u>	<u>1</u>
Total		<u><u>27</u></u>	<u><u>20</u></u>
<i>Debentures</i>	18		
Other related party			
GS Securities		641	916
Less current portion		<u>(641)</u>	<u>-</u>
Net		<u><u>-</u></u>	<u><u>(916)</u></u>

Refer to Note 18, Interest bearing liabilities for detail of the Company's debentures and Note 41.2, Events after the reporting period for details of the additional redemption of the Company's debentures.

		Consolidated and Separate financial statements	
	<i>Note</i>	2014	2013
		<i>(in million Baht)</i>	
<i>Current portion of long - term loan from a related party</i>	<i>18</i>		
Other related party			
GS Securities	5(e)	<u>-</u>	<u>-</u>

Movements during the year ended 31 December 2014 and 2013 of long-term loan from a related party were as follows:

	Consolidated and Separate financial statements	
	2014	2013
	<i>(in million Baht)</i>	
At 1 January	-	521
Increase	-	-
Decrease	-	(521)
At 31 December	<u>-</u>	<u>-</u>

Significant agreement with related parties

- 5(a) On 14 November 2012, the Company entered into various compromise agreements with G Steel OAC and GS Securities to convert the outstanding debts of the Company for an amount of Baht 2,052 million to the Company's ordinary shares of 25,643 million shares at an exchange price of Baht 0.08 per share as details below;

	<i>(in million Baht)</i>
G Steel	
Trade accounts payable	128
Payable to related party from offsetting of machinery purchase (see Note 5(c))	946
Part of accrued interest expenses (see Note 5(c))	99
Advances from customers (see Note 5(d))	<u>28</u>
	1,201
OAC	
Part of other payables and accrued expenses (see Note 5(b))	330
GS Securities	
Current portion of long-term loan from a related party (see Note 5(e))	<u>521</u>
Total	<u>2,052</u>

On 13 February 2013, a total of 28,503 million ordinary shares were allocated to G Steel and its subsidiaries under a private placement at an offering price of Baht 0.08 per share, of which 25,643 million shares were subscribed and paid up by conversion of outstanding debts with the Company for an amount of Baht 2,052 million with a total of 1,898 million ordinary shares and paid in cash for an amount of Baht 152 million. The remainder of unsold shares for this lot is 962 million ordinary shares in the Company.

- 5(b) In September 2011, the operation service agreement was due without continuing the agreement. The Company has USD 12.21 million (Baht 376 million) in arrears (“Overdue Service Balances”) under the terms of the agreement with OAC as at 31 December 2012 while OAC has not assessed any interest or fees for the Company’s failure to pay amounts under the agreement when due.

Refer to Note 5(a), on 14 November 2012, the Company entered into a compromise agreement with OAC to convert Overdue Service Balances amounting to Baht 340 million (Baht 330 million after deduction of withholding taxes) to the Company’s ordinary shares which were settled on 13 February 2013. As a result, the Company had total Overdue Service Balances of USD 1.20 million (Baht 37 million). As at 31 December 2013, there is no outstanding balance of OAC due to offsetting transaction with the Company, refer to Note 5(h).

- 5(c) 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 was 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 5(c) (the “G Steel Debt”) as at 31 December 2012 were Baht 946 million. Refer to Note 5(a), on 14 November 2012, the Company entered into a compromise agreement with G Steel to convert this balances and included part of accrued interest expenses for G Steel Debt of Baht 99 million to the Company’s ordinary shares which was settled on 13 February 2013.

- 5(d) During the year 2011, the Company entered into a memorandum of understanding to offset an advance received from a customer amounting to Baht 28 million with an amount payable to the same customer by G Steel. Refer to Note 5(a), on 14 November 2012, the Company entered into a compromise agreement with G Steel to convert this advance received from a customer to the Company’s ordinary shares which was settled on 13 February 2013.

- 5(e) On 5 November 2012, the Company borrowed from GS Securities amounting to Baht 521 million to convert debentures to loan from a related party which bear interest at 3% per annum and due in 2014. Refer to Note 5(a), on 14 November 2012, the Company entered into a compromise agreement with GS Securities to convert this loan to the Company’s ordinary shares which was settled on 13 February 2013.

- 5(f) In addition, the Company entered into an agreement on 16 January 2013 with AlixPartners, which was scheduled to operate through 31 January 2014. Under the 16 January 2013 agreement, AlixPartners agreed to conduct an international search to assist the Company with identifying potential candidates to fill interim management and other key positions and to provide offshore consulting services to the Company in connection with the organisation change required by the turnaround plan. AlixPartners was remunerated on monthly basis in the total amount of USD 1.3 million. On 1 July 2013, the Company’s Board of Directors approved the release of AlixPartners from its agreement with the Company effective on 5 July 2013, following fulfilment of terms of the AlixPartners agreement at its first review date. In parallel to this action, a permanent chief executive officer was identified through an international search process, and engaged from 1 July 2013, to transition the turnaround project from the AlixPartners team, and along with the re-

assignment of several other key management positions, provides a permanent managerial basis for completing implementation of the turnaround plan, and achieving long-term growth and profitability objectives of the Company.

- 5(g) In addition, the Company entered into an agreement on 1 February 2013 with RA. Under the 1 February 2013 agreement, RA agreed to provide executive personnel to be appointed to the Board of directors and be engaged for consultant services. RA is remunerated on a monthly basis at Baht 1.2 million per month (subject to amendment with further financial and legal consulting experts added to RA) and in the form of 216 million shares of the Company (equivalent to Baht 24 million at the converted price of Baht 0.11 per share). The agreement is effective from 1 February 2013 for a period of 2 years and is automatically extended for 1 year unless either party terminates by notifying the other party 30 days in advance. The outstanding balance of prepaid expense for consulting fee with RA as at 31 December 2014 and 2013 is Baht 1 million and Baht 13 million respectively.
- 5(h) During the year 2013, the Company entered into offsetting transactions to offset the Company's outstanding receivables with G Steel and OAC of Baht 13 million and Baht 17 million respectively with outstanding payable with G Steel and OAC of Baht 21 million and Baht 37 million respectively and paid in cash of Baht 28 million.
- 5(i) During the year 2013, the Company entered into an agreement with OAC in which OAC accepts liabilities arising from the compromise agreement with Master Steel Company Limited amounting to Baht 17.91 million in exchange for the transfer of 35.82 million shares of G Steel held by OAC at the agreed price of Baht 0.50 per share to Master Steel Company Limited.

In addition, the Company settled a labour case with a former employee at the Central Labour Court. Under the agreement, the Company agreed to transfer 33 million of G Steel's shares held by OAC to the employee at an agreed price of Baht 0.45 per share amounting to Baht 14.85 million and OAC agreed to guarantee the share price at Baht 0.45 per share for 90 days from the date that the employee received the shares ("guarantee period").

Therefore, the Company entered into an agreement with OAC to accept the liabilities arising from the compromised debts in amounting of Baht 32.76 million. The debt shall be due on 30 June 2014. At present, it is in the process of the requesting to extend the due date.

On 13 January 2014, OAC deposited 102.3 million shares of G Steel with Deposit Office, Legal Execution Department as a guarantor under the compromise agreement to transfer additional 102.3 million shares of G Steel at Baht 0.10 per share (the market price at the end of guarantee period) to the employee.

Later on 13 January 2014, the Company entered into an agreement with OAC to accept additional liabilities of Baht 10.23 million. This obligation will be due within 30 June 2014. At present, it is in the process of the requesting to extend the due date.

Significant matter with related parties.

On 7 May 2014, OAC enters into a Transfer of assets for debt repayment contract with Shareholder of G Steel agreeing to partially pay debts by transferring ownership of the Company's shares of 4,125 million shares and the Company's warrants of 687 million units which were owned by OAC. And in September 2014, G Steel had transferred ownership of the Company's shares of 1,500 million shares to other company, resulting G Steel held 20.79% shareholding in the Company.

After the above transfers, as at 31 December 2014 the percentage of shareholding in the Company of G Steel and GS Securities is 26.49%.

6 Balances with former related parties

Balances as at 31 December 2014 and 2013 with former related parties were as follows:

<i>Note</i>	Consolidated and Separate financial statements	
	2014	2013
	<i>(in million Baht)</i>	
<i>Long-term loans to (interest rate per annum)</i>		
Sathorn North Pattana Co., Ltd. (16.0%)	1	1
Less allowance for doubtful accounts	(1)	(1)
Net	<u>-</u>	<u>-</u>
<i>Receivables from former related parties</i>		
N.T.S. Steel Group Public Co., Ltd. (“NTS”) and others	1	1
Less allowance for doubtful accounts	(1)	(1)
Net	<u>-</u>	<u>-</u>
<i>Long-term loans to and receivables, net</i>	<u>-</u>	<u>-</u>
Bad and doubtful debts expenses for the year	<u>-</u>	<u>2</u>

Long-term loans to and accrued interest receivables

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.

