



GSteel

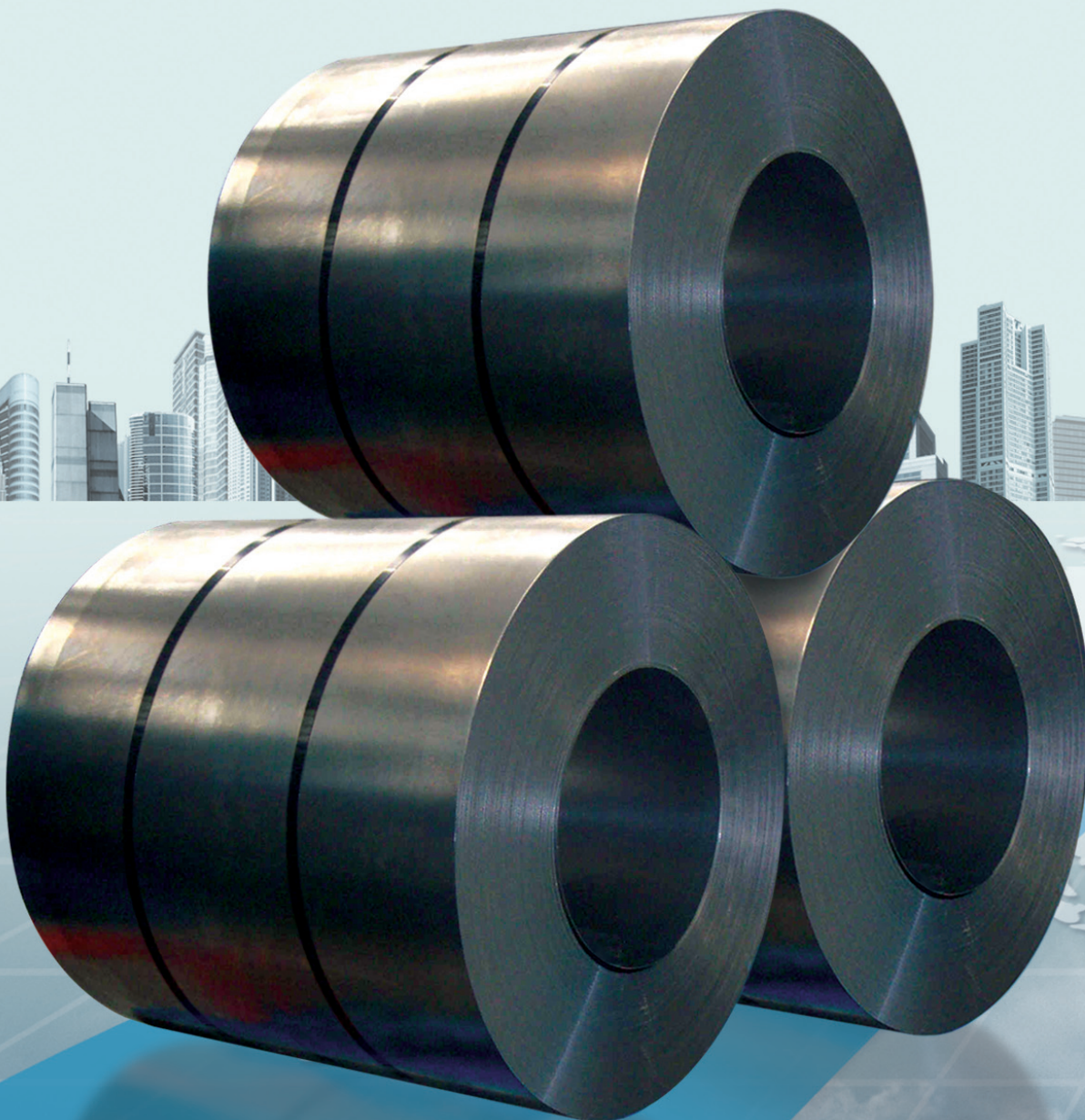
ANNUAL REPORT 2009 G STEEL PUBLIC COMPANY LIMITED

Vision

We will be a world-class steel industry leader

Mission

- Entering into the global market with a wide range of steel products
- Growing our business through increased production capacity at lower costs
- Improving and developing products that best address customers' demand
- Developing human resources continuously
- Preserving the environment and contributing to the betterment of the society
- Adding value to stakeholders



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Message from Chairman of the Board of Directors

From September 2008 throughout the year 2009, global economy had continued to slow down; fluctuation never in the past in steel price drastically happened quantities of steel exports were decreased, resulting in the steel industry to remain unchanged and that such condition is somewhat a big challenge for G Steel to fight against both internal and external factors, especially, the external factors which is the global level economic crisis, problem on the US subprime, reduction in employment rates of gigantic companies, internal political problem, on oil price, raw material price or even the steel price which is seriously fluctuated.

The impact resulted from these problems are unavoidable by industry operators in Thailand and, of course, G Steel is yet another company having been affected by such events, thus, resulting in the revenue of G Steel in 2009 to be decreased when comparing with the preceded years. However, G Steel has a clear way in solving the problems in order to help the liquidity and the increase of the current capital to be at a suitable level. Seeking for a new partner from foreign countries, and for circulating credit line from financial institutions both in the country and overseas, as well as fund for refinancing existing debts from financial institutions in the country, negotiations with creditors, urge in debt collections from debtors, sales of goods in cash, etc. are the measures having indeed caused the signal of better landing.

On the aspect of good corporate governance, G Steel has always been aware of the importance of such principle whereby this claim can be evinced that in 2009, G Steel was rated as the company with the Outstanding Corporate Governance Report in the category of "Excellent" which is higher than that G Steel received in the previous year, from the Stock Exchange of Thailand in conjunction with the Office of Securities and Exchange Commission (SEC) and Thai Institute of Directors. For the quality of the organizing of 2009 Annual General Shareholders' Meeting, G Steel was assessed "Best" from SEC in conjunction with Thai Investors Association for 3 consecutive years. This achievement has reflected the firm determination of G Steel's Board of Directors, the Management and all staff in giving importance on the carrying out of business with constant transparency and equity towards all parties of the stakeholders.

2010 will be yet another challenging year in which G Steel has tended to make management and operational restructuring towards international level and that, as a result, all parties shall join hands thoroughly to overcome the occurring crisis and create the opportunity in business so as for G Steel's sustainable growth in the future.

On behalf of G Steel's Board of Directors, I feel deeply grateful to the shareholders, customers, trade partners and business allies for bestowing the confidence and providing constantly good supports to G Steel throughout all year long.



(Vijit Supinit)

Chairman of the Board of Directors

Chief CSR Report

G Steel is a group of hot rolled coil manufacturers only one in Thailand that the melting, casting, and rolling are integrated into one mill. G Steel simultaneously runs business and takes good care of the country's society and environment. All G Steel's executives and employees do realize their responsibility towards good corporate governance, taking good care of its people in terms of their living, welfare and safety at work, as well as developing their knowledge and competency. In addition, G Steel supervises its manufacturing process to ensure that it will not adversely affect the community surrounding the factories. G Steel also launches campaigns to ensure worthiness of use of resources, and to manufacture good products responding consumers' demand with friendliness to environment, together with its adoption of Corporate Social Responsibility (CSR) practice, which has always been G Steel's core policy.

This is in particular the Standard for Corporate Social Responsibility by Department of Industrial Work (CSR-DIW) project, with government sector represented by Department of Industrial Works, Ministry of Industry, playing host to organize the project for the first time in 2008 covering 7 major issues: organizations' supervision, human rights, fair labour practice, environment, fair operation, issue on consumers, and social development. It is G Steel's great pride and happiness to pass the evaluation winning the Shield of Prestige of Corporate Social Responsibility (CSR-DIW).

In 2009, G Steel's employees continuously participated in various activities, organized by both public and private sectors, throughout the year. They participated in various aspects of activities to develop and improve the economy, the society, the community, and the environment so as for the betterment, such as:

- On social development: Provide health insurance for members of employees' families, employees' annual health checkup, annual sports activities, etc.
- On cultural promotion and cultural heritage conservation: Provide annual merit making on Songkran Day, present robes to monks at the end of Buddhist Lent, etc. The activities have been circulating to various temples in the community continuously every year, etc.
- On economic development: G Steel Market Fair to be held so as to help for more income of the people in local communities selling their cultivated fruits and agricultural products, etc.
- On community: Provide open house activity for general public to be educated about steel industry, etc.
- On environmental aspect participation: Host project to plant trees in factories, project to plant mangrove, etc.
- On society and public benefit: Provide blood donation project, Beautiful Temples with Our Hands project, Sharing Care to Society project, etc.

These activities reflect G Steel's paying attention to CSR while all the executives and employees have devoted themselves to CSR with their volunteer spirit and sacrifice. The activities also reflect the firm determination to carry on the intention of G Steel's Board of Directors to make G Steel to be sustainable organization, standing side by side and running business responsibly to society, community, and environment on a continual basis going forward.



(Khunying Patama Leeswadtrakul)

Chief CSR

Financial Highlights

Information from consolidated financial statements of the Company and its Subsidiaries		2009	2008 (Restated)	2007 (Restated)
Total assets	(Million Baht)	56,473	66,542	44,477
Total liabilities	(Million Baht)	24,873	24,044	14,685
Shareholders' equity	(Million Baht)	31,599	42,498	29,779
Sales revenue	(Million Baht)	21,952	36,487	22,042
Total revenue	(Million Baht)	25,143	41,313	23,726
Gross profit (loss)	(Million Baht)	(9,326)	(3,210)	1,684
Net profit (loss)	(Million Baht)	(10,892)	(4,279)	1,732
Accumulated net profit	(Million Baht)	5,057	13,637	15,911
Financial Ratios				
Liquidity ratio	(Times)	1.16	0.95	2.06
Debt to equity ratio	(Times)	0.79	0.57	0.49
Gross profit (loss) ratio	(%)	(26.19)	(0.93)	7.64
Net profit (loss) ratio	(%)	(39.09)	(2.99)	7.30
Average return on equity ratio	(%)	(32.93)	(4.10)	6.15
Average return on assets ratio	(%)	(13.95)	(2.22)	4.02
Net earnings per share	(Baht)	(0.62)	(0.09)	0.16
Book value per share	(Baht)	1.58	2.21	2.68

General Information

Name, Address and Nature of Business

Name	G STEEL PUBLIC COMPANY LIMITED
Symbol	GSTEEL
Registration Number	0107538000746
Head Office	18 th Floor. PASO Tower, 88 Silom Road, Suriyawong, Bangrak, Bangkok 10500, Thailand Tel. 0-2634-2222 Fax. 0-2634-4114
Factory	55 Moo 5, SSP Industrial Park, Nonglalog, Bankhai, Rayong 21120, Thailand Tel. 0-3886-9323 Fax. 0-3886-9333
Website	http://www.gsteel.com
Establishment Date	31 October 1995
Production Commencement Date	1 November 1999
Nature of Business	Production and Distribution of Hot Rolled Coil and Slab Hot Rolled Coil ; - Width 900 - 1,550 mm. - Gauge 1.0 - 13.0 mm. Slab ; - Width 900 - 1,550 mm. - Gauge 80 - 100 mm.
Production Technology	Melting - Electric Arc Furnace from Germany Casting - Medium Slab Casting Machine from Japan Rolling - Hot Strip Mill from Japan
Production Capacity	1,800,000 tons per annum
No. of Employees	676 persons
Registered Capital	13,860,000,000 Baht
Ordinary Shares	13,860,000,000 Shares
Par Value	1 Baht per share
Paid-up Capital	13,760,435,198 Baht
Paid-up Ordinary Shares	13,760,435,198 Shares

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	
Bond Trustee	The Hongkong and Shanghai Banking Corporation Limited Level 30, HSBC Main Building, 1 Queen's Road Central, Hong Kong	
Auditors	Mr. Nirand Lilamethawat, Certified Public Accountant License No. 2316 Mr. Vairoj Jindamaneepitak, Certified Public Accountant License No. 3565 Mr. Charoen Phosamrittler, Certified Public Accountant License No. 4068 Mrs. Wilai Buranakittisophon, Certified Public Accountant License No. 3920 KPMG Phoomchai Audit Ltd. 48 th Floor, Empire Tower, 195 South Sathorn Road, Bangkok 10120, Thailand Tel. 0-2677-2000 Fax. 0-2677-2222	

Nature of Business

G Steel Public Company Limited is a producer and distributor of hot rolled coil and slab. The Company's products are used as raw materials for various downstream industries as cold rolled steel sheets, galvanized steel, steel pipes, steel products for construction, oil or gas containers, automobile and parts, electrical appliances and furniture.

The Company's hot rolled coil mill is equipped with the world's state-of-the-art technology. The melting, casting and rolling processes are all efficiently integrated into one mill called Compact Mini Mill. The facility comprises electric arc furnace, medium slab casting machine and hot strip mill.

The production process begins with melting scrap and pig iron in an electric arc furnace at 1,600 °C into liquid steel. Additives are added to the products to improve their quality to meet customers' demand. The refined liquid steel is then cast into medium sized slab with 80-100 mm. thickness and is subsequently hot-rolled into the specific required gauge. The Company is Thailand's first and among very few mills in the world to be able to produce hot rolled steel sheets that are as thin as 1.0 mm. The said process is continuous and last only 3.5 hours to complete.

The Company's hot rolled coil mill was designed with maximum capacity of 3.4 million tons per annum. Its current production capacity is 1.8 million tons per annum and its designated production efficiency for product mixed ratio as per market requirement is 1.5 million tons per annum. The hot rolled steel sheets meet international standards adopted in the US (ASTM), Japan (JIS), Europe (DIN, BS) and Thailand Industrial Standard (TIS). The Company has been also certified by TUV NORD and NAC for all management systems, including quality, environment, as well as health and safety. They are ISO 9001, ISO 14001, OHSAS/TIS 18001 and CE Marking including certificate of recognition on Standard for Corporate Social Responsibility - Department of Industrial Works (CSR-DIW).

Income Structure

The Company's main sales income is from domestic sales due to high demand in both construction and industrial sectors. However, the Company continues to export some of its products in order to maintain its presence in the international markets for future business growth. The Company's income structure in the past 3 years are as follows :

(Unit : Thousand Baht)

Income	Distribution Channel	2009		2008 (Restated)		2007 (Restated)	
		Income	%	Income	%	Income	%
Sales from Hot Rolled Coil	Domestic	20,271,155	80.6	27,893,714	67.5	17,326,987	73.0
	Overseas	1,680,521	6.7	8,671,680	21.0	4,715,463	19.9
Less: Trade Discount		-	-	(78,494)	(0.2)	-	-
	Total	21,951,676	87.3	36,486,900	88.3	22,042,450	92.9
Other Income		3,191,249	12.7	4,826,252	11.7	1,683,554	7.1
Total Income		25,142,925	100	41,313,152	100	23,726,004	100

Note : The Company's other income includes sales of various scrap from production process, interest income, foreign exchange gain and consultancy fee paid by affiliates.

Future Projects

In 2009, there was progress in the expanded projects as follows :

1. For Skinpass Mill Production Line as well as tailor-made Slitting and Shearing, the Company installed machineries with readiness for operation to benefit the expanded projects of Skinpass Mill, Slitting and Shearing. Also, the Company has sought an approval from the Board of Investment to use the machines.

2. For Pickling and Oiling Line, and Cold Rolling of Flat Products projects, the machines have been installed.

Steel Industry Situation

Situation of hot rolled steel sheet in 2009

2009 was globally the year of adjustment of the steel industry being adversely affected by continued global recession since 2008. Thailand was also affected severely and unavoidably. Most of the entrepreneurs in steel industry had been adversely affected by global financial crisis in the same direction, i.e. cash flow in operation significantly reduced, recording decreased value of products and raw material stocks in financial account, bad debt was recorded as expenses etc. However, Thailand's economic fundamental and the country's hot rolled steel sheet's fundamental were still strong, resulting in the industry's weathering through this difficulty.

Average prices of hot rolled steel sheet both in the world and in Thailand in 2009 were much less than those in the previous year, the middle of when Hot Rolled Coil (HRC) price was up to US\$ 1,250 per ton, due to the shrinking demand in line with the world's economy which continuously decreased since the 3rd quarter of 2008 until the middle of 2009. The demand then slowly picked up afterwards. Average reference imported price of HRC steel in East Asia in 2009 was at around US\$ 490 per ton. The lowest price was in March of that year at US\$ 410 and the highest price recorded in August was US\$ 580, before declining in September due to the product's significant stock releasing from China to the world market. It affected steel market in Thailand at the

time in a short term. Then prices of hot rolled steel sheet and other types of steel sheets in connected industries slightly increased during the last quarter of 2009, coincident with the recovery of manufacturing industry generally in Thailand and ASEAN. In addition, stock of hot rolled steel sheet in the country was at the lowest level in many years' round, which was immune to the industry as it could sustain price level not to immediately depress when foreign countries dumped stock of the products.

Although prices of steel in 2009 were much less than those in the previous year, costs of major raw materials in the manufacturing process, including iron ore, coals, scrap and pig iron, decreased in line with the finished products, somewhat helping the entrepreneurs in the steel industry as the production costs were eased.

Overall demand for hot rolled steel sheet in Thailand from February to October 2009 was 3.38 million tons, shrinking 28% from previous year's demand. The Company, consequently, expects that the demand for the products for the whole year should decrease around 25% due to clear recovery of the country's economy in the 4th quarter. Production capacity of manufacturing industry should pick up, coupled with the government's injecting fund into the economy as well as its accelerating flow of the budgeting process, thus helped boosting the general public's confidence in consumption and increased purchasing power.

Trend of hot rolled steel sheet in 2010

Based on the trend of slow but promising in prices of steel since the 3rd quarter of 2009, it is an encouraging sign indicating the market to be normal in 2010. If there is no significant volatility in demand or supply of the industry, prices and demand of hot rolled steel sheet are expected to gradually picking up due to positive factors of recovering of manufacturing sector, level of stock of the products in the market still being at low level, government to accelerate investment for infrastructure and communication development as well as the budget reimbursement process. Also, the stability of the government improved, coupled with somewhat increased confidence among general public and private investors towards the economy.

Overall situation of steel industry, not only HRC steel, year 2010 is expected to be positive gradually. Costs of raw materials are anticipated not to increase swiftly and shortly, since in general, the stock of raw materials are already very high. In the meantime, the possibility that local industry may face the challenge of excess supply of steel products from such countries with high production capacity as China, the European Union, Japan and Commonwealth of Independent States (CIS), formerly the Soviet Union cutting down in the previous years the production

capacity, may simultaneously increase their production capacity, resulting as a negative factor pressuring prices of steels in neighboring regions not to be able to increase their products' prices properly. However, demand for steels in China, India, and the Middle East is likely to further increase swiftly in 2010 as both manufacturing and construction sectors are positively affected by the motivating measures implemented to stimulate local economy pushing up local demand to recover or even expand possibly positively affect the global steel market.

The Company believes that based on its experiences during the past several years until now, entrepreneurs in steel industry and their trade partners realize that running business for short term profit without taking into account the public benefit will not benefit overall market situation in long term. Their trading behaviours are therefore adjusted so as to limit their risk, preventing the acts causing the volatility of products' prices, not to overstock, preventing significant stock dumping by adopting prices cutting strategy at the beginning of cycle of the products' low prices. They are likely to trade based on long term benefit, keeping business ethics among each other, and taking into consideration the end consumers' benefit, thus, finally resulting the industry to strongly and sustainably grow.

Report on 2009 Performance and Key Events

Company's performance amidst volatility of steel industry

2009 was the year which both business and government sectors were still adversely affected by crises in both economy and industry. The crisis was unprecedented severely volatile. Moreover, financial crisis in steel industry resulted in steel prices significantly decreasing. The Company's continuous operation was significantly affected by the crisis. However, the Company implemented clear solution to its liquidity problem and increased working fund to ensure proper operation, including seeking new foreign partners, seeking credit lines as current loan from both local and foreign financial institutions, seeking loan from local financial institutions to refinance old debts, negotiation with trade creditors, accelerating debt payment from debtors, selling products on cash etc. The Company is confident that the worst is over for steel industry which is adjusting to normalizing. This is expected to result in the world's steel prices in 2010 not to be as volatile as those of the previous year. It is coupled with ever-increasing consumption demand for steel, both in local and foreign markets, which directly benefits the Company expected to be able to increase both production capacity and sales in the near future.