Offsetting transaction with NTS

On 17 September 2013, the Company entered into a compromise agreement with NTS to set-off between the two companies and NTS agreed to pay Baht 16 million to the Company and any outstanding debt, interest or any other benefits between two Companies was terminated. The said amount was received by the Company on 25 September 2013.

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

7 Cash and cash equivalents

	Consolidated and Separate financial statements	
	2014	2013
	<i>(in million Baht)</i>	
Cash at banks - Saving Account	160	172
Cash at banks - Current Account	49	30
Total	209	202

The currency denomination of cash and cash equivalents as at 31 December 2014 and 2013 was as follows:

	Consolidated and Separate financial statements	
	2014	2013
	<i>(in million Baht)</i>	
Thai Baht (THB)	203	200
United States Dollars (USD)	6	2
Total	209	202

8 Trade accounts receivable

		Consolidated and Separate financial statements	
	<i>Note</i>	2014	2013
		<i>(in million Baht)</i>	
Related parties	5	2	-
Other parties		615	627
Total		617	627
Less allowance for doubtful accounts		(417)	(417)
Net		200	210
Bad and doubtful debts expenses for the year		-	-

Aging analyses for trade accounts receivable were as follows:

	Consolidated and Separate financial statements	
	2014	2013
	<i>(in million Baht)</i>	
Related parties		
Overdue :		
3-6 months	2	-
Over 12 months	-	-
	2	-
Other parties		
Overdue :		
Less than 3 months	19	22
Over 12 months	596	605
	615	627
Less allowance for doubtful accounts	(417)	(417)
Net	198	210
Total	200	210

The normal credit terms granted by the Company are cash and not over 4 working days for domestic sales, and letter of credit at sight for export sales.

In year 2013, a related party account receivable subrogated the amounts, the receivable owed to a creditor of Baht 171 million in exchange with an other receivable in the same amount. The account receivable subrogated also is the creditor of the Company in the greater amount than the receivable amount owe to the Company.

During the year ended 31 December 2014, the Company had offset trade accounts receivable amounting to Baht 69 million with trade accounts payable and accrued interest and short-term loan from other party.

On February 27, 2014, the Company entered into an instalment agreement payment with a customer for the debt of Baht 10.28 million. The repayment of principal shall not be less than Baht 500,000 per month beginning the first instalments in March 2014. The interest shall be 7.5 % per annum from the day of default and shall be paid together with the final principal payment. Until the reporting date, the customer has made consistently payments.

The gross and net balances due from the Non-Performing Domestic Customers as at 31 December 2014 and 2013 are shown in the table below:

	Consolidated and Separate financial statements	
	2014	2013
	<i>(in million Baht)</i>	
Account receivables		
- Customer 1	352	352
- Customer 2	65	65
	417	417
<i>Less allowance for doubtful accounts</i>	<i>(417)</i>	<i>(417)</i>
Net	-	-

The Company had no sales transactions for the years ended 31 December 2014 and 2013 with the Non-Performing Domestic Customers.

In July 2013, the Company filed complaints against the Non-performing domestic customers with Civil Court for breach of sale and purchase agreements. On 21 October 2013 the Civil Court ordered the Customer 1 pay debts to the Company for the total of Baht 423 million (principal Baht 352 million with interest at the rate of 7.5% per annum from the date of filing until the payment date). The enforcement in according to the verdict is currently in process. On 3 March 2014, the Company had made the compromise agreement with Customer 2 to pay for the amount of Baht 78 million (principal amount of Baht 65 million and interest of Baht 13 million) by installments starting on 25 March 2014 to 25 August 2016. However, the Customer 2 has defaulted the payments and currently the enforcement is in process.

The currency denomination of trade accounts receivable, gross amount as at 31 December 2014 and 2013 were as follows:

	Consolidated and Separate financial statements	
	2014	2013
	<i>(in million Baht)</i>	
Thai Baht (THB)	617	612
United States Dollars (USD)	-	15
Total	617	627

9 Inventories

	Consolidated and Separate financial statements	
	2014	2013
	<i>(in million Baht)</i>	
Finished goods	531	465
Raw materials	248	140
Spare parts and supplies	342	339
Goods in transit	15	43
Total	1,136	987
Less allowance for devaluation of inventories	(42)	(94)
Net	1,094	893
Carrying value of inventories pledged to secure liabilities	467	249
Inventories recognised as cost of sales of goods and expense (income) :		
Cost of sales of goods	14,022	10,373
Loss on write-off inventories	-	75
(Reversal of) loss on devaluation of inventories	(52)	(81)
Net	13,970	10,367

10 Other current assets

	<i>Note</i>	Consolidated and Separate financial statements	
		2014	2013
		<i>(in million Baht)</i>	
Prepaid value added tax		65	77
Suspense input tax		13	22
Prepaid expense to other parties		43	26
Net		121	125
Advance to suppliers			
Related parties	5	96	76
Other parties		138	266
		234	342
Less allowance for doubtful account		(97)	(97)
		137	245
Other receivables			
Related party	5	1	13
Other parties		-	-
Net		1	13
Total		259	383
Bad and doubtful debts expenses for the year		-	3

During the year ended 31 December 2014, the Company had offset advance to suppliers amounting to Baht 60 million with trade accounts payable and accrued interest and short-term loans from other party.

11 Investment in subsidiary

Investment in subsidiary as at 31 December 2014 and 2013 were as follows:

Separate financial statements							
	Ownership interest 2014	Paid-up capital		Cost		At cost - net 2014	2013
		2014	2013	2014	2013		
	(%)	(in million Baht)					
Subsidiary							
Ordinary shares:							
GJS Notes	99.99	140	140	0.2	0.2	(0.2)	(0.2)
						-	-

GJS Notes

GJS Notes was registered with the Ministry of Commerce on 25 January 2013. GJS Notes has authorised share capital of Baht 200,000. GJS Notes was established as part of the restructuring of the debts of the Company.

On 19 March 2013, GJS Notes' EGM passed the resolutions to approve the increase of authorised share capital by 17.45 million shares with a par value of Baht 8 per share to support the transaction of the Company's debt restructuring program to pay for advisory fee to the financial advisors. GJS Notes registered the increase of share capital with the Ministry of Commerce on 20 March 2013.

On 22 March 2013, the Company issued a total of 1,664 million ordinary shares to the financial advisor in exchange for GJS Notes' shares of 17.45 million shares as compensation for advisory services resulting in the successful execution of the Company's debt restructuring program.

Refer to Note 25, Share capital, for the details of shares issued to the financial advisor for compensation of advisory fee.

12 Advance payment for purchase of property, plant and equipment

	Consolidated and Separate financial statements	
	2014	2013
	<i>(in million Baht)</i>	
Advance for purchase land	210	210
Advance for purchase machinery	54	54
Total	264	264
Less allowance for impairment	(54)	(54)
Net	210	210

On 2 November 2012, the Company's Board of Directors approved a mortgage transaction with a supporting customer to secure a loan facility in the amount of Baht 360 million. Under this mortgage transaction, the Company and the land seller agreed to mortgage 5 deeds of land which are presented as part of advances for purchase of property, plant and equipment amounting to Baht 210 million as collateral for long-term loan from supporting customer. On 2 April 2013, the Company entered into a compromise agreement with the supporting customer to exchange their outstanding receivables for the debenture of the Company. However, the supporting customer made a compensation claim because the Company has not complied with the raw-material purchase agreement amounting to Baht 42.6 million, which was recorded under trade accounts payable as at 31 December 2014, and continues to hold such collateral to secure its claim.