At the end of 2009, the Company and its subsidiaries had total assets accounting for Baht 56,473 million, total liabilities at Baht 24,873 million, accumulated profit at Baht 5,057 million and shareholders' equity at Baht 31,599 million. Sales turnover for the whole year, in terms of volume, were 542,518 tons, total income Baht 25,143 million, which decreased from the previous year due to the declining selling

prices on average, the decreasing prices of raw materials, as well as the declining of sales volume. This was attributed to global financial and economic crisis. However, currently, the steels prices are not as volatile as those in the previous year. The lowest steel prices were over. In 2009, the Company's net loss was Baht 10,892 million, or losing at Baht 0.62 per share, due to the bad debt and doubtful debt, the projected loss from the orders the raw materials for which were not yet received, and loss from assets' impairment according to the conservative accounting policy.

Company's Enterprise Resource Planning (ERP) Project

On 15 July 2009, Khunying Patama Leeswadtrakul, Chief CSR, initiated and officially launched the Company and its subsidiaries' "Enterprise Resource Planning (ERP) Project", which connects real time online information sub-systems, conforming with sales system, products delivery and distribution system, materials management and planning system, accounting and financial system, accounting management system, production planning system, quality management system, and maintenance system. The Company will benefit from the connected systems as each system's database was thoroughly connected for the whole system, resulting in the whole system's agility and increased efficiency. In terms of information, this means the Company will own more correct and accurate information, will reduce information investigation procedures, and will increase works supervision and management efficiency. The project

will be an important tool enhancing the Company's business competitiveness in the future.

Certification of ISO 9001 : 2008 Quality Management Standard

Since 2007, the Company was awarded ISO 9001: 2000 in Quality Management Standard, in Environment ISO 14001: 2004, in Quality Management Standard on Occupational Health and Safety TIS/ OHSAS 18001, as well as certificate certifying products for distribution in the European Union (EU) countries as CE Mark from TUV NORD (Thailand) Ltd., by NAC and TUV CERT as Accredited Body. Although being certified for management system through such various awards, the Company still continuously maintains its efforts in management standards. In 2009, based on its monitoring, the Company was ensured to be awarded with the latest version of the Standard : ISO 9001 : 2008.

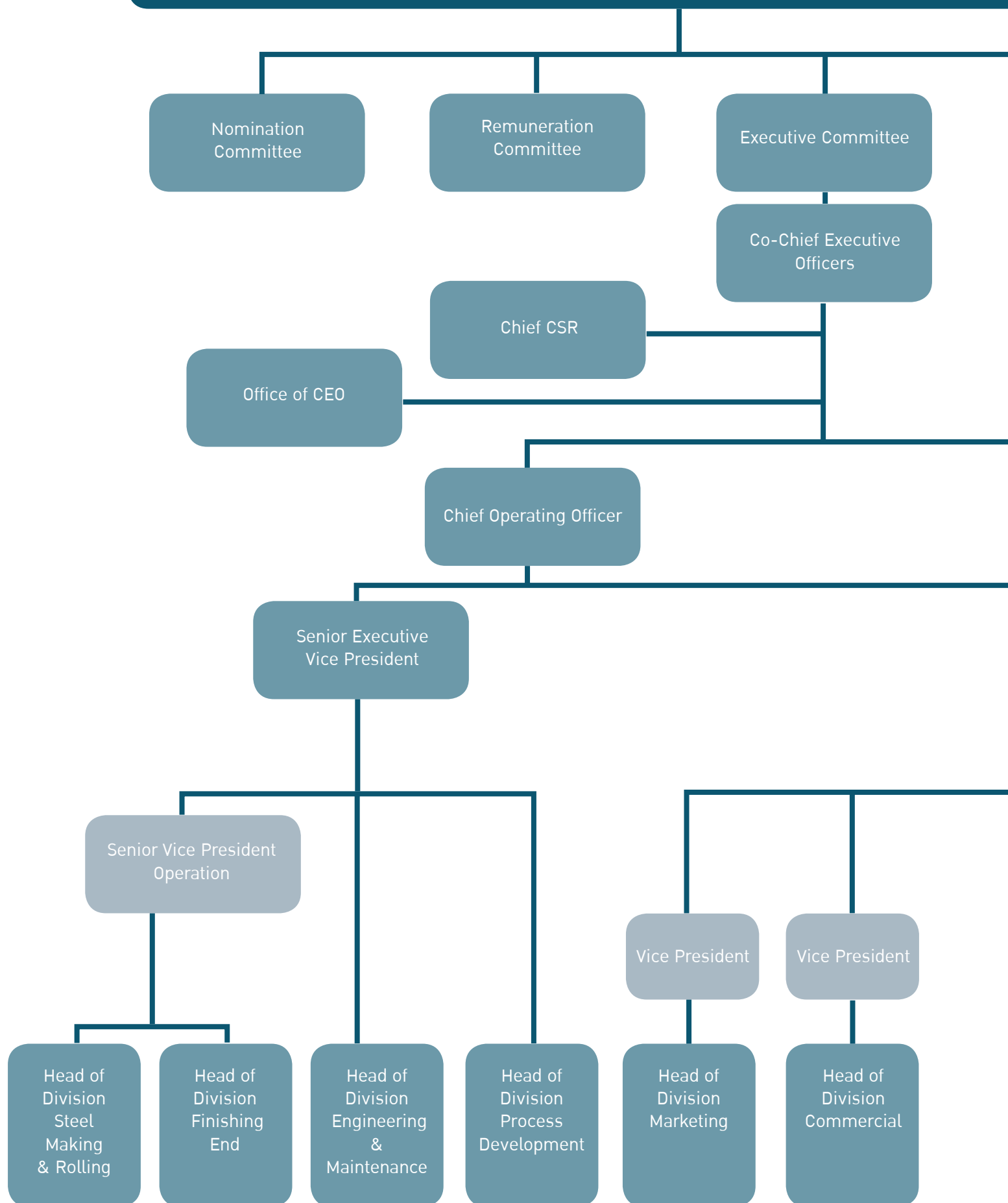
Announcement of ranking for outstanding listed companies with Good Corporate Governance

In 2009, the Stock Exchange of Thailand, in cooperation with the Securities and Exchange Commission (SEC) and Thai Institute of Directors, made

an announcement of the result of 2008 - 2009 Top Corporate Governance Report Awards. With the evaluation based on listed companies' outstanding practice for their conforming with Good Corporate Governance, the Company was ranked for "5 Stars", or "Excellence" Award, which was better than the previous year the Company enjoyed "4 Stars" status, or "Very Good" Award.

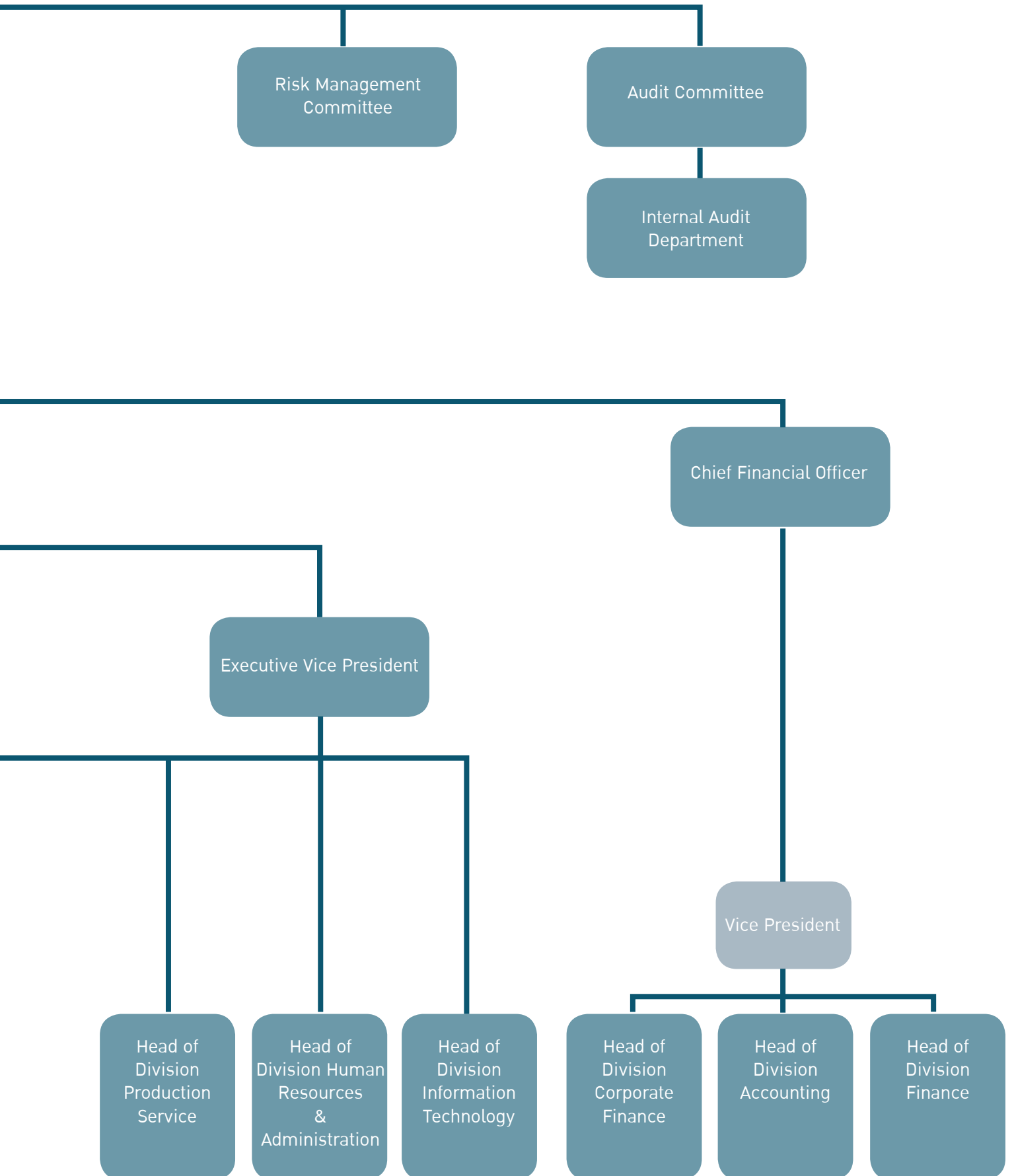
Moreover, Thai Investors Association and SEC jointly launched a project to evaluate quality of listed companies for their organizing of 2009 Annual General Shareholders' Meetings. The project was aimed at the increasing efficiency of listed companies in organizing their Annual General Shareholders' Meetings. The meetings' procedures starting from a listed company's issuance of letter inviting shareholders to agenda the meeting, together with details of the agenda, must be arranged in advance before the meeting, then details on the meeting day, and summary report after the meeting, taking into consideration the Good Corporate Governance. In 2009, the Company was evaluated for quality in its organizing of Annual General Shareholders' Meeting. The Company was scored between 90-99, which was regarded as "Excellence". It was the Company's third consecutive year of being scored so.

Board of Directors



Organization Chart

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(1) The Board of Directors

Name/ Position	Age (years)	Relationship	Education/ Training	% of shares	Experience
1. Mr.Vijit Supinit - Chairman of the Board of Directors	68	none	<ul style="list-style-type: none"> Class 3 Leadership Program, Capital Market Academy Class 31 National Defense Course, National Defense College, Thailand M. Econ., Yale University, USA B. Econ. (Honors), Manchester University, England Ph. D. (Economics) Hon. Ramkhamhaeng University <p>Training</p> <ul style="list-style-type: none"> Director Accreditation Program (DAP) , The Role of Chairman Program (RCP) and Audit Committee Program (ACP) Thailand Institute of Directors : IOD 	none	<p>G Steel Public Company Limited</p> <p>2006-Present Chairman of the Board of Directors</p> <p>Others</p> <p>2008-Present Chairman of the Securities and Exchange Commission</p> <p>2008-Present Director and Chairman of the Audit Committee, TMB Bank Public Company Limited</p> <p>2007-Present Dean, Graduate School of Business, Siam University</p> <p>2004-2007 Chairman of the Thailand Future Exchange Company Limited</p> <p>2003-2007 Chairman of the Board of Directors, The Stock Exchange of Thailand</p> <p>2003-2007 Chairman of the Board of Directors, Asset Management Corporation</p> <p>1994-1995 Director, Airport Authority of Thailand</p> <p>1993-1996 Chairman of the Board of Directors, Export and Import Bank of Thailand</p> <p>1992-1996 Commissioner, Securities and Exchange Commission, Thailand</p> <p>1990-1996 Governor and Chairman, The Bank of Thailand</p> <p>1990-1996 Executive Director, The Office of the National Economic and Social Development Board</p> <p>1990-1991 Director, The Office of the Board of Investment</p> <p>1987-1990 Executive Director, Siam City Bank Public Company Limited</p>

Name/ Position	Age (years)	Relationship	Education/ Training	% of shares	Experience
2. Dr. Somsak Leeswadtrakul - Vice Chairman of the Board of Directors	58	Husband of Khunying Patama Leeswad- trakul	<ul style="list-style-type: none"> Wharton-NIDA Executive Leadership Program Certificate, The Wharton School, University of Pennsylvania, USA Leadership Program, Capital Market Academy The Program of Senior Executive in Criminal Justice Administration Honorary Doctorate in Administration, Kasetsart University MBA, Ramkhamhaeng University B. Econ., Ramkhamhaeng University <p>Training</p> <ul style="list-style-type: none"> Director Accreditation Program (DAP), Director Certification Program (DCP) and The Role of Chairman Program (RCP) Thailand Institute of Directors : IOD 	0.05%	<p>G Steel Public Company Limited</p> <p>Present Vice Chairman of the Board of Directors</p> <p>1995-2009 Chairman of the Executive Committee and Chief Executive Officer</p> <p>Others</p> <p>2009-Present Vice Chairman of the Board of Directors, G J Steel Public Company Limited</p> <p>1988-Present Director, Thailand Iron Works Public Company Limited</p> <p>Present National Institute of Development Administration Council Member</p> <p>Present Distinguished Member of Ramkhamhaeng University Council</p> <p>Present Council Member, St. Louis College</p> <p>Present Board Member, Iron Steel Institute of Thailand</p>
3. Mr. Ryuzo Ogino - Director - Executive Director - Co-Chief Executive Officer	66	none	<ul style="list-style-type: none"> B. Econ., Keio University, Japan 	none	<p>G Steel Public Company Limited</p> <p>Present Co-Chief Executive Officer</p> <p>2005-Present Director and Executive Director</p> <p>2004-2009 President</p> <p>Others</p> <p>2000-2004 Director, Suncall Corporation</p> <p>1965-2000 Director, Itochu Corporation</p>

Name/ Position	Age (years)	Relationship	Education/ Training	% of shares	Experience
4. Mr. Ahab G. Garas - Director - Executive Director - Co-Chief Executive Officer	38	none	<ul style="list-style-type: none"> Juris Doctor (JD) Master of Business Administration (MBA) Case Western Reserve University (CWRU) Bachelor of Arts (BA) Boston University, USA 	none	<p>G Steel Public Company Limited</p> <p>Present Director, Executive Director and Co-Chief Executive Officer</p> <p>Others</p> <p>2003-Present Managing Director, United States and the Middle East, Global Principal Partners LLC</p>
5. Prof. Paichitr Rojanavanich - Director - Chairman of the Audit Committee	81	none	<ul style="list-style-type: none"> Class 25 National Defense Course, National Defense College, Thailand MGA (Fiscal Policy), Pennsylvania University, USA Graduate Diploma in Accountancy (equivalent to Master's Degree), Thammasat University LL.B., Thammasat University CPA-Thailand <p>Training</p> <ul style="list-style-type: none"> Director Certification Program (DCP) and Audit Committee Program (ACP) Thailand Institute of Directors: IOD 	none	<p>G Steel Public Company Limited</p> <p>2004-Present Director and Chairman of the Audit Committee</p> <p>Others</p> <p>2005-Present Chairman, The Far East Law Office (Thailand) Company Limited</p> <p>1999-Present Chairman of the Audit Committee, MBK Development Public Company Limited</p> <p>1999-Present Chairman of the Audit Committee, Muramoto Electron (Thailand) Public Company Limited</p> <p>1985-Present Chairman, Karnjian Company Limited</p>
6. Mr. Ariel Seth Levy - Director - Executive Director - Chief Financial Officer	35	none	<ul style="list-style-type: none"> Business Administration, University of Michigan, USA 	none	<p>G Steel Public Company Limited</p> <p>Present Director, Executive Director and Chief Financial Officer</p> <p>Others</p> <p>Present Director and Executive Director, G J Steel Public Company Limited</p> <p>2003-Present Principal and Managing Director, Global Principal Partners LLC</p>

Name/ Position	Age (years)	Relationship	Education/ Training	% of shares	Experience
7. Khunying Patama Leeswadtrakul - Director - Chief CSR	46	Wife of Dr. Somsak Leeswadtrakul	<ul style="list-style-type: none"> Wharton-NIDA Executive Leadership Program Certificate, The Wharton School, University of Pennsylvania, USA Leadership Program, Capital Market Academy Honorary Doctorate in General Administration, Ramkhamhaeng University MBA., Ramkhamhaeng University Training <ul style="list-style-type: none"> B. Econ., Ramkhamhaeng University Director Accreditation Program (DAP), Director Certification Program (DCP), The Role of Chairman Program (RCP) and Financial Statements for Directors (FSD) Thailand Institute of Directors : IOD 	10.43%	G Steel Public Company Limited Present Director, Executive Director and Chief CSR 2003-2009 Vice Chairman of the Board of Directors, Assistant Chief Executive Officer and President Others 1997-Present Director, Arnoma Hotel Bangkok Company Limited 2008-2009 Director, G J Steel Public Company Limited Present Member, The National Economic and Social Advisory Council Present Chairman of the Cultural Promotion Fund Division, Office of the National Culture Commission, Ministry of Culture Present Chairman of the Loyalty to Homeland Club Present Chairman of the St. Francis Xavier Alumni Association under the Royal Patronage of Her Majesty the Queen
8. Mr. Yanyong Kurovat - Director - Executive Director - Nomination Committee Member - Chairman of the Risk Management Committee	71	none	<ul style="list-style-type: none"> Class 5, National Defense Course for Joint Private and Public Sectors, National Defense College, Thailand Graduate Diploma in Government, Chulalongkorn University B.A. in Political Science, Chulalongkorn University Training <ul style="list-style-type: none"> Director Accreditation Program (DAP) and Corporate Social Responsibility (CSR) 	none	G Steel Public Company Limited 2009-Present Chairman of the Risk Management Committee 2006-Present Nomination Committee Member 2004-Present Director and Executive Director Others 2003-Present Director, G.O. International (Thai) Company Limited 2003-Present Advisor, MAN Trucks & Bus Concessionnaires (Thailand) Company Limited 2000-Present Managing Director, Technology Operation Group Company Limited 2000-Present Managing Director, Academic Network Company Limited

Name/ Position	Age (years)	Relationship	Education/ Training	% of shares	Experience
			Thailand Institute of Directors : IOD		2003-2007 Chairman, General Election Committee, Pathumthani province 1996-2000 Director, Bangkok Mass Transit Authority (BMTA)
9. Assoc. Prof. Prapanpong Vejajiva - Director - Audit Committee Member - Chairman of the Remuneration Committee	74	none	<ul style="list-style-type: none"> Class 28 National Defense Course, National Defense College, Thailand Certificate in Business Administration, Stanford University Graduate Diploma in Welfare Administration, Stockholm University, Sweden M.A. in Social Science, Stockholm University, Sweden B.A. in Political Science (2nd class honors) in Government, Chulalongkorn University Training <ul style="list-style-type: none"> Director Accreditation Program (DAP), The Role of Chairman Program (RCP), Audit Committee Program (ACP) and The Role of the Compensation Committee (RCC) Thailand Institute of Directors : IOD	none	G Steel Public Company Limited 2006-Present Chairman of the Remuneration Committee 2005-Present Audit Committee Member 2004-Present Director Others 2007-Present Executive Director, Sasin Graduate Institute of Business Administration, Chulalongkorn University 2007-Present Advisor to the President, Hua Chiew Chalerm Prakiat University 2006-Present Chairman of the Asset Management Committee, Asset Management Office, Thai Red Cross Society 2002-Present Chairman of the Board of Directors, C&C International Venture Company Limited 2002-Present Council Member, St. Louis College 1997-Present Director, Vice Chairman of the Board of Directors and Nomination and Remuneration Committee Member, Media of Medias Public Company Limited 1995-Present Director, Rama IX Square Company Limited 1992-Present Council Member, Hua Chiew Chalerm Prakiat University 1987-Present Director, Dhammaniti Public Company Limited 1986-Present Asset Management Director and Chairman of the Executive Committee, Asset Management Office, Thai Red Cross Society

Name/ Position	Age (years)	Relationship	Education/ Training	% of shares	Experience
10. Mr. Chainarong Monthienvichienchai - Director - Nomination Committee Member	64	none	<ul style="list-style-type: none"> M.A. (Management), Asian Institute of Management B.A. (Business (Administration), Chulalongkorn University Training <ul style="list-style-type: none"> Director Accreditation Program (DAP) Thailand Institute of Directors: IOD 	0.01%	G Steel Public Company Limited 2006-Present Nomination Committee Member 2000-Present Director Others 1994-Present Director, Saint John for Education Company Limited 2002-Present Director, Arnoma Hotel Bangkok Company Limited 2007-Present Chairman of the Board of Trustees, Saint John's University 1991-2007 Vice Chairman of the Board of Trustees, Saint John's University
11. Pol. Lt. General Prakard Sataman - Director - Executive Director - Remuneration Committee Member	67	none	<ul style="list-style-type: none"> Class 1, Advanced Management Program, National Defense College, Thailand Class 37 National Defense Course, National Defense College, Thailand International Police Program, USA LL.B., Thammasat University Training <ul style="list-style-type: none"> Director Accreditation Program (DAP) Thailand Institute of Directors : IOD 	none	G Steel Public Company Limited 2006-Present Remuneration Committee Member 2004-Present Director and Executive Director Others 2005-Present Advisor to Directors, Queen Sirikit National Convention Center 2004-Present Advisor, Thai Nam Thip Company Limited 2007-2008 Chairman of the Board of Directors, Bang Pakong Water Works Company Limited 2007-2008 Chairman of the Board of Directors, Chachoengsao Water Works Company Limited 2007-2008 Chairman of the Board of Directors, Nakhon Sawan Water Works Company Limited 2006-2007 Advisor to the Deputy Interior Minister 2006-2007 Advisor to the Board of Directors, State Railways of Thailand 2000-2006 Member of the Disciplinary Committee, Office of the Auditor-General 2000-2003 Commander of Police Forensic Science, Royal Thai Police 2000-2002 Commander of Police Forensic (Investigation), Royal Thai Police

Name/ Position	Age (years)	Relationship	Education/ Training	% of shares	Experience
12. General Choochat Kambhu Na Ayudhya - Director - Remuneration Committee Member	65	none	<ul style="list-style-type: none"> Class 7, National Defense Course for Joint Private and Public Sectors, National Defense College, Thailand Certificate of the Royal Thai Army War College Diploma of General Surgery, Council of Doctors of Medicine Doctor of Medicine, University of Göttingen, Germany Doctor of Medicine, University of Münster, Germany <p>Training</p> <ul style="list-style-type: none"> Director Accreditation Program (DAP) Thailand Institute of Directors : IOD 	none	<p>G Steel Public Company Limited</p> <p>2006-Present Remuneration Committee Member</p> <p>2004-Present Director</p> <p>Others</p> <p>2006-Present Chairman of the Board of Directors and Independent Director, Singha Paratech Public Company Limited</p> <p>2005-Present Physician Leader, Medical Bureau to His Majesty the King</p> <p>2004-Present Chairman of the Audit Committee and Independent Director, Lucky Music Company Limited</p> <p>2003-Present Chairman of the Board of Directors, Unity Percussion Company Limited</p> <p>2003-2004 Army Special Expert, Royal Thai Army</p> <p>2003-2004 Advisor to the National Defense Studies Institute, Military Supreme Command</p> <p>2001-2003 Director General, Royal Thai Army Medical Department</p> <p>2000-2001 Director, King Mongkut Medical Department</p> <p>1998-2000 Deputy Director General, Royal Thai Army Medical Department</p>
13. Mr. Preecha Prakobkit - Director - Audit Committee Member	62	none	<ul style="list-style-type: none"> Executive Leadership Thunderbird, The American Graduate School of International Senior Executive Program, Sasin Graduate Institute of Business Administration, Chulalongkorn University Mini MBA, Thammasat University 	none	<p>G Steel Public Company Limited</p> <p>2003-Present Director and Audit Committee Member</p> <p>Others</p> <p>1998-Present Managing Director, Amway (Thailand) Company Limited</p>

Name/ Position	Age (years)	Relationship	Education/ Training	% of shares	Experience
			<ul style="list-style-type: none"> Business Administration, Roosevelt University, USA Training <ul style="list-style-type: none"> Director Accreditation Program (DAP), Audit Committee Program (ACP) and Finance for Non - Finance Director (FND) Thailand Institute of Directors : IOD 		
14. Asst. Prof. Komol Wong-Apai - Director	72	none	<ul style="list-style-type: none"> M.A. (English Teaching), Certificate in Intensive Linguistics, Ball State University, USA Bachelor of Education (English Understudies), Srinakharinwirot University 	none	G Steel Public Company Limited 2009-Present Director Others 1999-Present Qualified Consultant of English Department, Faculty of Humanities and Social Sciences, Bansomdej Rajabhat University 1998-2003 Invited Instructor of Business English Program, Suandusit Rajabhat University 1985-2003 Foreign Affairs Consultant, Phurich Company Limited 1987-1997 Assistant Professor in Foreign Languages Department, Faculty of Humanities and Social Sciences, Bansomdej Rajabhat University 1989-1992 Invited Lecturer of Medical Technician Department, Siriraj Hospital, Mahidol University
15. Mr. Sittichai Leeswadtrakul - Director - Executive Director	30	none	<ul style="list-style-type: none"> Business Course, University of California of Berkeley Master of Managing Engineering, Warwick University, UK Master of Law, Department of Economics Regulation, Chulalongkorn University Business Administration, Mahidol University 	2.51%	G Steel Public Company Limited 2009-Present Director and Executive Director Others 2009-Present Director and Executive Director, G J Steel Public Company Limited 2008-Present Director and Managing Director, BRP Steel Company Limited 2004-Present Director and Managing Director Millconsteel Industries Public Company Limited

Name/ Position	Age (years)	Relationship	Education/ Training	% of shares	Experience
			Training <ul style="list-style-type: none"> Director Accreditation Program (DAP) Thailand Institute of Directors : IOD) 		2004-Present Executive Director, Siam Rubber Industries Company Limited

(2) Information about the Management

Name/ Position	Age (years)	Relationship	Education/ Training	% of shares	Experience
1. Mr. Nakun Sakunchotikarote - Chief Operating Officer	41	none	<ul style="list-style-type: none"> MBA, College of Notre Dame, San Francisco, USA Bachelor of Political Science (Public Finance), Chulalongkorn University 	0.0007%	G Steel Public Company Limited Present Chief Operating Officer 2008-2009 Senior Vice President 2006-2008 Vice President Corporate Finance and Vice President Human Resources and Admin. (Acting) 2005-2006 Vice President Corporate Finance
2. Mr. Oscar Miguel Ojeda Luna - Senior Executive Vice President	65	none	<ul style="list-style-type: none"> Ph.D of Metallurgy, Sheffield City Polytechnic, England 	none	G Steel Public Company Limited Present Senior Executive Vice President 2007-2009 Chief Operation Officer
3. Ms. Kannikar Soykeeree - Executive Vice President	36	none	<ul style="list-style-type: none"> MBA, University of the Thai Chamber of Commerce B.A., Chandrakasem Rajabhat University 	none	G Steel Public Company Limited 2008-Present Executive Vice President 2006-2008 Senior Vice President and Vice President Accounting (Acting) 1999-2006 Vice President Commercial
4. Mr. Nopakao Srisuvananda - Senior Vice President Operation	50	none	<ul style="list-style-type: none"> Bachelor of Engineering, (Metallurgy) Chulalongkorn University 	none	G Steel Public Company Limited 2006-Present Senior Vice President Operation 2002-2006 Vice President Operation

Shareholding Structure

The Company's 10 major shareholders as at 26 February 2010.

No.	Shareholders' Names	Shares	%
1	Superior Overseas (Thailand) Company Limited ¹	2,522,588,903	18.33
2	Khunying Patama Leeswadtrakul Group ²	1,491,777,164	10.84
3	Whiterock Global Fund, SPC.	892,200,414	6.48
4	Thai NVDR Company Limited	877,567,400	6.38
5	Mr. Sittichai Leeswadtrakul	344,946,800	2.51
6	Chase Nominees Limited 15	300,000,000	2.18
7	Mr. Niram Ngamchamnurit	274,960,800	2.00
8	CIMB-GK Securities Pte. Ltd.	200,972,700	1.46
9	Mr. Sitthut Sittisamarn	199,406,966	1.45
10	Bangkok Commercial Asset Management Company Limited	151,250,000	1.10
11	Others	6,504,764,051	47.27
Total		13,760,435,198	100.00

¹ Superior Overseas (Thailand) Company Limited's Shareholding Structure

(1)	Khunying Patama Leeswadtrakul	29.42%
(2)	Mr. Ekpetch Chansue	19.80%
(3)	Mrs. Chuanpit Pattana	15.38%
(4)	Marco Wealth Investment Company Limited	10.00%
(5)	Others	25.40%

² Khunying Patama Leeswadtrakul Group's Shareholding Structure

(1)	Khunying Patama Leeswadtrakul	10.43%	(1,434,623,093 shares)
(2)	Dr. Somsak Leeswadtrakul	0.05%	(7,154,071 shares)
(3)	Ms. Suthidarat Leeswadtrakul	0.18%	(25,000,000 shares)
(4)	Ms. Suratiporn Leeswadtrakul	0.18%	(25,000,000 shares)

Management Structure

Corporate Management Structure

The Company's Management Structure comprises the Board of Directors and 5 committees namely Executive Committee, Audit Committee, Nomination Committee, Remuneration Committee, and Risk Management Committee. Each committee's scope of authorities and responsibilities are as follows ;

(1) Board of Directors

Definition

- **Non-Executive Directors**

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

- **Executive Directors**

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

The Board of Directors comprises the Chairman who is an independent director. The number of 15 members of the Board of Directors comprises 8 non-executive (7 independent directors) and 7 executive directors. The number of 15 members of the Board of Directors is supposed to be appropriate, as well as the composition of 47% 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 53%, 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 2009 until now, there have been the following changes and revision of Directors' power.

Two directors (Mr. Chaipatr Srivisarvacha and ML. Sasiwimol Kasemsri) term expired according to that stipulated by laws (3 years). The Company's Annual General Shareholders' Meeting in 2009 on 23 April 2009, ruled to appoint Prof. Dr. Uthit Siriwan and Asst. Prof. Komol Wong-Apai to be new directors after the prior procedure of selection and approval by the Nomination Committee and the Board of Directors had been made.

A director (Ms. Kornpranom Wongmongkol) resigned on 11 May 2009. The meeting of the Company's Board of Directors No. 4/2009 on 2 July 2009 resolved to appoint Mr. Sittichai Leeswadtrakul to be new director after the prior procedure of selection and approval by the Nomination Committee and the Board of directors had been made.

Two directors (General Singha Saovapap and Prof. Dr. Uthit Siriwan) resigned on 3 February 2010. The meeting of the Company's Board of Directors No. 1/2010 on 4 February 2010 resolved to appoint Mr. Ahab G. Garas and Mr. Ariel Seth Levy to be new directors after the prior procedure of selection and approval by the Nomination Committee and the Board of Directors had been made.

Currently, the Company's Board of Directors comprises 15 members as follows :

1. Mr. Vijit Supinit
Chairman (independent director)

2. Dr. Somsak Leeswadtrakul
Vice Chairman (non-executive director)
 3. Mr. Ryuzo Ogino
Director (executive director)
 4. Mr. Ahab G. Garas
Director (executive director)
 5. Prof. Paichitr Rojanavanich
Director (independent director)
 6. Assoc. Prof. Prapanpong Vejajiva
Director (independent director)
 7. Mr. Preecha Prakobkit
Director (independent director)
 8. Khunying Patama Leeswadtrakul
Director (executive director)
 9. Mr. Yanyong Kurovat
Director (executive director)
 10. Pol. Lt. General Prakard Sataman
Director (executive director)
 11. General Choochat Kambhu Na Ayudhya
Director (independent director)
 12. Mr. Chainarong Monthienvichienchai
Director (independent director)
 13. Asst. Prof. Komol Wong-Apai
Director (independent director)
 14. Mr. Ariel Seth Levy
Director (executive director)
 15. Mr. Sittichai Leeswadtrakul
Director (executive director)
- Authorized signatory directors on the Company's behalf are "Mr. Ariel Seth Levy, or Khunying Patama Leeswadtrakul, or Mr. Yanyong Kurovat, or Mr. Ryuzo Ogino, or Pol. Lt. General Prakard Sataman, 2 out of 5 directors jointly sign and affix the Company's seal herewith."

The Roles and Responsibilities of the Board of Directors

1. To manage the Company in compliance with legal framework, objectives, rules and regulations, as well as the resolution of the shareholders' meeting with honesty and discretion for the best benefits of the Company.

2. To formulate policy and direction in business operation as well as conduct and supervise the execution of the Management to meet with the preset policies effectively and efficiently.

3. To be consistently accountable to shareholders and to manage for the best benefits of shareholders, as well as to accurately, sufficiently and transparently disclose information to investors.

4. To appoint and revise the Company's list of authorized signatory directors on the Company's behalf.

5. To appoint committees to assist in supervising, monitoring and controlling the Company's key operations. Such committees are Executive Committee, Audit Committee, Remuneration Committee, Nomination Committee and Risk Management Committee.

6. To delegate any person or persons to duly act on behalf of the Board in the time frame which the Board considered as proper. The Board may have such delegation repealed, changed or modified.

7. To stipulate recruiting process to select, hire and appoint appropriate person as the Chief Executive Officer and stipulate appropriate remuneration, and to empower the CEO to transfer, suspend or terminate employment.

8. To prepare the Board of Directors' report for the year and be responsible for the preparation and disclosure of financial statements revealing the Company's financial status and performance in the past year to present to the shareholders' meeting.

9. To convene at least once every 3 months. Ruling of the Board of Directors is based on majority vote. Directors with conflict of interest in any matters shall have no voting right on such issue.

10. To arrange an Annual General Shareholders' Meeting within 4 months after the Company's fiscal year-end date. In case of an execution any director or parties with possible conflict of interest, as per announcements of the Securities and Exchange Commission (SEC) and/or the Stock Exchange of Thailand (SET), may have conflict of interest, the director(s) shall have no authority to approve the matter thus for the best benefits of the Company and shareholders.

• Independent Directors

Independent directors mean 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 he 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 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.

(2) Executive Committee

Currently, the Company's Executive Committee comprises 7 executive members as follows :

1. Mr. Ryuzo Ogino
Chairman of the Executive Committee
2. Khunying Patama Leeswadtrakul
Executive Director
3. Mr. Yanyong Kurovat
Executive Director
4. Pol. Lt. General Prakard Sataman
Executive Director
5. Mr. Ahab G. Garas
Executive Director
6. Mr. Ariel Seth Levy
Executive Director
7. Mr. Sittichai Leeswadtrakul
Executive Director

Responsibilities of the Executive Committee

1. To review policies, business plan, investment plan, and annual budget plan to present to the Board of Directors for approval.

2. To monitor, supervise and control the execution of plans to achieve the preset goals earlier approved by the Board of Directors or as assigned. The committee is also responsible for reporting the Company's performance to the Board of Directors' meeting for acknowledgement.

3. To approve any execution or payment which exceeds an authority or authorized amount of the executive in accordance with the Company's authorization regulations or annual budget previously approved by the Board of Directors.

4. To consider the organizational structure, management authority, remuneration policy and salary structure.

5. To consider authorization of managerial and operational staff levels which covers finance, accounting, procurement, investment, loan, mortgage, collaterals, assets transfer, and entering into any contract or agreement as well as other operations as deemed appropriate.

6. To assign any person or persons to act on behalf of the Executive Committee as deemed appropriate. The authorization can be revoked, changed or mended.

7. To consider and approve to open different types of bank accounts with commercial banks as deemed appropriate and assign persons to authorize withdrawal or payment from such bank accounts.

8. To undertake other tasks as assigned by the Board of Directors.

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

(3) 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 Prof. Paichitr Roajanavanich 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 regulation.

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

1. Prof. Paichitr Roajanavanich
Chairman of the Audit Committee
2. Assoc. Prof. Prapanpong Vejajiva
Audit Committee Member
3. Mr. Preecha Prakobkit
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.

(4) Nomination Committee

Definition

• Nomination Committee

The Company's Nomination Committee means group of persons appointed by the Board of Directors as the Nomination Committee. The Nomination Committee Chairman shall be an independent director. At least two thirds of the Nomination Committee members shall be independent directors in order to maintain transparency and independence in performing their duty. The committee members shall have good knowledge and sufficient experience

to nominate directors and top management of the Company, as well as to perform other tasks in the capacity as the Nomination Committee.

The Company's Nomination Committee comprises the Committee Chairman who is an independent director, 1 independent director and 1 executive director. The Board of Directors considered that all members of the Nomination Committee have the qualifications defined by the Company and comply with the good governance practice announced by SET. The Nomination Committee perceived that Mr. Chainarong Monthienvichienchai, an independent director, is knowledgeable and has experience in nomination of directors and top management, and therefore appointed him the Committee Chairman.

Currently, the Nomination Committee comprises 2 members (vacant 1 position) with 3 years term as follows :

1. Mr. Chainarong Monthienvichienchai
Chairman of the Nomination Committee
(independent director)
2. Mr. Yanyong Kurovat
Nomination Committee Member
(executive director)

Responsibilities of the Nomination 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 report to the Board of Directors the results of the Nomination Committee meetings or other matters that the Board of Directors should be informed.

4. To perform any tasks assigned by the Board of Directors.

(5) Remuneration Committee

Definition

- **Remuneration Committee**

The Remuneration Committee means the group of persons appointed by the Board of Directors as the Remuneration Committee members. The committee chairman shall be an independent director. Out of the 3 members, at least 2 shall be independent directors in order to maintain transparency and independence to perform their duty. The committee members shall be knowledgeable with sufficient experience to perform their duty in deciding remuneration for directors and top management, as well as to perform other activities in the capacity as the Remuneration Committee members.

The Company's Remuneration Committee comprises the Remuneration Committee Chairman who is an independent director, a committee member who is an independent director and another one member who is an executive director. The Company's Board of Directors considered that all Remuneration Committee members are qualified in accordance with the qualifications stated in the Company's Remuneration Committee definition and the SET's good governance practice. The Remuneration Committee considered that Assoc. Prof. Prapanpong Vejajiva, an independent director, has the knowledge

and experience in remuneration consideration, and appointed him the Remuneration Committee Chairman.

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

1. Assoc. Prof. Prapanpong Vejajiva
Chairman of the Remuneration Committee
(independent director)
2. Pol. Lt. General Prakard Sataman
Remuneration Committee Member
(executive director)
3. General Choochat Kambhu Na Ayudhya
Remuneration Committee Member
(independent director)

Responsibilities of the Remuneration Committee

1. To stipulate all rules and policies on remunerations for the Board of Directors, committees and Chief Executive Officer for the approval by the Board of Directors and/or, as the case may be, the shareholders' meeting.

2. To set necessary and appropriate annual remunerations for the Board of Directors, committees and the Chief Executive Officer.

3. To report to the Board of Directors the Remuneration Committee's meeting results or other matters the Board of Directors should be informed.

4. To perform any tasks assigned by the Board of Directors.

(6) 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 13 members as follows

1. Mr. Yanyong Kurovat
Chairman of the Risk Management Committee
2. Mr. Ryuzo Ogino
Risk Management Committee Member
3. Mr. Sittichai Leeswadtrakul
Risk Management Committee Member
4. Ms. Kannikar Soykeeree
Risk Management Committee Member
5. Mr. Nopakao Srisuvananda
Risk Management Committee Member
6. Mr. Nakun Sakunchotikarote
Risk Management Committee Member
7. Ms. Methikan Chutipongsiri
Risk Management Committee Member
8. Ms. Sophit Changaroon
Risk Management Committee Member
9. Mr. Warawut Suwannasorn
Risk Management Committee Member
10. Mr. Teerawat Suttivijit
Risk Management Committee Member
11. Ms. Amonrut Intatison
Risk Management Committee Member
12. Mr. Narongchai Assawapusitkul
Risk Management Committee Member

13. Ms. Pandalai Heruncharakul

Risk Management Committee Member

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.