13 Property, plant and equipment

Consolidated financial statement										
	Land and land improvements	Building	Machinery and equipment	Furniture and fixtures <i>(in million Baht)</i>	Office equipment	Vehicles	Construction in progress	Total		
<i>Cost</i>										
As at 31 December 2013 and 1 January 2014	858	6,245	17,928	27	211	3	6,775	32,047		
Additions	-	-	-	-	1	-	-	1		
Disposals	-	-	-	(1)	(1)	-	-	(2)		
Transfers	-	-	-	-	-	-	-	-		
As at 31 December 2014	858	6,245	17,928	26	211	3	6,775	32,046		
<i>Accumulated depreciation</i>										
As at 31 December 2013 and 1 January 2014	22	3,776	6,109	23	207	3	-	10,140		
Depreciation charge for the year	4	100	817	2	2	-	-	925		
Disposals	-	-	-	-	-	-	-	-		
As at 31 December 2014	26	3,876	6,926	25	209	3	-	11,065		
<i>Allowance for loss on impairment</i>										
As at 31 December 2013 and 1 January 2014	23	76	391	-	-	-	3,123	3,613		
As at 31 December 2014	23	76	391	-	-	-	3,123	3,613		
<i>Net book value</i>										
As at 31 December 2013 and 1 January 2014	813	2,393	11,428	4	4	-	3,652	18,294		
As at 31 December 2014	809	2,293	10,611	1	2	-	3,652	17,368		

Separate financial statements

(in million Baht)

	Land and land improvements	Building	Machinery and equipment	Furniture and fixtures	Office equipment	Vehicles	Construction in progress	Total
Cost								
As at 31 December 2013 and 1 January 2014	858	6,245	17,928	27	211	3	6,775	32,047
Additions	-	-	-	-	1	-	-	1
Disposals	-	-	-	(1)	(1)	-	-	(2)
Transfers	-	-	-	-	-	-	-	-
As at 31 December 2014	858	6,245	17,928	26	211	3	6,775	32,046
Accumulated depreciation								
As at 31 December 2013 and 1 January 2014	22	3,776	6,109	23	207	3	-	10,140
Depreciation charge for the year	4	100	817	2	2	-	-	925
Disposals	-	-	-	-	-	-	-	-
As at 31 December 2014	26	3,876	6,926	25	209	3	-	11,065
Allowance for loss on impairment								
As at 31 December 2013 and 1 January 2014	23	76	391	-	-	-	3,123	3,613
As at 31 December 2014	23	76	391	-	-	-	3,123	3,613
Net book value								
As at 31 December 2013 and 1 January 2014	813	2,393	11,428	4	4	-	3,652	18,294
As at 31 December 2014	809	2,293	10,611	1	2	-	3,652	17,368

Details of construction in progress as at 31 December 2014 and 2013 were as follows:

	Consolidated and Separate financial statements	
	2014	2013
	<i>(in million Baht)</i>	
Galvanizing line	5,038	5,038
Reversing Mill line	1,525	1,525
Others	212	212
Total	6,775	6,775

The cost of the Company's fully depreciated property, plant and equipment that was still in use amounted to Baht 305 million as at 31 December 2014 (2013: Baht 245 million).

Impairment evaluation

In determination of assets impairment, the management of the Company has verified various factors and concluded that there is no factor indicated the value of land, buildings and equipment as of 31 December 2014 and 2013 may be impaired. However, for the sake of certainty, during the 2nd Quarter of 2014, the management of the Company has retained 2 independent appraisers to evaluate the value of the land, buildings and equipment as of 31 December 2013 of the Company. Together with the valuation of the assets of the management, and concluded that as of 31 December 2014 and 2013 there are no factor indicated that the book value of the land, buildings and equipment may be impaired.

Mortgaged property, plant and equipment

Under the rehabilitation plan

As at 31 December 2014, the Company's property, plant and equipment, with a net book value of Baht 10,881 million, were mortgaged under the rehabilitation plan (2013: Baht 11,708 million).

The Company filed a lawsuit to Southern Bangkok Civil Court against three defendants, in their capacities of bondholder trustee and security agent, to release the lien and security interests on the Company's property, plant and equipment which were held by them to secure payment of the bond issued by the Company in the past, and which had been fully paid. On 28 October 2013, the Southern Bangkok Civil Court ruled in favor of the Company ordering the defendants to release the mortgaged assets. One of the defendants negotiated for make compromise agreement with the Company to release of the mortgaged assets and appealed to Southern Bangkok Civil Court to compromise the case.

Later on 6 May 2014, the Appeals Court has ruled the compromise agreement between the Company and one defendant that the defendant shall release the mortgaged collateral to the company. At present the Company is in the process of redemption the collateral.

Security for the Company's long overdue electricity

On 11 May 2012, the Company's Board of Directors approved a mortgage transaction with the Provincial Electricity Authority in the amount of Baht 250 million. Under this mortgage, a portion of the Company's skin pass machineries with a net book value of Baht 635 million as at 31 December 2013 were mortgaged as security for the Company's long-overdue electricity expenses in an amount not exceeding Baht 250 million. On 14 June 2012, the Company registered this mortgage transaction with the Central Office for Machinery Registration, Department of Industrial Works and at the end of July 2014, the Company had completed repayment of the overdue electricity. On 29 September 2014, the Company has already redeemed the collaterals.

Security for the Company's long-term loan from other party

On 2 November 2012, the Company's Board of Directors approved a mortgage transaction with other party who is a supporting customer, in the amount of Baht 360 million. Under this mortgage, the Company's eleven machineries with a net book value of Baht 909 million as at 31 December 2012 were mortgaged as security for the Company's long-term loan in an amount not exceeding Baht 360 million. On 2 April 2013, the Company entered into a compromise agreement with the supporting customer to exchange their outstanding receivables for the debenture of the Company. As a result, this mortgage transaction was terminated on 15 May 2013.

Mortgaged as security for tax liabilities

On 14 May 2013, the Company's Board of Directors approved to mortgage its machinery (Pickle and oil line), with a net book value of Baht 837 million as at 31 December 2014 (2013: Baht 873 million), as security in the facilities amount of Baht 1,043 million with the Revenue Department for its tax liabilities and the Company registered this mortgage transaction with the Central Office for Machinery Registration, Department of Industrial Works on 10 October 2013.

14 Intangible assets

	Consolidated and Separate financial statements		
	Computer software licences	Production licences	Total
	<i>(in million Baht)</i>		
Cost			
As at 31 December 2013 and 1 January 2014	<u>211</u>	<u>41</u>	<u>252</u>
As at 31 December 2014	<u>211</u>	<u>41</u>	<u>252</u>
Amortisation			
As at 31 December 2013 and 1 January 2014	<u>197</u>	<u>27</u>	<u>224</u>
Amortisation charge for the year	<u>2</u>	<u>2</u>	<u>4</u>
As at 31 December 2014	<u>199</u>	<u>29</u>	<u>228</u>
Net book value			
As at 31 December 2013 and 1 January 2014	<u>14</u>	<u>14</u>	<u>28</u>
As at 31 December 2014	<u>12</u>	<u>12</u>	<u>24</u>

15 Cash guarantee for the utility usage

	Consolidated and Separate financial statements	
	2014	2013
	<i>(in million Baht)</i>	
Guarantee for electricity usage	212	212
Guarantee for natural gas usage	40	40
Total	252	252

16 Deferred Tax

Deferred tax assets arising from temporary differences and unused tax losses that have not been recognised in the financial statements were as follows:

	Consolidated and Separate financial statements	
	2014	2013
	<i>(in million Baht)</i>	
Deductible temporary differences		
- Allowance for doubtful accounts - trade accounts receivable	83	83
- Allowance for devaluation of inventories	9	19
- Allowance for impairment - advance to suppliers	19	19
- Allowance for impairment losses on property, plant and equipment	723	723
- Depreciation gap	219	169
- Allowance for impairment - Advances for purchase of machinery	11	11
- Allowance for impairment - other non-current assets	408	449
- Provision for employee benefits	8	6
- Provision for deferred difference from debt restructuring	-	90
	1,480	1,569
Loss carry forward	2,158	2,224
Total	3,638	3,793

The tax losses expire in 2014 to 2018. The deductible temporary differences do not expire under current tax legislation. Deferred tax assets have not been recognised in the financial statements of the Group and the Company in respect of these items because it is not certain that future taxable profit will be generated against which the Group and the Company can utilise the benefits there from.

17 Other non-current assets

	Consolidated and Separate financial statements	
	2014	2013
	<i>(in million Baht)</i>	
Suspended construction in progress	2,086	2,086
Less allowance for impairment	(2,042)	(2,042)
	<u>44</u>	<u>44</u>
Promissory notes	143	143
Less allowance for impairment	(143)	(143)
	<u>-</u>	<u>-</u>
Advances to suppliers	-	202
Less allowance for impairment	-	(202)
	<u>-</u>	<u>-</u>
Restricted deposits at financial institutions	1	1
Deferred cost of roll - net	138	134
Refundable deposits	18	18
Cash seized for execution	9	9
Others	6	9
Net	<u>216</u>	<u>215</u>

Suspended construction in progress

Suspended construction in progress represented the Direct Reduced Iron plant (“DRI Facility”). The management of the Company decided to suspend this project in 1999. The carrying value of this investment was written down to its independently appraised forced sale value based on the market price of steel scrap of Baht 44 million. On 29 July, 2014 the Board of investment (“BOI”) had ordered the revocation of privilege in the production of Direct Reduced Iron. However there is no burden of import duty on machinery and raw materials.

Promissory notes

As at 31 December 2014 and 2013, 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.

Advances to suppliers

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. The Central Intellectual Property and International Trade Court and the Supreme Court has dismissed the claim of the Company.

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. Later in year 2014, the Company has written off advance to suppliers due to the Supreme Court has dismissed the above case.