(7) Company Secretary

The Board of Directors appointed Mr. Wuttichai Sresthabutra, Head of Office of CEO, 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' 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.

The current management team of the Company is as follows ;

1. Mr. Ryuzo Ogino
Co-Chief Executive Officer
2. Mr. Ahab G. Garas
Co-Chief Executive Officer
3. Mr. Ariel Seth Levy
Chief Financial Officer
4. Mr. Nakun Sakunchotikarote
Chief Operating Officer

5. Mr. Oscar Miguel Ojeda Luna
Senior Executive Vice President
6. Ms. Kannikar Soykeeree
Executive Vice President
7. Mr. Nopakao Srisuvananda
Senior Vice President Operation

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, 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 is executed as per the Company's policies.
 7. To appoint advisors in various respects significant to the operations for the best benefits of the Company. The CEO is empowered to appoint attorney(s) to file lawsuit or defend case related to the Company.
 8. To assign person(s) to perform task on his/her behalf as deemed appropriate. Such authorization can be terminated, changed or modified.
 9. To report the Company's performance, progress of any projects and financial status to the Executive Committee and the Board of Directors.
 10. To perform other works assigned by the Executive Committee or the Board of Directors.
- In case that the CEO or other persons with possible conflict of interest may have conflict of interest, the CEO shall have no right to approve such matter.

Remuneration for the Board of Directors and the Management

Currently, the world is facing economic downturn situation. Many companies worldwide are encountering financial loss. Many of them were closed down while many other companies laid off significant number of their employees. Consequently, showing their spirits and sacrifice voluntarily, the Company's Directors decided to reduce their remuneration so as for a good example to the Company's employees and all of the Company's stakeholders. The Remuneration Committee Meeting No. 1/2009 on 16 February 2009 unanimously resolved that the position remuneration, monthly remuneration and meeting allowance, for the directors not being employees nor executives, for the year 2009 amounting not exceed Baht 8,000,000 per year, to reduce by half (50%) until the situation returns to normal. Such resolution was approved by the Company's Board of Directors' meeting and 2009 Annual General Shareholders' Meeting on 23 April 2009. The new structure of the Directors' remuneration is as follows :

Position	Position remuneration (Baht/month)	Monthly remuneration (Baht/month)	Meeting allowance (Baht/meeting)
Chairman of the Board of Directors	50,000	0	7,500
Director	0	15,000	3,750
Executive Director	0	0	2,500
Chairman of the Audit Committee	10,000	20,000	5,000
Audit Committee Member	0	20,000	5,000
Nomination Committee Member	0	0	3,750
Remuneration Committee Member	0	0	3,750

Any director who currently holds management position in the Company and receives remuneration in the forms of monthly salary will not receive remuneration above. In case any director takes up more than one position, such director shall receive only the remuneration of the position offering the highest return.

Total Remuneration for the Board of Directors and the Management in 2009

In 2009, the Company's 15 directors received the remunerations of total Baht 3.62 million comprising position and monthly remuneration, as well as meeting allowance. For 6 management team members (including expatriates), the Management Team's remuneration was Baht 32.75 million comprising monthly salary, bonus and others.

Remuneration for Individual Board Members for 2009

Name and Position	Remuneration (Baht)	Meeting Allowance (Baht)					Total Monetary Remuneration (Baht)
		Board of Directors	Executive Committee	Audit Committee	Nomination Committee	Remuneration Committee	
1. Mr. Vijit Supinit	600,000	75,000	0	0	0	0	675,000
2. Dr. Somsak Leeswadtrakul*	0	0	0	0	0	0	0
3. Mr. Ryuzo Ogino*	0	0	0	0	0	0	0
4. Mr. Ahab G. Garas **	0	0	0	0	0	0	0
5. Prof. Paichitr Rojanavanich	360,000	37,500	0	90,000	0	0	487,500
6. Mr. Ariel Seth Levy**	0	0	0	0	0	0	0
7. Khunying Patama Leeswadtrakul*	0	0	0	0	0	0	0
8. Mr. Yanyong Kurovat	180,000	30,000	12,500	0	3,750	0	226,250
9. Assoc. Prof. Prapanpong Vejjajiva	240,000	37,500	0	90,000	0	7,500	375,000
10. Mr. Chainarong Monthienvichienchai	180,000	18,750	0	0	0	0	198,750
11. Pol. Lt. General Prakard Sataman	180,000	37,500	17,500	0	0	7,500	242,500
12. General Choochat Kambhu Na Ayudhya	180,000	30,000	0	0	0	7,500	217,500
13. Mr. Preecha Prakobkit	240,000	30,000	0	70,000	0	0	340,000
14. Asst. Prof. Komol Wong-Apai	120,000	26,250	0	0	0	0	146,250
15. Mr. Sittichai Leeswadtrakul	90,000	22,500	10,000	0	0	0	122,500

Directors' fulfillment of their term and during the year resignation

Name and Position	Remuneration (Baht)	Meeting Allowance (Baht)					Total Monetary Remuneration (Baht)
		Board of Directors	Executive Committee	Audit Committee	Nomination Committee	Remuneration Committee	
16. General Singha Saovapap	180,000	37,500	0	0	3,750	0	221,250
17. Prof. Dr. Uthit Siriwan	120,000	26,250	10,000	0	0	0	156,250
18. Mr. Chaipatr Srivisarvacha	60,000	11,250	0	0	0	0	71,250
19. Ms. Kornpranom Wongmongkol	60,000	11,250	0	0	0	0	71,250
20. ML. Sasiwimol Kasemsri	60,000	7,500	5,000	0	0	0	72,500
total	2,850,000	438,750	55,000	250,000	7,500	22,500	3,623,750

* Directors who concurrently held positions in the Company and received remuneration in the form of monthly salary not be entitled to monthly remuneration nor meeting allowance

** New Directors in 2010. So, they are not entitled to bonus and meeting allowance in 2009.

Other Remunerations

The Extraordinary General Meeting of the Shareholders No. 2/2004 on 5 October 2004 resolved an issuance and allocation of warrants of 100,000,000 units not being registered in the Stock Exchange of Thailand, to the Company's directors and employees (prior to the Company's Initial Public Offering) in recognition of the directors and employees' contribution to the Company as well as motivation to work for the Company in the long run. The details are as follows :

Type of Instrument	Named and Non-Negotiable Certificate of Warrant. It will be transferable only in case of inheritance or beneficiary heir.
Offering Size	100,000,000 units
Offering Price	Bath 0 per unit (Zero Baht)
Issuing and Offering Date	12 January 2006
Expiry Date	11 January 2011
Exercise Ratio	1 warrant per 1 ordinary share
Exercise Price	Baht 1 per share
Exercise Period	<ul style="list-style-type: none"> • One year after the date the Company's shares are traded on the Stock Exchange of Thailand until the expiry date of the warrants (24 January 2007 - 11 January 2011). Holders are entitled to exercise at the one-third of the total allocated warrants and shall exercise their rights for the full portion at one time. • Two years after the date the Company's shares are traded on the Stock Exchange of Thailand until the expiry date of the warrants (24 January 2008 - 11 January 2011). Holders are entitled to exercise at another one-third of the total allocated warrants and shall exercise their rights for the full portion at one time. • Three years after the date the Company's shares are traded on the Stock Exchange of Thailand until the expiry date of the warrants (24 January 2009 - 11 January 2011). Holders are entitled to exercise at another one-third of the total allocated warrants and shall exercise their rights for the full portion at one time.
Exercise Date	<ul style="list-style-type: none"> • The last working day of March, June, September and December until the expiry date of the warrants. The first exercise date is 30 March 2007 and the last exercise date is 11 January 2011.

Each of the directors will be allocated no more than 2,000,000 units. Directors who are concurrently serving as the Company's employees will be entitled to an allocation to employees as well. The allocation began on 12 January 2006 according to the guideline approved by the Board of Directors.

Name	Volume (units)
Board of Directors	
1. Mr. Vijit Supinit	0
2. Dr. Somsak Leeswadtrakul	2,000,000
3. Mr. Ryuzo Ogino	2,000,000
4. Mr. Ahab G. Garas*	0
5. Prof. Paichitr Rojanavanich	2,000,000
6. Mr. Ariel Seth Levy*	0
7. Khunying Patama Leeswadtrakul	2,000,000
8. Mr. Yanyong Kurovat	2,000,000
9. Assoc. Prof. Prapanpong Vejjajiva	2,000,000
10. Mr. Chainarong Monthienvichienchai	2,000,000
11. Pol. Lt. General Prakard Sataman	2,000,000
12. General Choochat Kambhu Na Ayudhya	2,000,000
13. Mr. Preecha Prakobkit	2,000,000
14. Asst. Prof. Komol Wong-Apai*	0
15. Mr. Sittichai Leeswadtrakul*	0
Directors' fulfillment of their term and during the year resignation	
16. General Singha Saovapap	2,000,000
17. Prof. Dr. Uthit Siriwan	0
18. Mr. Chaipatr Srivisarvacha	2,000,000
19. Ms. Kornpranom Wongmongkol	0
20. ML. Sasiwimol Kasemsri	2,000,000
Management	
1. Dr. Somsak Leeswadtrakul	5,000,000
2. Khunying Patama Leeswadtrakul	2,750,000
3. Mr. Ryuzo Ogino	2,750,000
4. Mr. Nakun Sakunchotikarote	2,000,000
5. Mr. Oscar Miguel Ojeda Luna	0
6. Ms. Kannikar Soykeeree	2,000,000
7. Mr. Nopakao Srisuvananda	2,000,000
Employees	
676 employees	57,472,200
Total	99,972,200

* Entering into the position after the warrants allocation date, thus not entitled for allocation.

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 asset possession of the Company's directors and executives, as follows

Changes in Shareholding of the Board of Directors

Name	Shareholding (shares) : Par value 1 Baht		
	As of 31 Dec. 2009	As of 31 Dec. 2008	Increase/ (Decrease)
1. Mr. Vijit Supinit	0	0	0
2. Dr. Somsak Leeswadtrakul	0	7,154,071	0
3. Mr. Ryuzo Ogino	0	0	0
4. Mr. Ahab G. Garas	0	0	0
5. Prof. Paichitr Rojanavanich	0	0	0
6. Mr. Ariel Seth Levy	0	0	0
7. Khunying Patama Leeswadtrakul	1,434,623,093	1,433,123,093	1,500,000
8. Mr. Yanyong Kurovat	0	0	0
9. Assoc. Prof. Prapanpong Vejajiva	0	0	0
10. Mr. Chainarong Monthienvichienchai	1,500,000	1,500,000	0
11. Pol. Lt. General Prakard Sataman	0	0	0
12. General Choochat Kambhu Na Ayudhya	0	0	0
13. Mr. Preecha Prakobkit	0	0	0
14. Asst. Prof. Komol Wong-Apai	0	0	0
15. Mr. Sittichai Leeswadtrakul	342,546,800	529,403,900	(186,857,100)

Changes in Shareholding of the Management

Name	Shareholding (shares) : Par value 1 Baht		
	As of 31 Dec. 2009	As of 31 Dec. 2008	Increase/ (Decrease)
1. Mr. Nakun Sakunchotikarote	100,000	100,000	-
2. Mr. Oscar Miguel Ojeda Luna	-	-	-
3. Ms. Kannikar Soykeeree	-	-	-
4. Mr. Nopakao Srisuvananda	-	-	-

Good Corporate Governance

Through the year 2009, 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 2009, the Company was awarded in SET Award 2009 Best Corporate Governance Report organized by SET In cooperation with SEC and Thai Institute of Directors. The Company was ranked and assessed in CG at the level of "Excellence", which was higher than that in the previous year. This assessment was conducted during 2008-2009 among the outstanding companies in CG. The Company's CG practices of the past year were divided into 5 parts, as follows :

Part 1: Shareholders' Right

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 infringe or limit shareholders' right, 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 2009 Annual General Meeting of the Shareholders on 22 April 2009, the Company provided the shareholders with sufficient opportunity to study the information for 22 days prior 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, which is the Company's share registrar, to distribute the invitation to the Annual General Meeting of the Shareholders for the year 2009 to all shareholders 14 days prior to the meeting date in order to provide shareholders with more 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 2009, 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 2009 Annual General Meeting of the Shareholders" for publishing on the Company's website on 7 May 2009, within 14 days after the meeting which is 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

- In 2009, through publishing all information on the Company's website prior to the 2009 Annual General Meeting of the Shareholders. The Company's Board of Directors supported and not to infringe the shareholders' rights exercise. 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 share holders 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,

13 members of the Board of Directors attended Annual General Meeting of the Shareholders for the year 2009, and 2 members absented with advance notice one of whom was the Chairman of the Remuneration Committee, whereby the Committee member who attended the meeting was assigned to answer the shareholders' questions.

It could be concluded that the Company still developed organizing the 2009 Annual General Meeting of Shareholders as more strict than the CG guideline. Therefore the Company was assessed and ranked under Annual General Meeting of Shareholders: AGM Checklist 2009 organized by SEC, Thai Investors Association, and Listed Companies Association at the highest level of "Excellence" which is the level the Company has achieved in 3 consecutive three years.

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 set the facilitation policy for minor shareholders 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, supporting the shareholders to authorize proxies under their voting conditions, offering alternatives for the shareholders to authorize whereby the Company provided at least 2 independent directors for such alternatives.

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 2009 Annual General Meeting of Shareholders (from 17 October 2008 to 20 January 2009). 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 March 2009 so as for consideration to include in the agenda. In 2009, none of shareholders proposed in advance any issue in the agenda. The criteria of proposing the agenda of the 2009 Annual General Meeting of Shareholders were the followings :

1. The qualifications of shareholders entitled to propose issue for the annual general meeting of shareholders agenda shall be shareholder holding not less than 100,000 shares, that may be sole shareholder

or combined shareholders, and shall hold 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 2009 Annual General Meeting" with related complete and entire documents, to be submitted to the Company within 20 January 2009.

3. Criteria to reject these following issues :

(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 within March 2009. The approved issues would be included in the agenda attached to the invitation to 2009 Annual General Meeting of Shareholders.

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 conducted strictly 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 2009 Annual General Meeting of Shareholders (from 17 October 2008 to 20 January 2009). 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 in March 2009 to consider and propose to the general meeting of shareholders. In 2009, none of shareholders made nomination. The nomination criteria were the followings :

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

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

- (1) Nomination Form to propose for consideration in the 2009 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 2009 Annual General Meeting of Shareholders to be elected director.

- (3) Nominee Consent Form for election in the 2009 Annual General Meeting of Shareholders the person to be director, with completely and entirely related documents to be submitted to the Company within 20 January 2009.

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 within March 2009.

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 22 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. The 2 independent directors are Prof. Paichitr Rojanavanich (Chairman of the Audit Committee and independent director) and Assoc. Prof. Prapanpong Vejijajiva (Audit Committee Member and independent director). Shareholders can appoint one of the two independent directors as their proxy. In this regard, 30 shareholders authorized the independent director to attend the meeting and vote on behalf of them in the 2009 Annual General Meeting of Shareholders.

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 while 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 3 : Roles of stakeholders

3.1 Good Corporate Governance policy related to stakeholders

The Company respected and gave priority to all groups stakeholders' rights, not only particular to the applicable laws. In the past year, the Company newly considered indicating the stakeholders and established the additional policy and measure on monitoring the stakeholders in accordance with the Good Corporate Governance (CG) and CSR policy

simultaneously adhered to conduct. The stakeholders of the Company shall be divided in 10 groups, as follows :

1. Employees and families
2. Customers and creditors
3. Shareholders
4. Community around factory
5. Government agencies
6. Suppliers and contractors
7. Financial institutes, analysts, and investors
8. Scholars
9. Educational institutions
10. Mass media

• The Board of Directors has stipulated policies and measures for stakeholders as follows :

1. Employees and families

Policy on treatment to employees and families

1) The Company shall appropriately reward employees by considering each employee's performance using measurable tools and with fairness. The rewards include monthly remuneration, overtime payment, bonus, production reward, life and health insurance, and provident fund, etc.

2) The Company shall promote and develop employees' knowledge and skills, for example, by providing trainings and seminars for executives and employees of all levels, etc.

3) The Company shall fairly and equally treat all employees, such as in performance appraisal, work record confidentiality, and employees' benefits, etc.

4) The Company shall respect employees' right and provide opportunities for example in terms of comment box or through Human Resources Department for employees to speak out in case they

are not treated properly, etc.

5) The Company shall provide safe and hygienic work environment that enhance work efficiency and effectiveness. For example, the Company introduced the 5S practice and established a safety unit to control and take care of occupational health and safety issue for its employees, etc.

2. Customers and creditors

Policy on treatment to customers

1) The Company has the duty to build good relationship and long-term cooperation with its customers based on honesty, integrity, and trust.

2) The Company shall create the maximum customer satisfaction with proper responsibility and care, as well as giving priority to customers' problems and needs. All management and employees shall comply with these following measures :

- Committed to delivering quality products that meet the customers' requirement.
- Conduct the conditions agreed with the customers.
- Equally propose price and trade conditions to the same group of customers.
- Provide the customers with accurate information about the product quality and qualifications to ensure confidence and fairness to the Company's customers.

• Prepared to answer customers' questions, as well as to handle complaints, to give advice and follow up the progress of such matters informed by the customers through the channel Customer Relations Tel. 0-2634-2222 ext. 1431-1435 E-mail: allbangkokmarketing@gsteel.com

Policy on treatment to creditors

1) The Company shall build relationship and treat creditors with honesty, integrity, and trust.

2) The Company shall be responsible for and care as well as respect to all conditions agreed with the creditors.

3. Shareholders

Policy on treatment to shareholders

1) The Company has duty to protect and respect basic rights of shareholders which are the right to purchase or transfer shares; the right to receive the Company's profit share, the right to receive sufficient information about the Company's operation; the right to attend the shareholders' meeting to appoint or terminate directors, appoint external auditor, allocate dividend payment, set or amend provisions or Memorandum of Association, capital increase or decrease and approve special items.

2) The Company is responsible for promoting and encouraging shareholders to exercise their right at the Annual General Shareholders' Meeting, including the right to propose agenda in advance, the right to nominate directors in advance, the right to propose questions to the meeting etc. prior to the meeting date, the right to express opinion and ask questions in the meeting, etc. through the channel ; Compliance Mr. Poonyavee Chaiyarungsakul Tel. 0-2634-2222 ext. 1175 E-mail: info@gsteel.com

3) The Company shall not take any action that may infringe or limit the shareholders' right.

4. Community around factory

Policy on treatment to community around factory

1) The Company and its employees shall embrace good citizenship qualities and make

contribution to the society and community.

2) The Company is responsible for friendly dealing with people living near the plant, providing assistance and promoting quality of life improvement, as well as solving problems caused by the Company's operation with fairness and equality.

3) The Company shall take care of and support the social activities, willingly cooperate with the government and organizations concerned and make a sacrifice for the common good.

5. Government agencies

Policy on treatment to government agencies

1) The Company is responsible for conducting in accordance with the applicable laws and regulations related, and encourages to conduct better and/or more than those specified by the applicable laws and regulations.

2) The Company encourages the government agencies' activities in appropriate occasions.

6. Suppliers and contractors

Policy on treatment to suppliers and contractors

1) The Company is responsible for building good relations with all suppliers and contractors.

2) The Company is responsible for giving the equal opportunity to all suppliers and contractors to present their products/services. Executives and employees related to suppliers and contractors shall comply with these following measures ;

- To deal with suppliers and contractors with honesty and equality.

- To consider and determine based on quality and conditions comparison, taking into account the Company's benefits both long and short runs.

- Keepsuppliers' and contractors' confidentiality. Bribe and commission from suppliers and contractors are prohibited. Not to disclose any data or proposal of any or all suppliers and contractors either indirectly or directly to other suppliers and contractors.

7. Financial institutes, analysts, and investors

Policy on treatment to financial institutes, analysts, and investors

1) The Company provides the analysts and investors from financial institutes with the operation data and tendency of overall operation result in the future properly and in accordance with the conditions of laws and Good Corporate Governance on data disclosure.

2) The Company facilitates providing the investment suggestion for investors via its website and Investor Relations (IR) Mr. Wuttichai Sresthabutra
Tel. 1999 E-mail : info@gsteel.com

8. Scholars

Policy on treatment to scholars

1) The Company provides the scholars with the operation process, including knowledge exchange for the academic and research benefits that will be useful for the country's industries as a whole.

2) The Company supports participating in the technology study applied to the work processes in production, as well as the study in the innovation for country development in regards of machineries, production procedures, etc.

9. Educational institutions

Policy on treatment to educational institutions

1) The Company will encourage the knowledge of production technology and process

for educational institutions. The nearby schools and educational institutions around factory shall be given first priority.

2) The Company supports the activities of educational institutions properly.

10. Mass media

Policy on treatment to mass media

1) The Company shall respect the right and freedom of mass media to publicize the information and significant information.

2) The Company supports the activities of mass media properly.

3.2 Compensation measures to stakeholders in case of damage caused by infringement

The Board of Directors has implemented measures on the use of internal information that directors, executives and the Company's employees shall follow ;

- Measures on preventing the use of internal information by directors, executives and employees

1) The Board of Directors' secretary is responsible for reporting to the Company's directors and the management the shareholdings of the directors and executives, spouses and children who have not yet reached manhood, and report the changes in shareholdings according to Section 59 and punishment in Section 275 of the Securities and Exchange Act B.E. 2535.

2) The Board of Directors shall advise directors, executives and employees who have access to significant internal information to avoid trading the Company's shares one month before and one week after the distribution to public such significant

information and financial statements which affect changes in share prices. This is to avoid possible frauds under the Securities and Exchange Act.

- The Company has set the measures to prevent directors and the Company's executives from using internal information for own or others' benefits. The measures are stated in the Company's code of ethics for the Management and employees as follows :

Measures on preventing conflict of interest of directors, executives and employees

1) The Company's management and employees shall not take any action for personal benefits or to embezzle assets of the Company or customers.

2) The directors and employees shall not be engaged in or have own business or activities that may cause conflict of interest with the responsibilities of the directors and employees.

3) In case that the position and responsibilities of the executives and employees may directly or indirectly provide benefits to themselves or members of their families (spouse, father, mother, children, relatives) or acquaintance, the directors and employees shall not be involved in decision making and immediately report to their immediate supervisors.

4) The Company shall avoid assigning the directors or employees to perform a task that may lead to a situation that causes conflict of interest to the Company or the Company's customers.

5) In case the Company's directors and employees are involved in external activities or hold positions in other organizations, such as being directors, advisors, representatives or employees, such condition must not cause direct or indirect conflict of interest to

the Company and its customers or affect the persons' ability to perform their duty.

6) Directors and employees are not allowed to work for or hold positions in other organizations which operate similar business or compete with or may have conflict of interest with the Company.

The Company's Board of Directors consistently received information about possible conflict of interest of directors, executives and employees in the Company's transactions. The Internal Audit Department is responsible for reporting information related to conflict of interest to the Audit Committee for acknowledgement and consideration and the Audit Committee consistently monitor, review and report the information to the Board of Directors for acknowledgement and consideration. In 2009, there is no report that the Company's directors, executives and employees having conflict of interest that causes damage to the Company.

The Company has stipulated the following measures on compensating stakeholders in case of damage due to infringement ;

1. Employees and families

Measures to prevent damage from infringement upon employees and families

The Company has arranged for sufficient remuneration and benefits for its employees and strictly followed the policy on treatment towards employees. A comment box is provided for employees affected by unsatisfied work conditions as a channel to send complaints and/or recommendation.

In 2009, there is no employees' complaint related to infringement.

2. Customers and creditors

Measures to prevent damage from infringement upon customers and creditors

The Company has taken good care of its customers in accordance with customer service policy. Customer Service unit was set up as a channel for customers to file complaint in case they have problems and need help.

So as for preventing a possible problem of any damages from infringement, the management shall consider the qualifications of all customers and creditors together with their faithfulness and reliability before transaction agreed.

In 2009, there is no customers' and creditors' complaint on infringement.

3. Shareholders

Measures to prevent damage from infringement upon shareholders

Today, the Company has implemented measures in protecting the basic rights of shareholders, including the right to receive information, and the right to attend shareholders' meeting, and encouraging shareholders to exercise their rights beyond those required by law.

The Company shall evaluate and monitor the results of the implemented measures in order to prevent possible damages from shareholders' rights infringement. The evaluation shall be done internally through departments which are responsible for shareholders' rights protection, and externally through the AGM Checklist program organized on annual basis by the SEC, Thai Investors Association and the Association of Listed Companies.

In 2009, there is no shareholders' complaints on neither right infringement nor right limitation.

4. Community around factory

Measures to prevent damage from infringement upon community around factory

The Company has implemented measures to prevent damage caused by infringement upon community and society around factory by strictly conforming to the social and community care policy, and creating good relationship with nearby communities as well as providing good cooperation and support to promote their quality of life.

Therefore, the Company has never received any complaint from surrounding communities about damage caused by infringement upon their rights.

In case such event happens, the Company has already prepared measures to effectively handle the case. The Company's personnel department at plant is responsible for receiving complaint and reporting to the management for further consideration to carry on.

5. Government agencies

Measures to prevent damage from infringement upon government agencies

The Company has implemented measures to prevent damage caused by violating the laws and regulations. The Company's law department performs the duties to monitor and follow up regularly the Company's units in compliance with the applicable laws.

6. Suppliers and contractors

Measures to prevent damage from infringement upon suppliers and contractors

The Company has implemented measures to prevent damage caused by infringement upon suppliers and contractors. The policy of building good relationship has been applied to all suppliers and contractors, including that all of them shall be equally

treated. Therefore, there is never such infringement.

7. Financial institutes, analysts, and investors

Measures to prevent damage from infringement upon financial institutes, analysts, and investors

The Company gives the analysts and investors the opportunity to be acknowledged and obtain the operation data and operation result tendency in the future regularly for at least once a quarter or not less than 4 times a year. The investment suggestion has been also provided and published through various ways such as Investor Relations (IR) Tel. 1175-1176 or one on group meeting or the Company's website. Therefore, the Company has no complaint arising out of the analysts, investors, and financial institutes not obtaining the data.

8. Scholars

Measures to prevent damage from infringement upon scholars

The Company gives the scholars the opportunity to visit the factory and observe the operation of production for academic benefits, as well as regularly collaborate with the scholars to jointly study and improve the production technology. Therefore, there is never damage caused by such infringement.

9. Educational institutions

Measures to prevent damage from infringement upon educational institutions

The Company has collaborated with the educational institutions to visit its factory and give a lecture regarding the production technology and process, as well as regularly supports their activities.

therefore, there is never damage caused by such infringement.

10. Mass Media

Measures to prevent damage from infringement upon mass media

The Company has complied with the policy of respecting the right and freedom of mass media in publishing the news and information of the Company, and regularly supports their activities.

Therefore, there is never damage caused by such infringement.

3.3 Stakeholders' participation mechanism

The Board of Directors has set the mechanism for stakeholders' participation as follows ;

1. The Company provided a box to receive comment, complaints or opinion at the front of the office and the plant, as well as e-mail address to the top level executives directly.

2. The Company provided public relations activities, such as public relations outside the Company, operated by security section and HR in order to provide the communities with understanding towards its production process, as well as to obtain their comments and opinions.

3. The Company provided opportunities for investors to express their opinions to the Board of Directors through the Company's website, under Investors Relations (IR) section.

4. The Company provided its representatives to visit the communities around factory every year.

3.4 Mechanism for protection for those who report frauds

- The Board of Directors provided various channels for report on frauds, unethical or illegal practice related to financial statements and internal

control system through Internal Audit Ms. Sophit Changaroon Tel. 0-2634-2222 ext. 1241 E-mail : info@gsteel.com

- The Board of Directors ensured that the persons who report frauds would be well protected by keeping all information of the informer highly confidential.

- The Board of Directors has stipulated an effective process to handle the reports of frauds. Initially, the Internal Audit Department will make a summary and submit it to the Audit Committee for further investigation, and then report to the Board of Directors in case the matters are true and may have impact on the Company's operation.

Part 4 : Information disclosure and transparency

4.1 Results of the execution of good corporate governance policy

- In 2009, 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 Remuneration Committee formulated the 2009 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 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 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 Remuneration Committee proposed

to the Board of Directors and the 2009 Annual General Meeting of the Shareholders to approve a total of no more than 8,000,000 Baht remunerations for the non-executive and non-employee directors as provided 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 2009, 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 2009, the Board of Directors has the total meetings of 9 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 10 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 the 2009 Annual General Meeting of the Shareholders, 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	2009 Annual General Shareholders Meeting
1.	Mr. Vijit Supinit	9 / 9	✓
2.	Dr. Somsak Leeswadtrakul	9 / 9	✓
3.	Mr. Ryuzo Ogino	8 / 9	✓
4.	Mr. Ahab G. Garas*	-	-
5.	Prof. Paichitr Rojanavanich	9 / 9	✓

No.	Board of Directors	Attendance/ No. of meetings	2009 Annual General Shareholders Meeting
6.	Mr. Ariel Seth Levy *	-	-
7.	Khunying Patama Leeswadtrakul	9 / 9	✓
8.	Mr. Yanyong Kurovat	8 / 9	✓
9.	Assoc. Prof. Prapanpong Vejjajiva	9 / 9	✓
10.	Mr. Chainarong Monthienvichienchai	5 / 9	✓
11.	Pol. Lt. General Prakard Sataman	9 / 9	✓
12.	General Choochat Kambhu Na Ayudhya	7 / 9	✓
13.	Mr. Preecha Prakobkit	7 / 9	✓
14.	Asst. Prof. Komol Wong-Apai **	7 / 7	✓
15.	Mr. Sittichai Leeswadtrakul **	6 / 6	✓

Directors' fulfillment of their term and during the year resignation

No.	Board of Directors	Attendance/ No. of meetings	2009 Annual General Shareholders Meeting
16.	General Singha Saovapap	9 / 9	✓
17.	Prof. Dr. Utis Siriwan **	7 / 7	-
18.	Mr. Chaipatr Srivisarvacha	2 / 2	Absence informed in advance
19.	Ms. Kornpranom Wongmongkol	2 / 2	✓
20.	ML. Sasiwimol Kasemsri	1 / 2	Absence informed in advance

Note : * New Directors in 2010. So, they are not attending the meetings in 2009

** New Directors after 2009 Annual General Shareholders' Meeting

Executive Committee

In 2009, the Executive Committee performed its duties in managing the Company's operations in reviewing the Policies, Business Plan, Investment Plan,

and 2010 Annual Budget Plan, to submit to the Board of Directors for approval, for monitoring, supervising and controlling the execution to achieve the goals of such plans earlier approved or to be assigned by the

Board of Directors. The Executive Committee reported the quarterly and annual business performances to the Board of Directors together with its opinion as shown in the Message from Chief Executive Officer published in the Annual Report. In 2009, the Executive Committee

convened 6 times to follow up the Company's overall business operation and submitted the result including other significant issues to the Board of Directors for consideration. The meeting attendance of each member of the Executive Committee is as follows ;

No.	Executive Directors	Attendance/No. of meetings
1.	Mr. Ryuzo Ogino	5 / 6
2.	Mr. Ahab G. Garas*	-
3.	Mr. Ariel Seth Levy*	-
4.	Khunying Patama Leeswadtrakul	6 / 6
5.	Mr. Yanyong Kurovat	5 / 6
6.	Pol. Lt. General Prakard Sataman	6 / 6
7.	Mr. Sittichai Leeswadtrakul **	4 / 4

Directors' fulfillment of their term and during the year resignation

No.	Executive Directors	Attendance/No. of meetings
8.	Dr. Somsak Leeswadtrakul	6 / 6
9.	Prof. Dr. Utis Siriwan	4 / 4

Note : * New Directors in 2010. So, they are not attending the meetings in 2009

** New Directors during 2009

Audit Committee

In 2009, 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 reported the Board of

Directors the summary of significant issues for acknowledgement and consideration by including such issues in the meeting agenda. The Audit Committee also provided its opinion in the Audit Committee Report as published in the annual report.

In 2009, the Audit Committee convened 16 times, the meeting attendance of each member of the Audit Committee is as follows ;

No.	Audit Committee	Attendance/No. of meetings
1.	Prof. Paichitr Rojjanavanich	16 / 16
2.	Assoc. Prof. Prapanpong Vejjajiva	16 / 16
3.	Mr. Preecha Prakobkit	13 / 16

Nomination Committee

In 2009, the Nomination Committee performed its duties in nominating 5 persons in the 2009 Annual General Meeting of Shareholders to be elected as directors to replace the directors who resigned. The 5 persons, by the Nomination Committee, had been considered the qualifications, knowledge, capability, experience in the field of the Company's business, good performance experience, and ethics, to be proposed to the Board of Directors' meeting to reelected the 3 retiring directors to serve for another term namely: General Singha Saovapap, Mr. Yanyong Kurovat and Ms. Kornpranom Wongmongkol, and elected Prof. Dr. Uthit Siriwan and Asst. Prof. Komol Wong-Apai to be 2 new directors totaling 5 directors and approved by the Annual General Meeting of the Shareholders.

In 2009, the Nomination Committee convened once and two of third committee members attended such meeting in unison.

Remuneration Committee

The Remuneration Committee performed its duties in setting remunerations for directors who are not the Company's executives nor employees for the

year 2009 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 2009 Annual General Meeting of the Shareholders for approval.

In 2009, the Remuneration Committee convened once and all committee members attended such meeting in unison.

Risk Management Committee

In 2009, 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 2009, the Risk Management Committee met 6 times and the committee members' attendance is as follows :

No.	Risk Management Committee Members	Attendance/No. of meetings
1.	Mr. Yanyong Kurovat*	3 / 3
2.	Mr. Ryuzo Ogino *	3 / 3
3.	Mr. Sittichai Leeswadtrakul *	1 / 3
4.	Mr. Nakun Sakunchotikarote	6 / 6
5.	Ms. Kannikar Soykeeree	5 / 6
6.	Mr. Nopakao Srisuvananda	6 / 6
7.	Ms. Methikan Chutipongsiri	6 / 6
8.	Ms. Sophit Changaroon	6 / 6
9.	Mr. Warawut Suwannasorn *	3 / 3
10.	Mr. Teerawat Suttivijit *	3 / 3
11.	Ms. Amonrut Intatison *	3 / 3
12.	Mr. Narongchai Assawapusitkul *	3 / 3
13.	Ms. Panalai Heruncharakul *	3 / 3

Note : * New Members during 2009

4.5 Relationship with investors

• The Company has a policy on significant information, including general information, that may affect the Company's share price to be disclosed properly, completely, reliably, sufficiently, timely, and transparently, by 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 required information.

• The Company prepared an investor relations plan in brief which may 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 stakeholders 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 15 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 with 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. The Board of Directors assigned the Internal Audit Department to monitor and audit the implementation of Code of Conduct.

- The Board of Directors shall monitor and ensure that the Company's business operation, directors' ability to perform their duties, operation by the Management, 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 Board of Directors comprises the Chairman who is an independent director. Currently,

the Company has 15 members of the Board of Directors, being non-executive 8 persons (7 persons are independent directors) and 7 executive directors. The balance of power by non-executive directors is 47% which is nearly half of the whole 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 5 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 2009, the Board of Directors reviewed and approved significant operational matters and

directed the Management to efficiently implement the policies and plans, including effectively manage the budget.

- Since the Board of Directors has stipulated and approved the written good corporate governance policy, it also stipulates a review to be made at least once a year.

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

- The Board of Directors 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, whereby the Company 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, shall promote prudence in any consideration; provide sufficient time for the Management to present significant information sufficiently for directors to discuss the matter. Meeting minutes for every meeting was 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 2009, in late 2008 the Board of Directors' 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 Board of Directors' 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, schedule the annual general shareholders' meeting and set the date of 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 in 2009, the Board of Directors' secretary provided the agenda and related information and distributed them to the directors for average 10 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 Board of Directors' secretary and legal advisors attended the meeting and prepared the recording, so as for the minutes of the meeting, which will include 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 is 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 Board of Directors' secretary provided the "CG Self Assessment", and submitted to individual directors for considering his/her achievement and resolving problems, as well as the improvement of the work efficiency.

5.12 Remuneration for directors and executives

- The Remuneration Committee was appointed by the Board of Directors. In 2009, the committee reviewed the directors' remuneration as proper and was in accordance with the present

circumstances, and therefore to be unchanged from that of the previous 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 on their ability to perform continuingly their tasks. In 2009, 11 out of all 15 directors had been trained on Director Accreditation Program (DAP) and/or Director Certification Program (DCP) from Thailand Institute of Directors (IOD). For another director who is foreigner, the Company will provide him with Director Accreditation Program (DAP) next year.

- The secretary to the Board of Directors prepared Directors' guidebook with criteria on information disclosure, profile, shareholdings, changes in shareholding of directors, etc. and distributed to new directors. The secretary shall 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 stipulated that the Chief Executive Officer shall prepare a regular report for the Board of Directors to update on the development and succession plans that a Chief Executive Officer and Presidents prepared in case they could not perform their duties.

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

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 :

1. Production risk

1.1 Risk from volatility of costs of raw material

Major raw materials are steel scraps and pig iron the prices of which are cycle-based, as a result to be upturn and downturn volatile according to the cycle. The fact that the Company has no risk prevention tool against the cost of its main materials could mean a problem during the downturn. This is because the Company may have huge stocks of raw materials at high price, which also means high cost and may affect its operation.

However, prices of steel scraps and pig iron normally vary according to world market mechanism based on demands for hot-rolled steel the upturn and downturn of the prices are in the same way. In addition, the Company also signs an agreement to buy raw materials as a consignment. This means that payment for raw materials will be made upon actual usage at the price of the purchasing date. Yet, the Company still has an interest burden of any outstanding that remains unpaid from the day the material is shipped to the day the Company makes such payment for steel scraps or pig iron. However, the Company can settle a sales price with its customers using the cost of its main raw material as a basis or its costs. This way, the Company can be less exposed to the pricing volatility of its main raw materials.

1.2 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 which, in this respect, the Company has to import all pig iron from overseas, but for scraps, the Company mostly imports at the rate of 75% 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 sellers 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 in the country and overseas which are ready to do business and support the Company whereby the Company has the policy to divide the quantity of raw material purchase orders the minor of which are to these other agents in order to maintain the business relations with them. Presently, there are new agents both in the country and overseas constantly coming in for doing business with the Company resulting in the Company to have more bargaining power both on the aspects of price and better terms of payment, etc.

2. Market and distribution risk

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.

Besides, the Company's hot-rolled coil can be used in several other industries. For example, cold-rolled steel which can be used in automobile industry while galvanized steel and other product types are widely used in various industries. 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.

3. Financial risk

Exchange rate risk

The Company is exposed to an exchange rate risk since most of its incomes are in Thai Baht while it needs to pay for most of the raw materials ordered from overseas. In addition, it has issued US\$ 170 million worth of debentures during 2005-2006 to the investors overseas. The debentures

will be matured in 2010 with an interest rate of 10.5 percent. including the subsidiary's loan of US\$ 100 million. This so far has resulted in a lot of expenses in US currency and it does not have any hedging agreement with commercial banks, either. Therefore, exchange rate volatility may cause high cost, which may lessen its ability to generate profit and expose it to a liquidity problem, which will eventually affect its business, financial condition, and operation results in future.

Yet, although the Company has not had any hedging agreement with commercial banks, it believes that an impact from an exchange risk will be minimal since the stipulation of its selling prices has been referred to world market which involve US\$ currency the volatility of which directly varies with the stipulation of its selling prices.

4. Environmental and personnel risk

4.1 Risk from pollution from production

The Company manufactures hot-rolled coil which involves melting, casting and rolling process. The industry causes pollution in one way or another ranging from dust in the air, heavy metal in water going through the production process. Other pollutions include noise that may be louder than the standard. The Company however has a pollution control system that meets environmental rules and regulations. Still, it may expose to a risk from pollution that may threaten the environment or that the Company may not yet be able to find. This may raise its cost from improving the degraded environment or it may have to step up its control and checking system to be in line with tougher rules and regulations in the future. This could lead

to higher expenses as well as expenses from legal action if the Company cannot reduce or resolve a pollution problem and this may negatively affect its business, financial conditions and operation results in future.