18 Interest-bearing liabilities

		Consolidated and Separate financial statements	
	<i>Note</i>	2014	2013
		<i>(in million Baht)</i>	
Current			
Current portion of long - term loan from a related party (unsecured)	5	-	-
Current portion of long - term loan from other party (secured)		-	-
Short - term loans from other parties (unsecured)		-	62
Trade accounts payable			
Secured		722	501
Unsecured		-	30
		722	531
Other payables and accrued expenses			
Secured		534	219
Unsecured		632	588
		1,166	807
Payable to a related party from offsetting machinery purchases (unsecured)	5	-	-
		1,888	1,400
Non-current			
Debentures (unsecured)	5	641	916
Long - term loan from other party (secured)		-	-
		641	916
Total		2,529	2,316

The periods to maturity of interest-bearing liabilities as at 31 December 2014 and 2013 were as follows:

	Consolidated and Separate financial statements	
	2014	2013
	<i>(in million Baht)</i>	
Within one year	2,529	1,400
After one year but within five years	-	916
Total	2,529	2,316

Secured interest-bearing liabilities as at 31 December 2014 and 2013 were secured on the following assets:

		Consolidated and Separate financial statements	
	<i>Note</i>	2014	2013
		<i>(in million Baht)</i>	
Inventories	9	467	249
Property, plant and equipment	13	837	1,508
Total		1,304	1,757

The currency denomination of interest-bearing liabilities as at 31 December 2014 and 2013 were as follows:

		Consolidated and Separate financial statements	
		2014	2013
		<i>(in million Baht)</i>	
Thai Baht (THB)		1,398	1,134
United States Dollars (USD)		1,131	1,182
Total		2,529	2,316

Short-term loans from other parties

As at 31 December 2013, short-term loans from other parties are unsecured and bear interest (including other fees) at 5.87% per annum

In year 2013, a lender exchanged its outstanding receivables from the Company amounting to Baht 53 million for the Company's debentures.

During the year ended 31 December 2014, the Company had offset short-term loans from other party amounting to Baht 60 million with trade accounts receivable and advance to supplier.

Long-term loans from other party

On 1 November 2012, the Company obtained a credit facility from Supporting Customer 1 for a total amount of Baht 360 million which bears interest at 8% per annum, payable monthly. The draw down principal was originally scheduled for repayment in fifteen monthly instalments starting from 7 March 2013. The amount of the instalments ranges from Baht 18 million to Baht 32.4 million.

In year 2013, the Company entered into a compromise agreement with the Supporting Customer to exchange their outstanding receivables from the Company amounting to Baht 342 million for the debentures of the Company under the Company's debts restructuring program.

Debentures

		Consolidated and Separate financial statements	
	<i>Note</i>	2014	2013
		<i>(in million Baht)</i>	
Debentures			
Other related party	5		
GS Securities		641	916
Less Current portion		(641)	-
Net		-	916

Movements during the year ended 31 December 2014 of debentures were as follows:

	Consolidated and Separate financial statements
	<i>(in million Baht)</i>
As at 31 December 2013	916
Redeemed	
During the first quarter	(142)
During the second quarter	(58)
During the third quarter	(36)
During the fourth quarter	(39)
	(275)
As at 31 December 2014	641

The historical details of transactions are described in the notes following below;

2013 Debentures issued and debt restructuring program

In year 2013, the Company entered into various compromise agreements with nine creditors to exchange its outstanding receivables from the Company amounting to Baht 1,043 million for debentures amounting to Baht 1,043 million.

The details are as follow:

No. of debentures	: 104,300 units
Face value per unit	: Baht 10,000
Total value of debentures	: Baht 1,043 million
Maturity	: 2 years
Interest rate	: 3% p.a.
Issuance Date	: 19 March, 19 April and 14 May 2013
Maturity Date	: 19 March, 19 April and 14 May 2015

2013 Debentures issued and the debt restructuring program described above, resulting in nine creditors exchanging their outstanding receivables from the Company amounting to Baht 1,043 million are shown in the table below:

	Note	(in million Baht)
Short-term loan from other parties		53
Long-term loan from other parties		342
Trade accounts payable	19	237
Advance from customers		325
Other payables and accrued expenses	20	14
Liabilities under rehabilitation plan	22	17
Accrued interest expenses		55
Total		1,043

Subsequently, GS Securities issued 104.3 million ordinary shares with a par value of Baht 10 per share, totaling Baht 1,043 million to exchange for those debentures.

After that, G Steel issued 2,086 million ordinary shares with par value Baht 1 per share, at an offering price of Baht 0.50 per share, totaling Baht 1,043 million in exchange for the 104.3 million ordinary shares with a par value of Baht 10 per share of GS Securities.

(a) Redemption of the Company's debentures and indemnification of G Steel shareholder

On 15 January 2013, G Steel borrowed an amount of Baht 684 million, bearing interest at 3% per annum, by entering into a loan agreement with GS Securities for the purpose of the partial settlement of a claim of one of G Steel's shareholders ("Shareholders 1") against G Steel and OAC. Previously, Shareholders 1 had assigned all its rights, title and interests in and over a Partial Settlement of its claims as ordered by the Bangkok South Civil Court on 25 October 2012, to World Access International Holdings Limited, Hong Kong, ("World Access"). World Access appointed Ban Chang Group Public Company Limited ("Ban Chang") as its agent.

On 7 February 2013, the Company redeemed part of its outstanding debentures with GS Securities including accrued interest, for an amount of Baht 684 million (principal of Baht 672 million) as part of the approval from the Company's EGM No.1/2013. GS Securities and G Steel instructed the Company to pay directly to the account of Ban Chang in its capacity of agent of G Steel's shareholder.

Accordingly, the Company transferred Baht 684 million from its accounts to Ban Chang.

(b) Redemption of the Company's debentures and indemnification of OAC's loan

On 7 March 2013, the Company redeemed a part of its outstanding debentures with GS Securities including accrued interest, for an amount of Baht 403 million (principal of Baht 396 million).

On 21 February 2013, G Steel borrowed an amount of Baht 403 million, bearing interest at 8% per annum, by entering into a loan agreement with GS Securities for the purpose of the settlement of OAC's loan from financial institutions. On 7 March 2013, the Company had already paid to GS Securities for settlement of OAC's loan.

In the second to fourth quarter of 2013, the Company redeemed a part of its outstanding debentures with GS Securities including accrued interest, for an amount of Baht 280 million (principal of Baht 268 million).

19 Trade accounts payable

	Note	Consolidated and Separate financial statements	
		2014	2013
		(in million Baht)	
Current			
Related parties	5	141	27
Other parties		2,099	1,220
		<u>2,240</u>	<u>1,247</u>
Non-Current			
Other parties	1.3	-	950
Total		<u>2,240</u>	<u>2,197</u>

The currency denomination of trade accounts payable as at 31 December 2014 and 2013 were as follows:

	Consolidated and Separate financial statements	
	2014	2013
	(in million Baht)	
Thai Baht (THB)	520	495
United States Dollars (USD)	1,718	1,675
Euro Dollars (EUR)	2	27
Total	<u>2,240</u>	<u>2,197</u>

The Company has agreements to purchase raw materials from various suppliers. The Company had taken delivery of raw materials under consignment agreements totalling Baht 722 million as at 31 December 2014 and pays interest from 1.83% to 6.5% per annum on the payables balance (2013: Baht 531million, interest rate at 1.68% to 6.80% per annum).

Refer to Note 5, Related parties, for details of compromise agreements with G Steel (*see Note 5(a)*) to convert the outstanding debts of the Company to the Company's ordinary shares.

Refer to Note 18, Interest-bearing liabilities, for details of 2013 debenture issued and debt restructuring program. In year 2013, trade account payable exchanges net of outstanding receivables from the Company amounted to Baht 237 million for the Company's debentures.

During the year ended 31 December 2014, the Company had offset trade accounts payable amounting to Baht 60 million with trade accounts receivable and advance to supplier.

Since 31 March 2014 up to present, the Company has defaulted the payment on the repayment schedule with one of the three major Trade Creditors as detailed in Note 1.3. As a consequence of the default, the Company has the obligation to pay interest on overdue debts at the rate of 5 % per annum from the date of default. The Company is currently in the re-negotiation to extend the repayment schedule.

20 Other payables and accrued expense

		Consolidated and Separate financial statements	
	<i>Note</i>	2014	2013
		<i>(in million Baht)</i>	
<i>Current</i>			
Related parties	5	52	41
Performance guarantee payable		574	571
Tax instalments payable		371	200
Electricity payable		114	219
Other		232	265
		<u>1,343</u>	<u>1,296</u>
<i>Non-Current</i>			
Tax instalments payable		548	708
Total		<u>1,891</u>	<u>2,004</u>

Performance guarantee payable

The Company provided a performance guarantee for an Intermediary to two End Use Customers. These two End Use Customers are also Major Trade Creditors of the Company. The Company has recognised liabilities as other payables and accrued expenses amounting to USD 17 million equivalent to Baht 574 million as at 31 December 2014 (2013: USD 17 million equivalent to Baht 571 million) under the performance guarantee.