However, since 2007, the Company has managed to pass the environmental assurance standards, resulting in its business being certified OHSAS/TIS 18001 from TUV NORD. In addition, it also hired an environmental specialist company to audit every 6 months the result of which is presented to the Ministry of Industry, on an ongoing basis. It believes that it does not have any problem in this matter.

4.2 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.

Yet, the Company has an emergency plan and implement safety measures that are up to the standards and accepted by related private and government agencies, OHSAS/TIS 18001, to prevent or reduce work-related accidents. The statistics in the past show that accidents from the day the factory was established were very low while there have never been claims for compensation for damages from its staff.

5. Risk from government policies and related regulations

5.1 Risk from the Free Trade Agreement covering hot-rolled steel

At present, Thailand is negotiating several Free Trade Agreements. The one which is related to the steel industry is the FTA negotiated with Japan. In the latest development, Japan wants Thailand to immediately reduce the tariff on hot-rolled steel to 0 percent while Thailand still wants to maintain it at 5 percent for 10 years before gradually reducing it in year 11 until it becomes zero in year 15. The agreement will affect certain manufacturers, and due to quota restrictions, the Company may be affected by higher competitions from Japanese steel manufacturers, which could affect its future operation. In addition, if the government continues to negotiate the FTA with other countries that involves hot-rolled steel, the Company may be affected from the increased competitions in the market.

However, the Company may not be much affected because most producers in Japan are currently levied for anti dumping taxes. If such tax measure is lifted or eased, the Company will remain competitive since it has continually improved its product quality, price, and production efficiency to be competitive in the world arena.

5.2 Risk from the government's price control

According to an announcement of the Commerce Ministry, steel sheets are controlled goods with regulated maximum selling price ceiling for each producer. To increase prices above the regulated ceiling, each producer is required to submit to the government authority for price increment approval, and within 7 days, if the agency does not turn down the request for the rise, the producer may increase its

product prices. However, the Company may face risks from not having granted permission from the government authority for the increment, or it may not be able to increase the prices in line with the increasing costs. The government price control, thus, may produce negative effects on the Company's business, financial status, and performance results in future.

In the past, the Company managed to adjust its selling prices to cope with higher costs; it absorbed merely a small portion of increase. Moreover, it successfully exported at the world market prices. Such prices reflected real costs, and there is no need to solely depend on domestic sales if prices for the latter market are not in line with real cost burdens.

5.3 Risk from the fact that the Company's business is highly affected from the government's policy

The Company's business is a heavy industry that government's policies may greatly affect its operation results. At present, the Company is granted investment privileges from the Board of Investment and protected under the law on anti-dumping. Therefore, it may be exposed to negative effects should the government adjust the policy.

However, a policy changing in regard to the Board of Investment will not affect the Company. At present, it receives an investment promotion certificate for its existing business and the future expansion. So far, the government's policy has not had any retroactive effect to projects already approved. Regarding the cancellation of the anti-dumping measure that the authority may possibly revoke it later, this may affect the Company in terms of its competitiveness at a certain degree. Still, the Company believes that

its state-of-the-art technology and its competitiveness in producing steel, the revocation of the measure will hardly affect its operation result.

5.4 Administrative Court's Order suspending Hot Rolled Steel Sheet Value Added Skinpass Project

On 29 September 2009, The Central Administrative Court issued an order to the government agency to temporarily suspend 76 projects or activities in Marb Taput Industrial Estate of Rayong province and such order may affect the investment project of the Company including the Company's trade partner on what it has had with the Company. Nevertheless, some of the projects' owners have already submitted the appeals to the Highest Administrative Court and are now under the course of preparations on negotiations with related government agencies for considerations to find a resolution for jointly solving the impacts on all related parties affected from such order which, all in all, shall be dependable on the Highest Administrative Court.

6. Investment risks for investors

Risk from warrants exercise of directors, the management and staff at a special price

The Extraordinary General Meeting of the Shareholders No. 2/2004 on 5 October 2004 resolved to allocate 100 million units of warrants to directors, executives and staff at an exercise price of Baht 1 per share. The right was regulated to be exercised 1 year, 2 years and 3 years after the Company's shares were traded on SET respectively at the quantity of each one third of the warrants

allocated. Each year, the right shall be exercised on the last working day of March, June, September, December and to be expired after 5 years on 11 January 2011. Investors therefore are exposed to a risk of higher costs when compared to warrant holders. In addition, there is also a risk that the Company's share price will fall if these share holders sell their shares after the exercise date. The investors would face dilution effect as well.

However, as of 31 December 2009, the Warrants sold to Directors, Executives and staff have been left over only 76,495,338 units. If the holders of the Warrants of such group should have exercised all their rights, such Warrants can be converted to 76,495,338 ordinary shares or 0.005% of the total shares (13,760,435,198 shares) which is too little to affect the share price nor the Company ownership.

7. General risk

Risk from non-operation due to force majeure

The Company is exposed to risks resulted from uncontrollable factors such as natural disaster, industrial accident, arson, terrorism, technical glitch and errors and labor strikes. In addition, by combining all production process within the same premise, the Company may be exposed to a higher risk if it has to stop operation in each event of the violence or natural disaster. The Company also buys machines from a few manufacturers and the fact that its production process is quite complicated and may be exposed to high heat means the Company has a higher risk exposure to production

problems due to machine error or industrial accident. This may affect the Company's business, financial conditions and its operation results in future.

Yet, the Company's machine is made by leading manufactures with technology accepted worldwide. As a result, there is a reason to be confident in the machine and the production process that no major problem should occur that may materially affect its incomes. Besides, the Company has hired steel experts from overseas to handle the issue. Production staff is trained on an ongoing basis. A chance for the Company to suffer from factory shutdown for a long time due to staff error therefore is minimal.

Regarding a failure to manufacture steel due to other factors such as terrorism, natural disaster and labor strike, the Company has set up a security system consisting of security guards hired from a third party and its own staff security guards to check access 24 hours. Inside the factory, there is a fire-fighting system and there are enough tools that meet competent standards to fight all kinds of fire. Fire drills are conducted according to the Department of Labour's standard. The Company also takes out an insurance against loss or damage of properties due to ill-willed actions and all kinds of natural disasters.

Moreover, the Company has set up Corporate Social Responsibility Committee and Welfare Committee in order to take care of the employee welfare with fairness and for the benefit of the staff.

Internal Control and Audit System

The Board of Directors gives priority to effective internal control and audit system at both managerial and operational levels. The Board of Directors and executives are responsible directly for arranging and maintaining the internal control system and appraisal of the sufficiency of the internal control system in 5 areas, namely 1) organization and environment, 2) risk management, 3) the management's operational control, 4) significant information and communications system, and 5) the monitoring system, including setting business direction, developing the decision support system, stipulating scope of authority and authorization amount that the management in different levels can approve. Employee work guideline is clearly defined, also the ethical practice framework, control measure of each procedure in connected transaction of persons who may have conflict of interest, adoption of generally accepted accounting principles that allowed independent auditors to express opinion independently and openly, as well as provision of sufficient access to significant 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 16 meetings in 2009,

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.

Control of the use of internal information

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, spouse, 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.

Labor Dispute

There is no labor dispute at present.

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 operation or should the Company fail to pay interest for debentures, the Company shall not pay dividend.

Internal Control

The Risk Management Committee creates "Sufficiency of Internal Control System" appraisal form for the year 2009, dated 5 February 2010 by asking

information from the Company's executives and the form has been approved by the Audit Committee. The appraisal form has been presented in the meeting No. 2/2010 of the Board of Directors on 25 February 2010 for information and some review has been made.

The Sufficiency of Internal Control System appraisal form was created considering 5 areas, namely 1) organization and environment, 2) risk management, 3) operational control by the executives, 4) information and communication system, and 5) monitoring system. The Board of Directors agreed that the Company has sufficient internal control system. Besides, there is Risk Management Committee to review the system and appraise the effectiveness of risk management all the year.

The Company has sufficient internal control system related to transaction made with major shareholders, directors, executives and those related to the mentioned persons. The Board of Directors promoted and encouraged the Company's management and administration to continuously improve internal control system to enhance good corporate governance practice.

The Board of Directors assessed the sufficiency of the Company's internal control system for the year 2009. The findings are as follows ;

1. Organization and environment

- The Board of Directors directed the preparation of 1-year short-term, 5-year medium-term, and 10-year long-term business goals in parallel to the preparation of annual budget. The Board of Directors also monitored the execution from time to time and

adjusted plans during the year to better address changing situations. Such changes were reported to the Board of Directors for approval.

- The Board of Directors carefully set business goals and ensured that they were reasonable and can be achieved. Appropriate and attractive employee remuneration and benefits were also considered.

- The Company clearly set organizational structure and separate the administration into 2 parts which are the headquarters in Bangkok and the plant in Rayong province. Expansion Project organization structure are also added. These allow management to manage the operation with highest efficiency.

- The Company reviewed in 2009 the Code of Conduct by adding ethics and related provisions which cover the prohibition of action done by management and employees that may cause conflict of interest with the Company and its trade partners. The punishment in case of breach of ethics had also been defined.

- The Company prepared policies and operational rules in writing for financial transaction, purchase and general management with carefulness so that frauds can be prevented. The purchase operation manual conforms to the ISO 9001: 2008. For its financial and general management, the Company prepared a clear flow chart and clearly set the maximum amount of money approving authority. Information technology system has also been improved for use as anti-fraud tool.

- The Company had a purchasing improvement plan with supplier and contractor to encourage morality, justice and transparent purchasing including green procurement and social responsibility.

- In stipulating policy and operational plan, the Company takes into account the fair treatment to its business partners by creating good relationship with suppliers and contractors, keeping trade secret, and bribe being prohibited.

2. Risk management

- There are 6 Risk Management Committee meetings in 2009, to review and appraise the efficiency of risk management.

- 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, at least 4 times a year.

- 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 Committee on the progress of the implementations.

- 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.

3. Operational control by the executives

- The Company has clearly reviewed the regulation on approval authorization in financial and operational matters in 2009 for the Management to manage the operations with greatest efficiency.

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

- 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 and 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.

- The Company has never breached the law whereby the preventive measures have been prepared.

4. Information and communication system

- For the Board of Directors' meeting, the secretary to the Board of Directors 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 10 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 Director granted the opportunities for the Board of Directors to independently correct or add content in the meeting minutes.

- The Company categorizingly 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 principles, 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 and compare to the key performance indicators, as well as seek solution in case the Company has not yet achieved the set goals. A committee was set up 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.

1. Connected Transactions between the Company and persons with possible conflict of interest

Persons with possible conflict of interest	Type of relationship	Transaction	Transaction value in 2009 (Baht)	Outstanding as of end of 2009 (Baht)	Terms and conditions
<p>Sukhumvit Inter Development Co., Ltd. ("SID")</p> <p>Type of business</p> <ul style="list-style-type: none"> - Developer of office building, industrial estate and others 	<ul style="list-style-type: none"> - A juristic person whose shares are held by the Company's directors and shareholders totaling 1.26% 	<ul style="list-style-type: none"> • Cost of raw water • Deposit 	<p>8,405,867</p> <p>-</p>	<p>725,161</p> <p>1,775,701</p>	<ul style="list-style-type: none"> • Cost of raw water according to the sales agreement of raw water at a lower price than that from direct water producer.
<p>Arnoma Hotel Bangkok Co., Ltd. ("Arnoma")</p> <p>Type of business</p> <ul style="list-style-type: none"> - Hotel 	<ul style="list-style-type: none"> - A juristic person sharing same directors with the Company and shares are directly and indirectly held by the Company's directors totaling 69.4% 	<ul style="list-style-type: none"> • Service fee 	<p>1,367,086</p>	<p>782,293</p>	<ul style="list-style-type: none"> • Service fee for using as venue for meetings and hosting foreign guests of the Company. The hotel is strategically located and charges standard service fee.
<p>Oriental Access Co., Ltd. ("OA")</p> <p>Type of business</p> <ul style="list-style-type: none"> - Business advisor 	<ul style="list-style-type: none"> - A juristic person whose shares are indirectly held by the Company totaling 99.92% via Siam Professional Holding Co., Ltd. and sharing the same directors with the Company 	<ul style="list-style-type: none"> • Service fee 	<p>402,995,660</p>	<p>1,184,853,790</p>	<ul style="list-style-type: none"> • Service for the Company providing consulting service to OA in relation to production process management and other business advice.
<p>G J Steel Public Co., Ltd ("GJS")</p> <p>Type of business</p> <ul style="list-style-type: none"> - Hot Rolled Coil producer 	<ul style="list-style-type: none"> - A juristic person whose shares are indirectly held by the Company and its subsidiaries totaling 49.66% 	<ul style="list-style-type: none"> • Purchase of products • Purchase of raw materials 	<p>-</p> <p>37,470,875</p>	<p>-</p> <p>-</p>	<ul style="list-style-type: none"> • Purchase of Hot Rolled Coil Steel at a market price based on general business conditions as offered to other customers with records of good financial standing and timely payment as required by the Company. • Purchase of steel scraps and pig iron for use in the production process. The price was based on a cost plus a normal profit margin under a normal business condition, which was not higher than a price it paid to other scrap sellers.

Persons with possible conflict of interest	Type of relationship	Transaction	Transaction value in 2009 (Baht)	Outstanding as of end of 2009 (Baht)	Terms and conditions
		<ul style="list-style-type: none"> • Sales of products • Advance received for products • Sales of raw materials 	395,720,780 - 49,545,098	- 766,080 1,369,150,239	<ul style="list-style-type: none"> • Sales of Hot-Rolled Coil Steel at a market price with the same business conditions as offered to other customers with records of good financial standing and timely payment as required by the Company. • Sales of steel scraps and pig iron for use in the production process. The price was based on a cost plus a normal profit margin under a normal business condition, and was not lower than that to other buyers.
Millconsteel Industries Public Co., Ltd. ("MILL") Type of business - Sale and/or purchase of raw material, steel and consumables	- A juristic person sharing same directors with the Company and shares are held by the directors totaling 2.49%	<ul style="list-style-type: none"> • Purchase of other raw materials and other consumables • Sales of products • Advance received for products 	41,677,336 547,563,862 -	44,046,747 - 115,294,169	<ul style="list-style-type: none"> • Costs of purchasing other raw materials and consumables for the production. The purchase price was its cost plus a normal profit margin based on normal business conditions. • Sales of Hot Rolled Coil at a market price with the same business conditions as offered to other customers with records of good financial standing and timely payment as required by the Company.
BRP Steel Co.,Ltd. ("BRP") Type of business - Sale and/or purchase of raw material and consumables	- A juristic person sharing same directors with the Company	<ul style="list-style-type: none"> • Purchase of other raw materials and consumables 	304,563,501	129,693,200	<ul style="list-style-type: none"> • Costs of purchasing other raw materials and consumables for the production. The purchase price was its cost plus a normal profit margin based on normal business conditions.
Great Eastern International Co., Ltd. ("Great Eastern") Type of business - Sale and/or purchase Hot Rolled Coil Steel Product	- A juristic person the directors of the subsidiaries holding shares totaling 99.99%	<ul style="list-style-type: none"> • Sales of products 	452,516,000	180,922,320	<ul style="list-style-type: none"> • Sales of Hot Rolled Coil at a market price with the same business conditions as offered to other customers with records of good financial standing and timely payment as required by the Company.

2. Connected Transactions between the Company and business alliances

Business alliances	Type of relationship	Transaction	Transaction value in 2009 (Baht)	Outstanding as of end of 2009 (Baht)	Terms and conditions
<p>Nara International Co., Ltd. ("Nara")</p> <p>Type of business</p> <ul style="list-style-type: none"> - Steel wholesaler and retailer - Supplier of other industrial products 	<ul style="list-style-type: none"> - The Company's directors and shareholders were once direct and indirect directors and shareholders but resigned from the directorship and were no longer its shareholders since September 2004. 	<ul style="list-style-type: none"> • Purchase of other raw material and consumables • Sales of products 	<p>402,707,919</p> <p>329,939,325</p>	<p>-</p> <p>91,086,134</p>	<ul style="list-style-type: none"> • Costs of purchasing other raw materials and consumable for the production. The purchase price was based on its cost plus a normal profit margin based on normal business conditions. • Sales of Hot Rolled Coil at a market price with the same business conditions as offered to other customers with records of good financial standing and timely payment as required by the Company.
<p>Advance Metal Fabrication Co., Ltd. ("Advance")</p> <p>Type of business</p> <ul style="list-style-type: none"> - Wholesaler and retailer of steel and steel scraps 	<ul style="list-style-type: none"> - The Company's executive was once its shareholder and director but resigned from its directorship and was no longer its shareholder since September 2004 - The company's directors hold the shares 25% 	<ul style="list-style-type: none"> • Purchase of steel scraps • Sales of products • Sales of steel scraps and pig iron 	<p>470,120,265</p> <p>210,875,979</p> <p>4,187,591</p>	<p>1,699,060</p> <p>121,143,650</p> <p>352,531,617</p>	<ul style="list-style-type: none"> • Purchase of steel scraps for use in the production process. The purchase price was based on a cost plus a normal profit margin under a normal business condition, which was not higher than a price it paid to other scrap sellers. • Sales of Hot-Rolled Coil at a market price with the same business conditions as offered to other customers with records of good financial standing and timely payment as required by the Company. • Sales of steel scraps the price of which was, same for other customers, based on a cost plus a normal profit margin under a normal business condition.
<p>Federal Steel Industry Co., Ltd. ("Federal")</p> <p>Type of business</p> <ul style="list-style-type: none"> - Steel wholesaler and retailer of steel and pig iron 	<ul style="list-style-type: none"> - The Company's executive was once its director and shareholder but resigned from the directorship and has no longer been its shareholder since October 2004. 	<ul style="list-style-type: none"> • Sales of products • Sales of steel scraps and pig iron 	<p>1,870,263,904</p> <p>4,876,695</p>	<p>391,229,788</p> <p>-</p>	<ul style="list-style-type: none"> • Sales of Hot Rolled Coil at a market price with the same business conditions as offered to other customers. • Sales of steel scraps the price of which was, based on a cost plus a normal profit margin under a normal business condition.

Business alliances	Type of relationship	Transaction	Transaction value in 2009 (Baht)	Outstanding as of end of 2009 (Baht)	Terms and conditions
Trinity Freight & Shipping Co., Ltd. ("Trinity Freight") Type of business - Transporter - Steel wholesaler and retailer	- Business alliance	• Transportation cost	181,898,333	12,150,527	• Cost of transporting steel scrap from port to factory and from factory to customers and to port for export. The fee was based on weight of steel scraps and steel sheets being transported. This was a market price as offered by other firms in general.
Trinity International Co., Ltd. ("Trinity Inter") Type of business - Customs clearance company - Steel wholesaler and retailer	- The Company's director, shareholder and executive were once its director and shareholder but resigned and were no longer its shareholders since 2002 and 2003, respectively.	• Service fee	42,976,880	35,929,386	• Customs clearance fee for imports of raw materials and exports of Hot Rolled Coil, also at a market price as charged by other companies in general.
Millennium Metal Work Co., Ltd. ("Millennium") Type of business - Steel wholesaler and retailer	- Former major shareholder of Superior Overseas (Thailand) Co., Ltd. used to be director but resigned from its directorship since 2003.	• Sales of products	60,506,093	29,545,334	• Sales of Hot Rolled Coil at a market price with the same business conditions as offered to other customers.

3. Approval measures or procedures to conduct connected transactions with related companies or persons with possible conflict of interest

The Company has a measure to protect every shareholder. The following are measures set up to control connected transactions with related companies or persons with possible conflict of interest

1. To approve a transaction with related companies or persons with a possible conflict of interest and business alliances. (wholly referred as "persons with possible conflict of interest") the Board of Directors and the Audit Committee must consider the following under a clear

policy :

- The Board of Directors must comply with the laws on securities and exchange and rules, announcements, orders or terms and conditions of the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET). The Board must also comply with terms and conditions regarding disclosure of information of connected transactions and acquisition or disposal of major assets of the Company or its subsidiaries of the SET and accounting standards as determined by the Association of Accountants.
- Management power and approval power of executives at each level is clearly determined as follows

- If CEO or persons with possible conflict of interest has any conflict of interest with the Company, related companies or persons with possible conflict of interest, the CEO must not approve the transaction.

- If an executive director or persons with possible conflict of interest has any conflict of interest with the Company, related companies or persons with possible conflict of interest, the Executive Committee must present to the Board of Directors for consideration and approval.