The Company entered into a compromise agreement with these Major Trade Creditors, and has defaulted on certain negotiated repayment schedules. As a consequence of such default, the outstanding balances are payable on demand and accrue interest at a rate of 7.5% annually from the date of default and the Company is in progress providing improved repayment terms over extended time periods.

As at 31 December 2014, the Company has outstanding balance of accrued interest expense amounting to Baht 373 million (2556 : Baht 307 million).

Tax instalment payable

On 12 September 2013, the Company received the approval from the Revenue Department to pay its tax obligations amounting to Baht 867 million (Excluded the additional surcharge of Baht 175 million) Revenue in sixty monthly instalments over a period of five years as follows:

- Baht 3.00 million in equal monthly instalments from 15 April 2013 until 15 September 2013
- Baht 6.00 million in equal monthly instalments from 15 October 2013 until 15 March 2014
- Baht 20.23 million in equal monthly instalments from 15 April 2014 until 15 March 2018

In year 2013, the Company recognised the tax instalments payable of Baht 867 million in other payables and accrued expenses by reclassifying Baht 542 million from current liabilities and Baht 325 million from provision for tax-related liabilities.

During the year 2013 up to 31 December 2014, the Company has paid tax instalments payable amounting to 108 million. As at 31 December 2014, the Company has an outstanding balance of tax instalment payable amounting to Baht 919 million (included the additional surcharge up to 31 December 2014 amounting to Baht 159 million) which presented as current liabilities of Baht 371 million and non-current liabilities of Baht 548 million.

Under this repayment schedule, the Company mortgaged its pickle and oil line as security. The Company registered the mortgage transaction on 10 October 2013.

On 18 March 2014, the Company has requested the Revenue Department for an extension to pay tax obligation from year 2018 to year 2019 with the proposed installments as follows:

- Baht 6.00 million in equal monthly instalments from 15 April 2014 until 15 March 2015
- Baht 10.00 million in equal monthly instalments from 15 April 2015 until 15 March 2016
- Baht 15.00 million in equal monthly instalments from 15 April 2016 until 15 March 2017
- Payable in equal monthly instalments from 15 April 2017 until 15 March 2019

The above request is under consideration of the Revenue Department. Should the request not being approved, the Company shall pay the total amount remaining due at the reporting date for the amount of Baht 157 million and has to make monthly payment of Baht 20 million until the completion.

Electricity payable

As at 31 December 2013, the Company has outstanding debts in the amount of Baht 219 million. The Company has to pay for penalty charge which interest at 15% per annum. Refer to Note 13 Property, plant and equipment for mortgaged as security for the Company's long overdue electricity. At present, the Company has completed repayment.

Debt restructuring program

Refer to Note 5, Related parties, for details of compromise agreements with OAC (see Note 5(a) and 5(b)) to convert the outstanding debts of the Company to the Company's ordinary shares.

Refer to Note 18, Interest bearing liabilities, for details of 2013 debenture issued and 2013 debt restructuring program.

The currency denomination of other payables and accrued expenses as at 31 December 2014 and 2013 were as follows:

	Consolidated and Separate financial statements	
	2014	2013
	<i>(in million Baht)</i>	
Thai Baht (THB)	1,260	1,378
United States Dollars (USD)	630	626
Singapore Dollars (SGD)	1	-
Total	1,891	2,004

21 Other current liabilities

	Consolidated and Separate financial statements	
	2014	2013
	<i>(in million Baht)</i>	
Machinery purchase payable	16	16
Tax-related liabilities	4	3
Construction payables	13	14
Total	33	33

Refer to Note 20, other payables and accrued expense, in year 2013, the Company recognized the tax instalments payable of Baht 867 million in other payables and accrued expenses by reclassifying Baht 542 million from current liabilities and Baht 325 million from provision for tax-related liabilities.

The currency denomination of other current liabilities as at 31 December 2014 and 2013 were as follows:

	Consolidated and Separate financial statements	
	2014	2013
	<i>(in million Baht)</i>	
Thai Baht (THB)	4	4
United States Dollars (USD)	27	27
Euro (EUR)	2	2
Total	33	33

22 Liabilities under rehabilitation plan

		Consolidated and Separate financial statements	
	<i>Note</i>	2014	2013
		<i>(in million Baht)</i>	
Balance - beginning of the year		269	317
Paid during the year		(13)	(5)
Offsetting during the year	6	-	(34)
Conversion of debts to debentures	18	-	(17)
Exchange rate adjustments during the year		(1)	8
Transfer to gain on debt restructuring		(11)	-
Balance - end of the year		244	269

Liabilities under rehabilitation plan as at 31 December 2014 and 2013 were included in the financial statements as follows:

			Consolidated and Separate financial statements	
			2014	2013
			<i>(in million Baht)</i>	
Creditors		Due date		
Class 4	Employee	Repayable in July 2015	4	4
Class 5	Equipment Claims	Repayable in October 2011	9	31
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	215	218
Total			244	269

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.

The Company's rehabilitation plan liabilities fell due on 31 October 2011 but fell into default. The Company entered into negotiations with the creditors to extend the payment period. Accordingly, the Company presented the outstanding liabilities under rehabilitation plan as at 31 December 2014 and 2013 as current liabilities in the Company's statement of financial position. As a consequence of this default, the outstanding balances are payable on demand and accrue interest at a rate of 7.5% per annum from the date of default.

Since year 2012 to the date of the report, 9 suppliers had filed a complaint against the Company for breach of the rehabilitation plan in the amount of Baht 43 million together with interest at the rate of 7.5% per annum on the principal amount of Baht 27 million from the date of filing the complaint until the date of full repayment. At present all case are on the Court process.

One creditor had filed a complaint against the Company for breach of the rehabilitation plan in the amount of Baht 31 million together with interest at the rate of 7.5% per annum on the principle amount of Baht 28 million. At present, creditor and the Company have a compromise agreement in Court.

The currency denomination of liabilities under rehabilitation plan as at 31 December 2014 and 2013 were as follows:

	Consolidated and Separate financial statements	
	2014	2013
	<i>(in million Baht)</i>	
Thai Baht (THB)	140	155
United States Dollars (USD)	92	100
Euro (EUR)	9	10
Singapore Dollars (SGD)	3	4
Total	244	269

23 Employee benefit obligations

	Consolidated and Separate financial statements	
	2014	2013
	<i>(in million Baht)</i>	
Statement of financial position obligations for:		
Post-employment benefits	37	28
	37	28

	Consolidated and Separate financial statements	
	2014	2013
	<i>(in million Baht)</i>	
Year ended 31 December		
Statement of comprehensive income recognised in profit or loss:		
Post-employment benefits	9	9
	9	9

The Company adopted TAS 19 - Employee Benefits with effect from 1 January 2011. The Company opted to recognise the transitional obligation as at 1 January 2011 through profit or loss on a straight-line basis over five years from 1 January 2011. Movements during the year on the provision for the unrecognised transitional obligation were as follows:

	Consolidated and Separate financial statements	
	2014	2013
	<i>(in million Baht)</i>	
Unrecognised transitional obligation as at 1 January	10	15
Recognised through profit or loss for the period	(5)	(5)
Unrecognised transitional obligation as at 31 December	5	10

An unfunded plan based on Thai labour law

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

The statement of financial position obligation was determined as follows:

	Consolidated and Separate financial statements	
	2014	2013
	<i>(in million Baht)</i>	
Present value of unfunded obligations	42	38
Unrecognised transitional obligation	(5)	(10)
Statement of financial position obligation	37	28

Movement in the present value of the defined benefit obligations:

	Consolidated and Separate financial statements	
<i>Year ended 31 December</i>	2014	2013
	<i>(in million Baht)</i>	
Defined benefit obligations at 1 January	37	33
Current service costs and interest	5	5
Defined benefit obligations at 31 December	42	38

Expense recognised in profit or loss:

	Consolidated and Separate financial statements	
<i>Year ended 31 December</i>	2014	2013
	<i>(in million Baht)</i>	
Transitional obligation recognised	5	5
Current service costs	4	4
Total	9	9

The expense is recognised in the following line items in the statement of comprehensive income:

	Consolidated and Separate financial statements	
<i>Year ended 31 December</i>	2014	2013
	<i>(in million Baht)</i>	
Cost of sales and administrative expenses	9	9
Total	9	9

No actuarial gains and losses were recognised in other comprehensive income for the year ended 31 December 2014 and 2013.