- If a director or person with conflict of interest has any conflict of interest with the Company, related companies or those with possible conflict of interest, the director must not approve the transaction.

- Shareholder with conflict of interest in any matter may not approve the transaction.

2. In case of a normal business transaction with related companies or persons with possible conflict of interest such as purchasing of raw materials or services, sales of goods and others. The Internal Audit Department will check every transaction on a monthly basis for a reference price that can be compared with a market price and for business conditions compared to what was offered to the non-related business parties to protect the Company's interest. Results of the audit will be presented to the Audit Committee on a quarterly basis. The Audit Committee will, for the Company's benefit, express its opinion with regard to the necessity and rationale behind a transaction where prices and business conditions will be considered in comparison to transactions incurred with other parties of the same or equivalent goods or services. If the Audit Committee finds that the transaction

is not complying with the pre-determined conditions, the Audit Committee will inform the Board or CEO to find a solution together.

3. In case of other transactions such as loan, acquisition or disposal of major assets or entering into various agreements, the Audit Committee will express its opinions over the price, necessity and whether the transaction is reasonable. If the Audit Committee has no expertise to do so, it may let an independent expert or auditor to review the matter and express an opinion towards such connected transaction to support a decision to be made by the Board of Directors or shareholders, as the case may be.

4. Future policy on connected transactions

The Company has a policy to conduct connected transactions conditions of which will be set to be in line with a normal business in the market where prices and conditions offered to the other parties can be compared. In future, the Company has no policy to provide financial assistance or to guarantee related companies or persons with possible conflict of interest. To do a connected transaction in the future with persons having a possible conflict of interest, the Company will let the Audit Committee or an auditor or an independent expert, as the case may be, to review and express their opinions over a transaction price and rationale behind the transactions and will comply with SEC's announcements regarding the approval measures or procedures of connected transaction and other connected items.

Corporate Social Responsibility

Khunying Patama Leeswadtrakul, the Company's Chief CSR, is responsible for the Company's business operation, together with CSR. She has continuously supported and promoted a concrete CSR. The CSR policy has been based on inside out approach: from the Company internally to community and society externally. It means the Company has been taking good care of and being responsible for its stakeholders, including employees and their families, customers, shareholders, local community surrounding the Company's factories, government agencies, suppliers and contractors, analysts, investors and financial institutions, scholars, educational institutions, and mass media.

After 2008, whereby the Company participated in CSR-DIW project of Corporate Social Responsibility (CSR) hosted by government sector, the Department of Industrial Works (DIW). The Company has regularly updated important issues and continuously adapted into the Company's CSR activity in 2009. However, the Company is expected to benefit from its preparedness towards being awarded ISO 26000 Social Responsibility in the near future.

Although in 2009 the Company faced the global economic crisis, the Company stipulated CSR operation plan every month throughout the year continuously with an adjustment aiming at employees' consciousness in the aspects of public benefit towards the community and environment. The CSR activities performed during the year are labour sacrifice without expenses. They were blood donation, cleaning temples, planting trees, etc. as follows :

1. Social development participation

1.1 Promote good sanitation for employees

- Encourage for exercising

Sports Day event was hosted by the company on 15 December 2009 to encourage employees to spend their free time to benefit themselves and promote unity among employees. The Company also organized "White Factory Project" (drug-free factory), an annual event as a campaign among employees to receive knowledge about drugs. It also promoted good health for employees staying away from drug, etc.

- Provide health checkup and medicine, as well as vaccination

The Company provides the annual health checkup for employees. It has also provided ward, physicians, nurses stationing at the ward, medicines, as well as ambulances in case of emergency.

1.2 Promote culture and conserve cultural heritage

- Merit making in Songkran Festival

The Company has hosted annual merit making ceremony on Songkran Festival at its factory premises. In 2009, the event was organized on 10 April 2009. The Company's high ranking executives were invited as guests of honour to participate in "Pouring Water on the Hands of Revered Elders and Ask for Blessing Ceremony" to preserve culture and build consciousness among employees to be submissive and respectful to senior persons.

- Activity on offering of robes and necessary articles to monks

Every year the Company organized a cultural merit making of offering robes and necessary articles to monks at the end of Buddhist Lent. In 2009, the annual event was organized at Cherno Nern Suthavas Temple, Bankhai district, Rayong province, on 13 October 2009.

1.3 Education promotion

- Organize students' visit program to the Company's factories

The Company has continuously organized factories' visit for students from various institutions to observe the manufacturing process. It received significant number of letters expressing appreciation towards the program from various educational institutions for instance, Ramkhamhaeng University, Nakhonratchasima Campus, Kasetsart University, Sriracha Campus, etc.

2. Participate in economy development

- Domestic raw material policy

The Company has taken into consideration the economic impact towards local economy as the first priority task. Consequently, it has implemented a policy to purchase and procure raw materials locally in the country, such as scraps, to promote local economy which will benefit the country's economy as a whole.

- Extend special privilege to local trade partners

The Company has implemented a policy to support the use of the materials in office and other materials in manufacturing process that can be procured in local shops as first priority. It has also

participated in developing local trade partners, along with running its own business.

3. Participate in local community

3.1 Responsibility in public hearing from stakeholders

- Community relations stage

The Company cooperated with Nonglalog Administration Organization, Bankhai district, Rayong province, and local community in the area to organize a community relations stage on 5 June 2009.

3.2 Social investment

- Project on more income for community

The Company promoted local community to earn more income by selling their agricultural products such as fruits, so as to strengthen the economy in the community. The Company organized "G Steel Market Fair" to enable local people to sell the crop especially during the oversupply season at the premises of the Company's factories. The fair was hosted twice in 2009, on 29 May and 30 June 2009.

- Project on laundry service

The Company has participated in hiring local housewives in Nonglalog sub-district to launder the clothes of the Company's employees, which will be regularly collected in suitable number and delivered for laundry service rendered by the people in local community.

4. Participate in environment protection

- Activity to plant trees in Company's factories

The Company organized "Adding Green Area in Factories" project, for the second consecutive

year on 24 June 2009, the Company's both executives and employees jointly planted 300 trees within the compound of the Company's factories to increase green area and create cool and pleasant atmosphere surrounding the factories.

- Activity on mangrove planting

So as to revive the ecological system, the Company launched "We Conserve Mangrove" project for the first time in 2009. The Company's both executives and employees devoted their holidays with volunteer spirit to jointly plant mangroves at Rayong estuary in Muang Rayong district, Rayong province, on 27 June 2009.

5. Participate in social and public benefit

- Blood donation activity

The Company cooperated with Rayong Province's Red Cross Group, the Thai Red Cross Society, in organizing blood donation activity within the Company's factory compound, under "Give Blood... Give Life" project, to enable the Company's executives and employees to jointly donate blood. The activity was hosted twice in 2009, on 22 January and 16 July with over 300 staff members donating their blood.

- Care Sharing to Society activity

The Company organized "Care Sharing to Society" activity at Camillian Social Centre (the centre helping HIV AIDS patients) in Huay Pong sub-district, Muang Rayong district, Rayong province on 28

February 2009. The activity included recreation and games, giving away of necessary articles and toys, as well as luncheon feast for children and those infected more than 100 people.

- Beautiful Temples with Our Hands project

The Company launched "Beautiful Temples with Our Hands" project for the second consecutive year in 2009 at Cherg Nern Suthavas Temple, Bankhai district, Rayong province. The total of more than 100 executives and employees of the Company with volunteer spirit jointly cleaned and improved landscape of the temple on 9 September 2009.

- Community School Development project

The Company organized the project "Community School Development" at Baan Teen Noen School, Bankhai district, Rayong province. The Company's executives and employees with volunteer spirit jointly cleaned and improve landscape of the school. The activity on 7 December 2009 included the vegetable plot demonstrated to the students.

- CSR Day activity

The Company cooperated with the Stock Exchange of Thailand to organize learning session on CSR for the Company's executives and employees to ensure that they have correct CSR concept. Exercise session and workshop were also hosted to offer opportunity to employees to express their views on organizing CSR. The activity, attracting over 60 employees, was organized on 9 December 2009.

Safety, Occupational Health and Environment Management

The Company has been emphasizing in particular on the Safety, Occupational Health and Environment commencing from the design procedure of using the electric power to melt scraps and the natural gas to heat steel sheet. The Clean Technology for environment has been used as one of the tools. In addition to the environment friendly design, the Company also takes into account the resource optimization so as to produce the minimum waste or none of it. Therefore, the principle of 5 R has been applied; "Refuse" the environment-effected materials, "Reduce" the quantity of waste, "Reuse" materials, "Recycle" materials via processes to reuse, and "Reform" the materials for new function and operation. And for the operation not to have an effect on the safety, sanitation, and environment to the Company's employees, properties and reputation, as well as contractors and public, the Management therefore has set the policies of safety and occupational health as follows ;

- All employees shall perform their duties on safety basis not to have an effect on themselves and others, including stakeholders, public, and environment.
- All employees shall perform their duties strictly under the applicable laws and regulations related to occupational health, safety, and environment.
- All employees shall be aware of the resource value and shall optimize such resource according to the purposes of usage.
- All employees shall participate in the campaign of preventing the accidents in work.

In 2009 the Company has maintained the implementation of the Environmental Management Standard of ISO 14001 continuingly since 2007, and improved the operation, as well as reduced the use of the resource effectively. Besides, the Company has participated in GERIAP (Greenhouse Gas Emission Reduction from Industry in Asia and the Pacific) under the United Nations Environment Programme (UNEP) in order to reduce releasing the carbon dioxide to the atmosphere, which is the main factor of an effect on Global Warming.

For occupational health and safety, the Company has maintained the implementation continuingly the Occupational Health and Safety Assessment Series (OHSAS 18001) under TIS (Thai Industrial Standards) since 2007. Also, many training courses under the laws newly issued were held, including the activities to promote the safety and occupational health for employees, as follows ;

- Establish the Occupational Health and Safety Committee, as well as hold the training courses throughout the year.
- Provide the personal protection equipment for all employees, including the special protection equipments such as safety glasses provided for electric welding to prevent dangers, etc.

As the safety and occupational health promotion activities mentioned above are continuingly implemented, the injuries to employees and contractors as well as accidents tend to decrease continuingly.

For visiting partners and contractors, as well as factory visitors, the Company has provided the emergency response team stationed at the factory and coordinated with the related external organizations to jointly practise the emergency response plan drill.

Additionally, for the related partners and contractors, the Company has studied and planned to apply the environment friendly procurement (Green Procurement) for implementation.

Notes and Analysis of Financial and Operational Performance Result

• Overall operations

The Company and its subsidiaries earned consolidatedly total revenues in 2009 less than in 2008 due to the global economic slowdown with the declining selling prices, coupled with significant volatility of raw materials' prices and steel prices worldwide. These factors resulted in the Company's whole year performance being in net loss, which could be attributed mainly to the projection of loss from the orders the raw materials for which were not yet received, assets' impairment, as well as bad debt and doubtful debt.

• Revenue from sales and other income

In 2009, the Company and its subsidiaries earned a combined income of Baht 25,143 million, decreasing Baht 16,170 million, or declining 39 % from 2008. Revenue from sales of goods was Baht 21,952 million, or accounting for 87% of the group's total income, or decreasing 40% from 2008, mainly caused by the declining of average selling prices. The income included the reversal of allowance for devaluation of inventories which amounted to Baht 2,257 million, or accounting for 9% of total income. The remaining 4%, or amounting to Baht 934 million, was income earned from net foreign exchange gain and other income.

Regarding the Company solely, its total income in 2009 was Baht 11,242 million, decreasing 53% from 2008. Income from sales of the products was Baht 9,840 million, or accounting for 86% of total income, decreasing 42% from 2008.

• Selling and administrative expenses

The Company and its subsidiaries had expenses on selling and administrative expenses in 2009 at Baht 2,399 million, increasing 25% from 2008. It accounted for 10% of the Company's total income. The increased expenses were from expenses on sales and administration.

• Net profit/loss

In 2009, the Company and its subsidiaries had consolidatedly net loss amounting to Baht 10,892 million. The increasing of the loss was Baht 6,513 million from 2008, or increasing 149%. Net loss per share was Baht 0.62. The loss was attributed mainly to the projection of loss from the orders the raw materials for which were not yet received, assets' impairment, as well as bad debt and doubtful debt. Moreover, the volatility of prices of raw materials and steels worldwide, as well as the declining selling prices, were also attributed to the loss.

Regarding the Company's balance sheet, it had net loss amounting to Baht 8,932, compared with net loss amounting to Baht 2,452 million registered in 2008. The red figure increased Baht 6,480 million, or increase 264%. The increased loss was due to the same reasons mentioned above.

• Assets and liquidity

At the end of 2009, the Company and its subsidiaries had total assets worth a combined Baht 56,473 million, declining Baht 10,069 million, or decreasing 15% from 2008. The loss was due to account receivable, other debtors incurred from selling of scrap and declining inventory. They could be broken down as current assets amounting to Baht 3,707 million and non-current assets amounting to Baht 52,766 million. The Company and its subsidiaries had liquidity ratio of 0.16 times, while the Company's liquidity ratio was 0.17 times.

• Liabilities

At the end of 2009, the Company and its subsidiaries had total liabilities worth a combined Baht 24,873 million, including current liabilities amounting to Baht 23,794 million, increasing 54% from 2008. The liabilities were due mainly to debentures, long term loans from financial institutions which was due for repayment within one year, and other increased current liabilities as well as non-current liabilities amounting to Baht 1,080 million, declining 87% from 2008 because of adjustment of long term loans from financial institutions which were due for repayment within one year and debentures which were adjusted from non-current liabilities to be current liabilities.

Audit Committee Report

To the Shareholders of G Steel Public Company Limited

G Steel Public Company Limited's Audit Committee has been appointed by G Steel Public Company Limited's Board of Directors, with the consent of the resolution of 2007 Annual General Meeting of Shareholders on 23 April 2007, whereby the term in office of an Audit Committee member has been stipulated for a period of 3 years from 23 April 2007 to 23 April 2010. The Committee consists of the independent directors as follows ;

1. Prof. Paichitr	Roajanavanich	Chairman of the Audit Committee
2. Assoc. Prof. Prapanpong	Vejjajiva	Audit Committee Member
3. Mr. Preecha	Prakobkit	Audit Committee Member

The Audit Committee has appointed Ms. Sophit Changaroon, Internal Audit Department Manager, as Secretary of the Audit Committee.

G Steel Public Company Limited's Audit Committee has the duty to verify the Internal Audit Report, give consent on the Report or the disclosure of information and data of the Internal Audit Department and then submit to the Company's Board of Directors for acknowledgement or consideration for a consent or an approval. The duty of the Audit Committee includes the coordination with Finance Department or the Management in case of problems or hindrances, as well as coordination with the independent auditor to acknowledge result of the audits and examinations of such independent auditor including recommendations proposed to the Company's directors for improvement of the business efficiency and transparency, complying with the good internal audit system up to international standard and complying with laws and related regulations. The Audit Committee's duty also includes giving recommendations to the shareholders on the appointment of an independent auditor as well as determining the remuneration for the audits.

The fiscal year ending as at 31 December 2009 saw the steel price drastically deviate while the world's economic crisis was severe in continuation from 2008. Besides, the Audit Committee has perceived various observations from the independent auditor but apparently the independent auditor has not expressed the opinions on Financial Statements the problem of which is required to be submitted to the Company's Board of Directors to jointly consider in solving the problem in accordance with the observations of the independent auditor in order to find the way for pertinent revisions in order to conserve the benefits of the shareholders. All entire recommendation jointly proposed by the Audit Committee's members was unanimous.

Further to the observation of the public certified accountant, the Office of SEC had ordered the Company to hire an auditor to conduct Special Audit on the issue suspected by the public certified accountant in order to expressly clarify the matter. Coincidentally, the Company had appointed Turnaround Steel Management, LLC led by Mr. Ahab G. Garas and Mr. Ariel Seth Levy to take responsibilities for the Company's business management with the duties to alter, improve and revive the Company's management to elevate up to the international standard; such as, looking after the financial status to be stable, increasing capital to be sufficient, improving business management for its efficiency, etc.

Therefore, to what extent the Company's management should be improved would be dependable on the management ability and networks of the new management group to whom the Audit Committee has been trying to assist and provide cooperation with its utmost efforts on a firm determination to conserve the benefits of the shareholders as the principle.

Audit Committee



(Prof. Paichitr Roajanavanich)
Chairman of the Audit Committee



(Assoc. Prof. Prapanpong Vejajiva)
Audit Committee Member



(Preecha Prakobkit)
Audit Committee Member

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 Directors 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 KPMG Phoomchai Audit Ltd., 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 5 February 2010, and the 2/2010 Board of Directors' meeting on 25 February 2010 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 2009 were reliable and adhered to the generally accepted accounting standard and practised properly in accordance with related law and regulations.



(Vijit Supinit)

Chairman of the Board of Directors



(Ryuzo Ogino)

Co-Chief Executive Officer

Audit Report of Certified Public Accountant

To the Shareholders of G Steel Public Company Limited

I have audited the accompanying consolidated and separate balance sheets as at 31 December 2009 and the related statements of income, changes in equity and cash flows for the year then ended of G Steel Public Company Limited and its subsidiaries, and of G Steel Public Company Limited, respectively. The Company's management is responsible for the correctness and completeness of information presented in these financial statements. My responsibility is to issue a report on these financial statements based on my audits. The consolidated and separate financial statements for the year ended 31 December 2008 of G Steel Public Company Limited and its subsidiaries, and of G Steel Public Company Limited, respectively, were audited by another auditor who disclaimed an opinion on those financial statements in her report dated 2 March 2009 because of the potentially significant impact on the consolidated and the separate financial statements arising from: uncertainties over the recoverable amount of accounts receivable, other receivables and other assets; inability to perform audit procedures to determine the loss provision on outstanding purchase orders for undelivered raw materials; the valuation of the Company's land, buildings, machinery and equipment was in process; non-receipt of confirmation letters from a foreign bank and from two lawyers; and uncertainty as to whether the Company and its subsidiaries will be able to continue as going concerns, as described more fully in the said report. The audit report also included emphasis of matter paragraphs in relation to the net fair value of the Company's interest in the equity of a subsidiary, G J Steel Public Company Limited, which was higher than the acquisition cost, the difference, or negative goodwill, being recorded as income; and the change in accounting policy for recording negative goodwill.

Except for the matters described in the following paragraphs (1) to (7), I conducted my audits in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

(1) As described in note 7 to the financial statements, as at 31 December 2009 the Company had trade account receivables of Baht 1,617 million for which a Baht 516 million allowance for doubtful accounts has been made. These figures included related and business alliance receivables of Baht 604 million and other trade receivables of Baht 803 million that are overdue and for which the Company has made a Baht 516 million allowance for doubtful accounts.

As described in note 9 to the financial statements, as at 31 December 2009 the Company had other receivables of Baht 3,253 million from counterparties for sales of low quality raw materials that could not be used (scrap). The Company and a subsidiary, G J Steel Public Company Limited, have entered into arrangements with these counterparties to reduce the gross amount of these receivables by offsetting amounts owed to the same counterparties for machinery and equipment purchases. The net receivables after the offset were Baht 831 million, for which the Company has made full allowance for doubtful accounts. In addition, as described in note 10 to the financial statements,

as at 31 December 2009 the Company had other receivables amounting to Baht 171 million (USD 4.9 million) in respect of credit notes that suppliers issued to the Company as discounts on purchases of inventories made before the year 2006 but for which the Company has not received the benefits. As at 31 December 2009, the Company had made full allowance for doubtful accounts in respect of these other receivables.

As described in note 7 to the financial statements, as at 31 December 2009 a subsidiary, G J Steel Public Company Limited ("GJS"), had a trade receivable from an overseas counterparty of Baht 1,871 million (USD 55.9 million) of which Baht 1,737 million (USD 51.9 million) is overdue. GJS has entered into an agreement with this counterparty to purchase machinery for Baht 1,525 million (USD 45.5 million) and to offset the cost of this machinery against the amount receivable from the counterparty. The net receivable after the offset was Baht 346 million (USD 10.4 million), for which GJS has made full allowance for doubtful accounts. In addition, as at 31 December 2009 GJS had trade receivables of Baht 450 million from two customers of which Baht 427 million is overdue and for which GJS has set up a Baht 375 million allowance for doubtful accounts.