Principal actuarial assumptions at the reporting date:

	Consolidated and Separate financial statements	
	2014	2013
	<i>(%)</i>	
Discount rate	3.9 per year	3.9 per year
Future salary increases rate	5.0 - 7.0	5.0 - 7.0
Turnover rate	5.0 - 10.0*	5.0 - 10.0*
Mortality rate	TMO 08**	TMO 08**

* Base on the weighted average by age group of employee

** Reference from TMO 08 : Thai Mortality Ordinary Tables of 2008

24 Provisions

Consolidated and Separate financial statements					
	Purchase orders of undelivered raw material (See Note 38.3)	Tax- related liabilities (See Note 20)	Deferred interest from Debt Restructuring (See Note 5)	Deferred difference from debt restructuring (See Note 1.3)	Total
	(in million Baht)				
As at 1 January 2013	187	994	35	-	1,216
Provisions made	-	1	-	-	1
Provisions reversed	(187)	(669)	(7)	-	(863)
Provisions transferred	-	(325)	-	451	126
Provision paid	-	(1)	(28)	-	(29)
As at 31 December 2013 and 1 January 2014	-	-	-	451	451
Provisions made	-	-	-	-	-
Provisions transferred to trade accounts payable and accrued interest	-	-	-	(412)	(412)
Provisions transferred to gain from debt restructuring	-	-	-	(39)	(39)
Provision paid	-	-	-	-	-
As at 31 December 2014	-	-	-	-	-
As at 31 December 2013 and 1 January 2014					
- Current	-	-	-	39	39
- Non-current	-	-	-	412	412
Total	-	-	-	451	451
As at 31 December 2014					
- Current	-	-	-	-	-
- Non-current	-	-	-	-	-
Total	-	-	-	-	-

(a) Provision for tax-related liabilities

In year 2013, the Company agreed with the Revenue Department on a repayment schedule for certain tax obligations and consequently reclassified an amount of Baht 325 million from the related provision to other payables and accrued expenses (refer to Note 20). The remaining balance of the related provision of Baht 669 million was reversed and recognized in the statement of comprehensive income in year 2013.

(b) Provision for deferred interest from debt restructuring

In year 2013, the Company redeemed apart of its outstanding debenture before maturity date with the result of reversing the provision for deferred interest from debt restructuring and recognising as a gain from debt restructuring, the amount of Baht 7.4 million.

The currency denomination of provision as at 31 December 2014 and 2013 were as follows:

	Consolidated and Separate financial statements	
	2014	2013
	<i>(in million Baht)</i>	
Thai Baht (THB)	-	6
United States Dollars (USD)	-	445
Total	-	451

25 Share capital

The movements of share capital for the years ended 31 December 2014 and 2013 were as follows:

		2014		2013	
	<i>Par value per share (in Baht)</i>	Number	Amount <i>(million shares / in million Baht)</i>	Number	Amount
Authorised					
At 1 January					
- ordinary shares	0.69	188,377	129,980	58,664	40,478
Reduction of shares (a)	0.69	-	-	(3,234)	(2,231)
Increase of new shares (b)	0.69	-	-	132,947	91,733
At 31 December					
- ordinary shares	0.69	188,377	129,980	188,377	129,980
Issued and paid up					
At 1 January					
- ordinary shares	0.69	105,853	73,039	39,903	27,533
- Increase of new shares for Rights Offering Plan (c)	0.69	-	-	36,744	25,354
- Private placement to G Steel and its subsidiaries (d)	0.69	-	-	27,542	19,004
- Compensation to Financial Advisors (e)	0.69	-	-	1,664	1,148
At 31 December					
- ordinary shares	0.69	105,853	73,039	105,853	73,039

Authorised

For the year ended 31 December 2013

(a) Reduction and increase of share capital

On 7 January 2013, the Company's EGM no.1/2013 passed the following resolutions:

- Reduction of the Company's registered share capital by 3,234 million shares, with a par value of Baht 0.69 per share, from the existing registered capital of Baht 40,478 million to Baht 38,247 million by cancelling the Company's unissued shares.

- Increase of the Company's registered share capital from Baht 38,247 million to Baht 129,980 million by issuing up to 132,947 million ordinary shares, at a par value of Baht 0.69 per share.

The Company registered the reduction and increase of the authorised share capital of the Company with the Ministry of Commerce on 15 January 2013.

(b) Allocation of share capital

On 7 January 2013, the Company's EGM no.1/2013, passed the resolutions to allocate the Company's newly issued share capital as follows:

- To allocate up to 59,855 million newly issued ordinary shares at an offering price of Baht 0.08 per share to the existing shareholders under Right Offering, at a ratio of 1 existing share to 1.5 new ordinary shares.
- To allocate up to 23,942 million newly issued ordinary shares in order to support the exercise of the warrants allocated to the Company's existing shareholders under Right Offering.
- To allocate up to 28,503 million newly issued ordinary shares at an offering price of Baht 0.08 per share to G Steel and/or its subsidiaries who are the Company's creditors under the debt to equity conversion plan and/or in cash by way of private placement.
- To allocate up to 11,401 million newly issued ordinary shares in order to support the exercise of the warrants allocated to G Steel and/or its subsidiaries under private placement.
- To allocate up to 1,600 million newly issued ordinary shares at the offering price of Baht 0.08 per share, to Financial Advisor under private placement in consideration of the advice provided for the capital raising and capital restructuring. The Financial Advisor will make payment in kind for these shares in the form of shares of subsidiaries of the Company.
- To allocate up to 7,286 million newly issued ordinary shares to support the adjustment of the exercise price of warrants GJS-W2 due to the issue and offering of new shares and warrants at discount.
- To allocate up to 359 million newly issued ordinary shares to support the adjustment of the exercise price of ESOP warrants due to the issue and offering of new shares and warrants at discount.

On 8 February 2013, the Company's Board of Directors' Meeting no.3/2013 passed the following resolutions;

- Allocation up to 215 million new shares at Baht 0.11 per share to RA as of part of its remuneration. RA will obtain those shares in exchange for shares in GJS Notes at a ratio of 1 share GJS Notes for 72.727 shares of the Company.

Issued and paid-up

On 13 February 2013, the Company announced the results of sale of the Company's newly issued ordinary shares of 64,286 million shares at par value of Baht 0.69 per share as follows;

(c) Shares issued for Rights Offering Plan

A total of 59,855 million ordinary shares were allocated to the existing shareholders at an offering price of Baht 0.08 per share, of which 36,744 million shares were subscribed, resulting in proceeds of Baht 2,940 million. G Steel and OAC waived their right to subscribe the remaining 23,111 million shares.

(d) Shares issued for Private placement to G Steel and its subsidiaries

A total of 28,503 million ordinary shares were allocated to G Steel and/or its subsidiaries under a private placement at an offering price of Baht 0.08 per share, of which 27,542 million shares were subscribed and paid up by conversion of outstanding debts with the Company for an amount of Baht 2,052 million and in cash for an amount of Baht 152 million. The remainder of unsold shares for this lot is 962 million shares.

The remaining unsubscribed shares from placement with existing shareholders and the private placement with G Steel and/or subsidiaries of 24,073 million shares will be presented to the shareholders' meeting for further consideration.

(e) Shares issued for Financial Advisors

On 22 March 2013, the Company registered the increase in the Company's issued and paid-up share capital with the Ministry of Commerce by Baht 45,506 million comprising 65,950 million shares with par value of Baht 0.69 per share. These shares were issued to support the compensation to financial advisors. The allocation of 1,664 million newly-issued ordinary shares were allocated to the Company's financial advisor in respect of the Company's debt restructuring program. The financial advisor made payment for the Company's newly-issued shares by transferring 17.45 million shares of GJS Notes to the Company with the par value of Baht 8 per share to the Company. The transfer price was Baht 0.11 and 0.08 per share based on the fair value of the advisory services.

The summary of the shares issued is presented in the table below:

	Issued and paid-up	Share discount
	<i>(in million Baht)</i>	
<i>Shares issued for Rights Offering Plan</i>		
At 13 February 2013		
<i>(Offering price of Baht 0.08 per share)</i>		
Cash received from existing shareholders of Baht 2,940 million	25,354	(22,414)
<i>Shares issued for Private Placement to G Steel Plan and its subsidiaries</i>		
At 13 February 2013		
<i>(Offering price of Baht 0.08 per share)</i>		
Cash received from private placement to G Steel of Baht 152 million	1,310	(1,158)
Principal amount of debt to equity conversion with G Steel and its subsidiaries in the amount of Baht 2,052 million	17,694	(15,642)
	19,004	(16,800)
<i>Shares issued to financial advisors</i>		
At 22 March 2013		
<i>(Converted price of Baht 0.08 per share)</i>		
Compensation to financial advisor for debt restructuring program in the amount of Baht 115 million	999	(884)
<i>(Converted price of Baht 0.11 per share)</i>		
Compensation to financial advisor for debt restructuring program in the amount of Baht 24 million	149	(125)
	1,148	(1,009)
Total	45,506	(40,223)

Share premium (discount)

The movement of share premium (discount) during the year ended 31 December 2014 and 2013 are shown in the table below:

<i>For the year ended 31 December</i>	Consolidated and Separate financial statements	
	2014	2013
	<i>(in million Baht)</i>	
Share premium (discount)		
At 1 January	(39,829)	394
Shares issued for Rights Offering Plan	-	(22,414)
Shares issued for Private Placement to G Steel and its subsidiaries	-	(16,800)
Shares issued to financial advisors	-	(1,009)
At 31 December	(39,829)	(39,829)

26 Warrants

Following are terms and conditions of the warrants :

Second Warrants

- The Company allotted 4,933 million “Second Warrants” (“GJS-W2”) 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 GJS-W2.
- The offering price of a GJS-W2 unit was Baht 0.03 per unit.
- One GJS-W2 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 GJS-W2, the holder is required to remit Baht 0.75 per unit to the Company.
- The GJS-W2 has 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 GJS-W2, 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.
- Adjustment of the exercise price of GJS-W2. The exercise price of GJS-W2 changed from Baht 0.25 per share to Baht 0.207 per share and the exercise ratio changed from one GJS-W2 unit for 3 new ordinary shares of the Company to one GJS-W2 unit for 3.63 new ordinary shares of the Company.

Third Warrants

- The Company allotted 5,896 million “Third Warrants” (“GJS-W3”) to shareholders who purchased newly-issued ordinary shares at the ratio of 10 existing shares for each GJS-W3. The Company defines the list of shareholders who have the right to reserve newly-issued ordinary shares on 28 November 2012. On 14 February 2013, GJS-W3 was allocated to shareholders 3,674 million units in total.
- The offering price of a GJS-W3 unit was Baht 0 per unit.
- One GJS-W3 unit is exercisable for four new ordinary shares at the initial price of Baht 0.15 per share subject to further adjustments on the occurrence of adjustable events. Therefore, in order to exercise a GJS-W3, the holder is required to remit Baht 0.60 per unit to the Company.
- The GJS-W3 has 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 GJS-W3. The first exercise date shall be 28 June 2013 and the last exercise date will fall on 7 February 2020. 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.

Fourth Warrants

- The Company allotted 2,850 million “Fourth Warrants” (“GJS-W4”) to Private Placement (G Steel and/or subsidiaries of G Steel) at the ratio of 10 existing shares for each GJS-W4. On 27 February 2013, GJS-W4 was allocated to Private Placement 2,754 million units in total.
- The offering price of a GJS-W4 unit was Baht 0 per unit.
- One GJS-W4 unit is exercisable for four new ordinary shares at the initial price of Baht 0.15 per share subject to further adjustments on the occurrence of adjustable events. Therefore, in order to exercise a GJS-W4, the holder is required to remit Baht 0.60 per unit to the Company.
- The GJS-W4 has 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 GJS-W4. The first exercise date shall be 28 June 2013 and the last exercise date will fall on 11 February 2020. 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 2013

Third 50% shall be exercisable on the last exercise date which falls on 10 December 2014.

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.

- Adjustment of the exercise price of ESOP warrants. The exercise price of ESOP warrants changed from Baht 0.69 per share to Baht 0.571 per share and the exercise ratio changed from one ESOP warrant unit for one new ordinary share of the Company to one ESOP warrant unit for 1.21 new ordinary shares of the Company.
- On 10 December 2013, 728 million units of ESOP Warrants remained not exercised and this date is on the expiration date of the term of ESOP warrants.

The movements of warrants for the year ended 31 December 2014 was as follows:

	<i>Offering price of warrant per unit (in Baht)</i>	<i>Unit (thousand units)</i>	<i>Amount (in thousand Baht)</i>
Warrants			
As at 1 January			
-Second Warrants	0.03	4,933	148
- Third Warrants	0.00	3,674	-
- Fourth Warrants	0.00	2,754	-
Issue of new warrants during the period		-	-
Expiration during the period		-	-
As at 31 December			
- Second Warrants		4,933	148
- Third Warrants		3,674	-
- Fourth Warrants		2,754	-

27 Reserves

Appropriations of profit and/or retained earnings

Legal reserve

Section 116 of the Public Companies Act B.E. 2535 requires that a public 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.

Other components of equity

Termination of warrants

Upon the cancellation of the 3,234 million units of First Warrants, their carrying value at Baht 0.05 each was transferred from the warrants component of equity to other components of equity for an amount of Baht 162 million.

28 Operating Segments

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 2014 and 2013 were as follows:

	Consolidated and Separate financial statements	
	2014	2013
	<i>(in million Baht)</i>	
<i>Segment revenue</i>		
Domestic	14,457	9,777
Export	55	-
Total	14,512	9,777
<i>Segment result - gross margin (loss)</i>		
Domestic	498	(596)
Export	(8)	-
Total	490	(596)

Information about major customers

For the year ended 31 December 2014 and 2013, the Company had revenues from the domestic sale to 3 customers and 3 customers respectively for the total amount of Baht 7,164 million and Baht 3,563 million respectively.

29 Selling expenses

	Consolidated and Separate financial statements	
	2014	2013
	<i>(in million Baht)</i>	
Packing expenses	4	3
Domestic shipping expenses	148	105
Export shipping expenses	1	-
Total	153	108

30 Administrative expenses

	<i>Note</i>	Consolidated and Separate financial statements	
		2014	2013
		<i>(in million Baht)</i>	
Idle costs - depreciation and amortisation expenses	32	175	376
Idle costs - employee benefit expenses	32	32	76
Idle costs - others		15	43
Penalty charges		94	170
Depreciation and amortisation expenses	32	42	42
Employee benefit expenses	32	215	231
Demurrage charges		2	6
Professional and consulting fees		55	122
Loss on impairment of advance to suppliers	10	-	69
Others		102	190
Total		732	1,325

31 Employee benefit expenses

	Consolidated and Separate financial statements	
	2014	2013
	(in million Baht)	
<i>Management</i>		
Wages and salaries	46	46
Welfare	4	5
Contribution to provident fund	1	1
	51	52
<i>Other employees</i>		
Wages and salaries	279	248
Welfare	95	117
Contribution to provident fund	16	15
	390	380
Total	441	432

Defined benefit plans

Details of the defined benefit plans are given in Note 23.

Defined contribution plans

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.

32 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:

		Consolidated and Separate financial statements	
	<i>Note</i>	2014	2013
		<i>(in million Baht)</i>	
<i>Included in cost of sales of goods:</i>			
Changes in inventories of finished goods decrease (increase)	9	(66)	(451)
Raw materials and consumables used		11,044	8,498
Depreciation and amortisation expenses		837	574
Employee benefit expenses	31	194	125
<i>Included in administrative expenses:</i>			
Depreciation and amortisation expenses (including in idle cost)	30	175	376
Depreciation and amortisation expenses	30	42	42
Employee benefit expenses (including in idle cost)	30, 31	32	76
Employee benefit expenses	30, 31	215	231
Operating lease expense		7	6

33 Finance costs

		Consolidated and Separate financial statements	
	<i>Note</i>	2014	2013
		<i>(in million Baht)</i>	
Finance costs			
- Related party	5	44	12
- Other parties		130	200
- Financial institution		1	1
Total		175	213

34 Income tax expense

The Group and the Company did not record income tax expense in the statement of comprehensive income because the Company incurred losses in the current year and has significant losses brought forward from prior years. Deferred tax assets have not been recognised in respect of these losses as disclosed in Note 16.

Income tax reduction

Royal Decree No. 530 B.E. 2554 dated 21 December 2011 grants a reduction in the corporate income tax rate for the three accounting periods 2012, 2013 and 2014; from 30% to 23% for the accounting period 2012 which begins on or after 1 January 2012 and to 20% for the following two accounting periods (2013 and 2014) which begin on or after 1 January 2013 and 2014, respectively.

It is understood that the Government will proceed to amend the law in order to maintain the corporate income tax rate at not higher than 20% for the accounting period 2015 which begins on or after 1 January 2015 and onwards in order to give full effect to the Cabinet resolution dated 11 October 2011 to increase Thailand's tax competitiveness.

35 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:

- (a) exemption from payment of import duty on machinery approved by the Board;
- (b) 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.

On 29 July 2014 the Board of Investment ("BOI") had ordered the revocation of privilege in the production of Direct Reduced Iron. However there is no burden import duty on machinery and raw materials.

Summary of revenue from promoted and non-promoted businesses:

Consolidated and Separate financial statements						
2014				2013		
	Promoted	Promoted		Promoted	Promoted	
	businesses	businesses	Total	businesses	businesses	Total
	<i>(in million Baht)</i>					
Export Sale	55	-	55	-	-	-
Domestic Sale	14,457	-	14,457	9,703	74	9,777
Total revenue	14,512	-	14,512	9,703	74	9,777

36 Earnings (Loss) per share

Basic earnings (loss) per share

The calculations of basic earnings (loss) per share for the years ended 31 December 2014 and 2013 were based on the profit (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:

	Consolidated and Separate financial statements	
	2014	2013
	<i>(in million Baht / million shares)</i>	
Profit (Loss) for the year attributable to ordinary shareholders of the Company	(418)	(1,599)
Number of ordinary shares outstanding at 1 January	97,916	39,903
Effect of shares issued on 13 February 2013	-	56,713
Effect of shares issued on 22 March 2013	-	1,300
Weighted average number of ordinary shares outstanding	97,916	97,916
Earnings (loss) per share (basic) (in Baht)	(0.004)	(0.02)

Diluted profit (loss) per share for the years ended 31 December 2014 and 2013 is not presented because the exercise price of the Company's warrants was higher than the market price of the Company's ordinary shares and these potential shares would decrease the earnings (loss) per share.

37 Financial instruments

As at 31 December 2014 and 2013, 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.

Capital management

The Board's intention is to return to 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.

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 2014 and 2013 and the periods to maturity or re-pricing were as follows:

Consolidated and Separate financial statements					
	Effective Interest rate (% per annum)	Within 1 year	After 1 year but within 5 years (in million Baht)	After 5 years	Total
2014					
<i>Financial assets :</i>					
Cash and cash equivalents					
Restricted deposits at	0.10 - 0.312	209	-	-	209
Financial institutions	1.125	-	1	-	1
		209	1	-	210
<i>Financial liabilities :</i>					
Trade accounts payable (with interest - bearing)	1.83 - 6.50	722	-	-	722
Other payable and accrued expenses (with interest - bearing)	7.50	1,166	-	-	1,166
Debentures	3.00	641	-	-	641
		2,529	-	-	2,529
2013					
<i>Financial assets :</i>					
Cash and cash equivalents	0.15 - 0.75	202	-	-	202
Restricted deposits at	2.50 - 3.00	-	1	-	1
Financial institutions		202	1	-	203
<i>Financial liabilities :</i>					
Short-term loan from other parties	5.87	62	-	-	62
Trade accounts payable (with interest - bearing)	1.68 - 6.80	531	-	-	531
Other payable and accrued expenses (with interest - bearing)	7.50 - 15.00	807	-	-	807
Debentures	3.00	-	916	-	916
		1,400	916	-	2,316

Foreign currency risk

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

As at 31 December 2014 and 2013, the Company was exposed to foreign currency risk in respect of financial assets and liabilities denominated in the following currencies:

		Consolidated and Separate financial statements	
	<i>Note</i>	2014	2013
		<i>(in million Baht)</i>	
<i>United States Dollars</i>			
Cash and cash equivalents	7	6	2
Trade accounts receivable	8	-	15
Short-term loans from other parties	18	-	(62)
Trade accounts payable	19	(1,718)	(1,675)
Other payables and accrued expenses	20	(630)	(626)
Accrued interest expenses		(908)	(329)
Provision	24	-	(445)
Other current liabilities	21	(27)	(27)
Liabilities under rehabilitation plan	22	(92)	(100)
Gross exposure in statement of financial position		(3,369)	(3,247)
Estimated forecast purchases		(1,189)	(1,046)
Gross exposure		(4,558)	(4,293)
<i>Euro</i>			
Trade accounts payable	19	(2)	(27)
Other current liabilities	21	(2)	(2)
Liabilities under rehabilitation plan	22	(9)	(10)
Gross exposure in statement of financial position		(13)	(39)
Estimated forecast purchases		(298)	(340)
Gross exposure		(311)	(379)
<i>Singapore Dollars</i>			
Other payables and accrued expenses	20	(1)	-
Liabilities under rehabilitation plan	22	(4)	(4)
Gross exposure in statement of financial position		(5)	(4)
Gross exposure		(5)	(4)

Credit risk

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

At the reporting date there were no significant concentrations of credit risk because the Company has ceased to give credit terms to customers (Refer to Note 8). The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

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 1.3).

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.

38 Commitments with non-related parties

38.1 Commitments

	Consolidated and Separate financial statements	
	2014	2013
	<i>(in million Baht)</i>	
<i>Lease and service agreement commitments</i>		
Within one year	5	5
After one year but within five years	3	6
Total	8	11
<i>Other commitments</i>		
Bank guarantees	1	1

38.2 Long-term agreements

- The Company entered into agreement to purchase natural gas. This agreement is effective on 1 July 2006 and is terminated after the Company has purchased natural gas for ten years since supplier has already transferred and the Company has already received natural gas. Natural gas rate depend on monthly charges based on consumption.

- 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.

	Consolidated and Separate financial statements	
	2014	2013
	<i>(in million Baht)</i>	
<i>Long-term agreement commitments</i>		
Within one year	71	71
After one year but within five years	282	282
After five years	342	412
Total	695	765

38.3 Raw material purchase orders

As at 31 December 2014, the Company had outstanding purchase orders for raw materials that have not been delivered to the Company totalling Baht 1,522 million (*31 December 2013: Baht 1,637 million*). As at 31 December 2014 and 2013, The Company has estimated the provision for loss in respect of outstanding purchase orders for raw materials that have not been delivered 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 there was no loss to be recognized in the such period.

As at 31 December 2014, the Company had agreements to purchase raw materials with various suppliers under consignment agreements, under which the ownership of unreleased raw material belongs to the suppliers. The Company has to pay interest ranging from 1.83% to 6.50% per annum on the unreleased raw materials in addition to the payables balance (*2013: 1.68% to 6.80% per annum*).

38.4 Customer advances

As of 31 December 2014, the Company had received advances from customers totaling Baht 307 million (*2013: Baht 325 million*) and had the obligation to deliver goods to the customers in the future.

38.5 Financial advisory agreements

The Company has entered into various financial advisory agreements with third parties for advice on sourcing additional credit facilities, refinancing existing debt from financial institutions and negotiating improved terms of payment with trade creditors. The fees are payable based on a fixed fee per month plus a success fee which becomes payable upon completion of the transaction.

39 Litigation

39.1 Suppliers complaint pending litigation

Eleven suppliers filed a complaint against the Company for breach of several agreements related to sales and purchases and rehabilitation plan in the amount of Baht 65.53 million together with interest at the rate of 7.5% per annum on the principal amount of Baht 48.92 million and with interest at the rate of 15% per annum on the principal amount of Baht 0.40 million, from the date of filing the complaint until the date of full repayment. At present all case are on the Court process.

Five suppliers filed a complaint against the Company for breach of several agreements related to sales and purchases in the amount of Baht 32.89 million together with interest at the rate of 7.5% per annum on the principal amount of Baht 29.62 million from the date of filing the complaint until the date of full repayment. At present, creditor and the Company have a compromise agreement in Court.

39.2 The Second Section of Labour Court

A former employee filed a complaint to the Second Section of the Labour Court against the Company for the lay-off and demands the Company to pay him together with interest at the rate 7.5% per annum from the date of filing. Presently, this case is pending in the Supreme Court.

40 Contingent liabilities

On 8 June 2011 the Company received a letter from the Board of investment (“BOI”) in which it is alleged that the Company failed to export sufficient quantities of its products in order to offset the imported raw materials on which duties were not assessed by the Customs Department under BOI privilege. In its 8 June 2011 letter, the BOI stated that the Company should pay the duties which were not assessed on the raw materials as of the 1998 import date and that the BOI is submitting the matter to the Customs Department for its consideration. (The BOI claim stems from a period prior to the effective date of the Company’s rehabilitation plan subsequently approved by the Central Bankruptcy Court.)

The Company estimates that the total maximum exposure for such potential claims, should they arise from the Customs Department, is approximately Baht 216 million. To the extent that the Customs Department can demonstrate that such claim was submitted during the rehabilitation process in 1998, the Company will be liable to pay such duty. The Company has not provided for such potential claim as it has not received a claim assessment letter from the Customs Department and it believes such claim was not submitted during the 1998 rehabilitation process.

41 Events after the reporting period

41.1 Entering into Facilities Agreement provided by a local bank with G Steel

On 9 February 2015, a local bank has provided the Facilities Agreement to the Company and G Steel for the amount of Baht 602 million as following details:

1. Letter of Credit (L/C) in the amount of Baht 350 million which is the combined facility between the Company and G Steel
2. Bank guarantee (BG) in the amount of Baht 252 million.

The Company and G Steel will provide securities under the aforementioned facilities as below:

- G Steel will increase the mortgaged amount of the existing mortgaged machine from formerly Baht 475.6 million to the new mortgage of Baht 510 million.
- The Company will mortgage the machinery in 2 items; the Recoil Temper Mill (RTM) and the Acid Regeneration Plant (ARP), for the mortgaged amount of Baht 480 million, together with cash Baht 70 million for additional collateral to be provided.

The Company expects to be able to utilize the Facilities from the Bank in March 2015.

41.2 During 1 January 2015 to the reporting date, the Company paid to redeem the under debentures to GS Securities in the amount of Baht 32 million.