I was unable from my audit of the above transactions to establish that the Company and GJS had exercised appropriate internal controls over these transactions, particularly with respect to credit control procedures such as approval of credit facilities; monitoring of collection and follow up of outstanding debts. In addition, up to the date of this report I have not received letters from such counterparties confirming the amounts owed by them to the Company and GJS and I was unable to satisfy myself in this regard by other audit procedures. I was, therefore, unable to satisfy myself that these transactions had been properly entered into and recorded by the Company and GJS. Furthermore the financial crisis in the steel industry, which has resulted in steel prices dropping significantly since 2008, may adversely affect the Company's and GJS's ability to collect the amounts owed in respect of trade receivables and consequently may impact on the adequacy of the allowance made for doubtful trade accounts.

(2) As described in paragraph (1) above and in notes 9 and 14 to the financial statements, as at 31 December 2009 the Company had other receivables from scrap sales amounting to Baht 3,253 million. The Company has entered into arrangements with various counterparties to reduce the gross amount of receivables from scrap sales by offsetting amounts totaling Baht 2,422 million owed to the same counterparties for machinery and equipment purchases. The net receivables after the offset were Baht 831 million, for which the Company has made full allowance for doubtful accounts.

As described in note 13 to the financial statements, as at 31 December 2009 the Company had made advance payments for property, plant and equipment amounting to Baht 3,821 million which were mainly paid during the period from 2005 to 2008. Currently, the Company is negotiating with the suppliers to extend the payment terms.

As described in paragraph (1) above and in note 7 to the financial statements, GJS has entered into an agreement with an overseas counterparty to purchase machinery for Baht 1,525 million (USD 45.5 million) to offset against the outstanding debt owed by the counterparty to GJS. In addition, as described in note 14 to the financial statements, GJS has entered into an agreement with another counterparty ('Counterparty A'), which is also a debtor of the Company in respect of scrap sales made by the Company to Counterparty A, to purchase machinery from Counterparty A

1,017 million (USD 29.8 million). The Company, GJS and Counterparty A have agreed to settle the outstanding debt owed by Counterparty A to the Company by offsetting Counterparty A's debt to the Company against the amount receivable by Counterparty A from GJS for the machinery purchase.

As described in note 14 to the financial statements, GJS has entered into an agreement with a supplier to purchase machinery for Baht 608 million (USD 18.2 million) and has paid the first installment of Baht 221 million (USD 6.3 million). Subsequently, GJS entered into an agreement with the supplier and Counterparty A to transfer all rights, benefits and liabilities under the purchase agreement, including the first installment payment, to Counterparty A.

I was unable from my audit of the above transactions to establish that the Company and GJS had exercised appropriate internal controls over the purchase and tendering process, including selection of the supplier and cost of the machinery, and over the offset and transfer arrangements generally. In addition, up to the date of this report, I have not received letters from such counterparties confirming the amounts owed by and to the Company and GJS and I was unable to satisfy myself in this regard by other audit procedures. I was therefore, unable to satisfy myself that these transactions had been properly entered into and recorded by the Company and GJS.

(3) I did not observe the counting of the Company's physical inventory stated at Baht 2,417 million in the consolidated and separate financial statements as of 31 December 2008, because that date was prior to the date that I was first engaged as auditor for the Company. During the first quarter of 2009, the Company made an allowance of Baht 1,585 million for decline in value of its inventory based on an evaluation of accumulated scrap with soil. I was unable to satisfy myself as to the amount, if any, of this allowance that related to the inventory balance as at 31 December 2008 and the amount that related to the subsequent period. Accordingly, I was not able to determine whether any consequent adjustments might be necessary to the amounts shown in the financial statements for cost of sales and loss for the year ended 31 December 2009 and inventory and retained earnings as at 31 December 2008.

(4) As described in note 14 to the financial statements, the Company's machinery and equipment was appraised by an independent appraiser during 2009 based on assumptions on the value in use of the assets concerned. During 2009 the Company hired an independent appraiser to reappraise its existing property, plant and equipment. The appraisal was made on the Depreciated Replacement Cost Approach (DRC) for the value of land and buildings and on the Open Market Value for the value of machinery and equipment. The results of this appraisal did not indicate any impairment in the carrying value of these assets.

As described in note 14 to the financial statements, the Company hired an independent appraiser to appraise assets under construction and installation. The appraisal was made on the Replacement Cost Approach. The results of this appraisal indicated impairment of assets under construction and installation of Baht 1,566 million. The Company has set up full allowance for this impairment loss.

As described in note 14 to the financial statements, as at 31 December 2009 GJS's property, plant and equipment were appraised by an independent appraiser during 2008 and the results of this appraisal did not indicate any impairment in the carrying value of these assets. In January 2010 an independent appraiser was engaged to appraise the value of GJS's property, plant and equipment, however the appraisal report has not yet been issued.

In view of the significant uncertainties over the Company's and GJS's operations arising in part from the current

global economic climate and the severe impact on the steel industry, there are inherent uncertainties on the validity of the assumptions underlying the appraised value of the Company's property, plant and equipment and there are indicators of impairment that require a more current appraisal of the value of GJS's property, plant and equipment to be made. I was, accordingly, unable to satisfy myself as to whether and to what extent the carrying value of the Group's and the Company's property, plant and equipment, which as at 31 December 2009 amounted to Baht 47,834 million and Baht 23,304 million, respectively, had been impaired.

(5) As described in note 19 to the financial statements, as at 31 December 2009 the Company had received advances from a customer amounting to Baht 1,584 million (USD 49 million). The Company has an obligation to deliver goods to the customer in the future and give a commodity discount on the goods sold. Up to the date of this report, I have not received a letter from such customer confirming the amounts owed by the Company and I was unable to satisfy myself in this regard by other audit procedures. Accordingly, I was not able to determine whether any consequent adjustments might be necessary to the amounts shown in the financial statements for commitments that may arise from these advances and unable to satisfy myself on the accuracy and existence of the balance of advances from customers as at 31 December 2009.

(6) Up to the date of this report, I have not received letters from financial institutions; trade and other accounts receivables; related parties; business alliances; trade and other accounts payable; and suppliers of property, plant and equipment confirming the amounts owed by and to the Company and I was unable to satisfy myself in this regard by other audit procedures. I was, therefore, unable to satisfy myself on the accuracy and existence of the balances as at 31 December 2009 of trade accounts receivable; receivables from scrap sales; other current assets; advance payments for purchases of property, plant and equipment; trade accounts payable; other current liabilities; advances received from customers; and long-term loan from financial institutions that had been recorded by the Company.

Up to the date of this report, I have not received letters from a bank; a major supplier; and former related parties confirming the amounts owed by them to GJS and I was unable to satisfy myself in this regard by other audit procedures. I was therefore, unable to satisfy myself on the accuracy and existence of the balance as at 31 December 2009 of cash and cash equivalents; trade accounts payable; and long-term loans to and receivables from others that had been recorded by GJS.

(7) As described in Note 1.2 to the financial statements, since the second half of 2008 the operations of the Company and its subsidiaries have been significantly affected by the global economic recession. As a result, the Group and the Company made operating losses for the year ended 31 December 2009 of Baht 10,892 million and Baht 8,932 million, respectively, and as at 31 December 2009 net current liabilities exceeded net current assets by Baht 20,087 million and Baht 12,905 million, respectively. As at 31 December 2009, a subsidiary, Oriental Access Co., Ltd., had been unable to make loan principal installment payments due and payable totaling approximately Baht 2,133 million (USD 64 million) and is thereby in default of the loan covenants. Furthermore, the Company has obligations totaling approximately Baht 5,669 million (USD 170 million) to redeem bonds that mature in the fourth quarter of 2010 and to pay interest on these bonds. Under a cross-default clause on these bonds triggered by the subsidiary's loan covenant default, the bonds

become due and payable upon the exercise of the rights of the bond holders. The bonds have, accordingly, been reclassified as current liabilities in the consolidated and separate balance sheets as at 31 December 2009. These circumstances raise substantial uncertainties over the Company and its subsidiaries' ability to continue as going concerns. The financial statements do not include any adjustments that would be required should the Company and its subsidiaries be unable to generate sufficient cash flows and/or raise additional finance from other sources to enable them to continue as going concerns.

Because of the significance of the matters described in the preceding paragraphs (1) to (7), I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, I do not express an opinion on the consolidated and separate financial statements for the year ended 31 December 2009 of G Steel Public Company Limited and its subsidiaries, and of G Steel Public Company Limited, respectively.

I draw your attention to Note 42 to the financial statements, on 25 January 2010 the Security and Exchange Commission has ordered the Company and GJS to provide special audit reports by the auditors on the following issues: sales under credit term and the acquisition of machineries; the recognition of allowance for deterioration of raw material; construction in process with no progress; and advance payment for the purchase of machineries. Up to the date of this report, these special audits have not been completed. The results of these special audits may necessitate adjustments to the consolidated and separate financial statements for the year ended 31 December 2009.



(Wilai Buranakittisopon)

Certified Public Accountant Registration No. 3920

KPMG Phoomchai Audit Ltd. Bangkok

25 February 2010

Financial Statements : Balance Sheets

G Steel Public Company Limited and Its Subsidiaries

As at 31 December 2009 and 2008

(Unit : Baht)

Assets	Note	Consolidated financial statements		Separate financial statements	
		2009	2008	2009	2008
Current assets					
Cash and cash equivalents	6, 37	60,575,747	157,112,130	17,658,714	71,219,797
Current investments	37	3,404,626	835,740	-	-
Trade accounts receivable	4, 5, 7	1,193,634,458	2,985,581,271	1,100,486,399	1,121,755,604
Amounts receivable from related parties	4	-	-	390,155,972	1,017,726,190
Inventories	8	1,749,663,370	6,234,178,926	691,187,498	2,417,485,697
Receivables from scrap sales	4, 5, 9	-	3,223,960,815	-	3,223,960,815
Other current assets	10	699,526,194	1,747,968,117	482,839,551	761,717,808
Total current assets		3,706,804,395	14,349,636,999	2,682,328,134	8,613,865,911
Non-current assets					
Restricted deposits at financial institutions	11	200,440,841	547,483,352	31,725,449	438,115,925
Investments in subsidiaries	12	-	-	3,502,800,000	3,843,799,300
Other long-term investments		-	25,957,363	-	-
Long-term loans to and interest receivable from related parties	4	-	-	-	1,519,981,257
Receivable from subsidiary for offsetting transaction	4	-	-	992,236,875	-
Long-term loans to and receivables from others		69,740,943	69,740,943	-	-
Advance payment for purchases of property, plant and equipment	13	3,938,128,842	4,336,189,142	3,821,129,342	3,959,597,977
Property, plant and equipment	14	47,833,599,105	45,409,473,058	23,303,508,734	23,336,419,596
Intangible assets	15	93,387,737	104,228,789	31,454,706	36,232,632
Tax benefit	12	-	947,772,631	-	-
Other non-current assets	16	630,546,256	751,220,935	331,245,325	385,723,847
Total non-current assets		52,765,843,724	52,192,066,213	32,014,100,431	33,519,870,534
Total assets		56,472,648,119	66,541,703,212	34,696,428,565	42,133,736,445

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

Balance Sheets (continued)

G Steel Public Company Limited and Its Subsidiaries As at 31 December 2009 and 2008

(Unit : Baht)

Liabilities and equity	Note	Consolidated financial statements		Separate financial statements	
		2009	2008	2009	2008
Current liabilities					
Short-term loans from financial institutions	17	228,828,689	1,630,179,899	228,828,690	325,570,469
Trade accounts payable	4, 5, 18	6,658,665,500	7,406,005,282	4,359,687,201	4,789,995,312
Current portion of liabilities which were included under rehabilitation plan	22	15,124,429	14,712,292	15,124,430	14,712,292
Current portion of long-term loan from financial institutions	17	2,132,510,750	1,052,472,000	-	-
Bonds	17	5,668,531,420	-	5,668,531,420	-
Short-term loan from other parties	17	481,114,518	80,880,305	406,774,342	-
Advances received from customers	4, 19	3,366,675,190	3,567,177,509	1,784,553,409	1,955,721,403
Accrued expenses		1,954,427,778	650,985,708	819,238,300	137,012,233
Accrued interest expenses	20	938,114,718	372,056,700	750,348,984	323,129,346
Provision for loss on confirmed purchase orders for raw material	38.3	508,475,319	-	393,175,823	-
Other current liabilities	21	1,841,066,615	694,090,414	1,160,968,927	635,233,226
Total current liabilities		23,793,534,926	15,468,560,109	15,587,231,526	8,181,374,281
Non-current liabilities					
Liabilities which were included under rehabilitation plan - net of current portion	22	1,079,860,062	1,098,545,862	690,604,304	703,668,049
Long-term loan from financial institutions - net of current portion	17	-	1,578,708,000	-	-
Bonds	17	-	5,897,884,786	-	5,897,884,786
Total non-current liabilities		1,079,860,062	8,575,138,648	690,604,304	6,601,552,835
Total liabilities		24,873,394,988	24,043,698,757	16,277,835,830	14,782,927,116

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

Balance Sheets (continued)

G Steel Public Company Limited and Its Subsidiaries

As at 31 December 2009 and 2008

(Unit : Baht)

Liabilities and equity	Note	Consolidated financial statements		Separate financial statements	
		2009	2008	2009	2008
Equity					
Share capital	23				
Authorised share capital		13,860,000,000	13,860,000,000	13,860,000,000	13,860,000,000
Issued and paid-up share capital		13,760,435,198	13,760,435,198	13,760,435,198	13,760,435,198
Surplus on ordinary shares					
Share premium	24	1,976,477,530	1,976,477,530	1,976,477,530	1,976,477,530
Premium on capital reduction		206,307,094	206,307,094	206,307,094	206,307,094
Unrealised gain					
Fair value changes and revaluation surplus		-	3,341,963	-	-
Retained earnings					
Appropriated-legal reserve	24	763,976,886	763,976,886	763,976,886	763,976,886
Unappropriated		5,056,522,215	13,637,082,018	1,711,396,027	10,643,612,621
Total equity attributable to equity holders		21,763,718,923	30,347,620,689	18,418,592,735	27,350,809,329
Minority interest		9,835,534,208	12,150,383,766	-	-
Total equity		31,599,253,131	42,498,004,455	18,418,592,735	27,350,809,329
Total liabilities and equity		56,472,648,119	66,541,703,212	34,696,428,565	42,133,736,445

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

Statements of Income

G Steel Public Company Limited and Its Subsidiaries For the years ended 31 December 2009 and 2008

(Unit : Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2009	2008	2009	2008
Revenues					
Revenue from sale of goods and rendering of production services	4, 5, 26	21,951,676,472	36,486,900,847	9,839,959,917	23,159,137,819
Revenue from rendering of services	4	-	175,751,238	402,995,660	392,763,119
Reversal of allowance for devaluation of inventories	8	2,257,167,669	-	443,729,059	-
Net foreign exchange gain		643,896,558	-	448,394,711	-
Other income	4, 5	290,184,540	152,297,635	106,594,255	262,382,764
Excess of interest in the net fair value of subsidiary over purchase cost	12	-	4,498,202,922	-	-
Total revenues		25,142,925,239	41,313,152,642	11,241,673,602	23,814,283,702
Expenses					
Cost of sale of goods and rendering of production services	4, 5	27,700,683,125	36,824,419,186	11,440,580,201	22,819,210,216
Selling expenses	5, 27	309,783,442	565,665,427	151,035,660	276,317,983
Administrative expenses	4, 5, 28	2,089,017,686	1,347,361,619	1,062,214,086	160,620,414
Management benefit expenses	29	68,052,622	73,192,333	32,753,819	50,692,334
Net foreign exchange loss		-	524,119,009	-	230,185,320
Loss on devaluation of inventories	8	-	3,342,987,373	-	1,462,064,144
Loss on confirmed purchase orders for undelivered raw materials		508,475,319	-	393,175,823	-
Loss on impairment of assets	12, 14	1,587,110,161	719,205,396	1,906,992,628	-
Bad and doubtful debts expense	30	1,053,500,797	1,567,905,109	4,253,131,052	767,203,961
Other expenses	31	1,152,420,047	-	204,647,418	-
Total expenses		34,469,043,199	44,964,855,452	19,444,530,687	25,766,294,372
Share of profit from investment in associate		-	441,990,02	-	-
Loss before finance costs		(9,326,117,960)	(3,209,712,788)	(8,202,857,085)	(1,952,010,670)
Finance costs	32	(1,565,903,677)	(1,168,816,005)	(729,359,509)	(500,298,315)
Loss for the year		(10,892,021,637)	(4,378,528,793)	(8,932,216,594)	(2,452,308,985)
Attributable to :					
Equity holders of the Company		(8,580,559,803)	(1,234,288,054)	(8,932,216,594)	(2,452,308,985)
Minority interests		(2,311,461,834)	(3,144,240,739)	-	-
Loss for the year		(10,892,021,637)	(4,378,528,793)	(8,932,216,594)	(2,452,308,985)
Basic loss per share	34	(0.62)	(0.09)	(0.65)	(0.19)

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

Statements of Cash Flows

G Steel Public Company Limited and Its Subsidiaries For the years ended 31 December 2009 and 2008

(Unit : Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2009	2008	2009	2008
Cash flows from operating activities					
Loss for the year		(10,892,021,637)	(4,378,528,793)	(8,932,216,594)	(2,452,308,985)
<i>Adjustments for</i>					
Depreciation and amortisation		1,655,234,285	1,914,645,812	679,099,684	778,590,090
Loss on impairment of assets	12, 14	1,587,110,161	719,205,396	1,906,992,628	-
Loss from write-off of plant and equipment		5,893,681	95,958,058	746,312	2,592,914
Interest income		(3,660,844)	(19,161,360)	(106,594,256)	(108,695,900)
Finance costs		1,565,903,677	1,168,816,005	729,359,509	500,298,315
Bad and doubtful debts expense		1,053,500,797	1,567,905,109	4,253,131,052	767,203,961
Allowance for devaluation of inventories (reversal)		(2,257,167,669)	3,342,987,373	(443,729,059)	1,462,064,144
Loss on confirmed purchase orders for raw material		508,475,319	-	393,175,823	-
Unrealised (gain) loss on exchange		(633,093,223)	321,408,891	(424,061,410)	157,034,577
(Gain) loss from sales of equipment		-	(411,213)	-	(411,213)
Excess of interest in the net fair value of subsidiary over purchase cost		-	(4,498,202,922)	-	-
Discount of liabilities included under the rehabilitation plan		-	(309,166,093)	-	(9,166,318)
Share of profit from investment in associate		-	(441,990,022)	-	-
Loss on write-off of tax benefit	12	947,772,631	-	-	-
Gain from sale of other long-term investment		(2,680,324)	-	-	-
		(6,464,733,146)	(516,533,759)	(1,944,096,311)	1,097,201,585
<i>Changes in operating assets and liabilities</i>					
Trade accounts receivable		281,568	368,448,239	(90,981,506)	87,763,090
Amount receivable from related parties		-	168,220,292	(544,040,964)	(538,618,641)
Inventories		6,706,440,255	2,669,544,955	2,134,784,288	3,911,447,171
Receivables from scrap sales		317,000,921	-	317,000,921	-

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

Statements of Cash Flows (continued)

G Steel Public Company Limited and Its Subsidiaries For the years ended 31 December 2009 and 2008

(Unit : Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2009	2008	2009	2008
Other current assets		848,220,636	(2,701,034,209)	56,389,158	(3,136,407,405)
Other non-current assets		(160,077,184)	1,258,677,786	(42,074,016)	1,535,539,420
Trade accounts payable		(537,582,960)	3,593,652,286	(270,155,373)	2,513,706,771
Advances received from customers		(200,502,320)	1,635,179,249	(171,167,994)	648,611,740
Accrued expenses		1,254,238,798	(142,848,067)	682,986,806	(84,382,440)
Other current liabilities		552,518,123	(84,256,225)	351,268,037	(115,010,399)
Income tax recovered		1,158,246	-	1,158,246	-
Income tax paid		(983,273)	(28,752,615)	(942,184)	(3,204,656)
Net cash flows provided from operating activities		2,315,979,664	6,220,297,932	480,129,108	5,916,646,236
Cash flows from investing activities					
Decrease in short-term investment		-	156,608,112	-	4,562,274
Cash received from investing in subsidiary		-	184,872,176	-	-
(Increase) decrease in current investment		(2,568,886)	954,469	-	-
Interest received		4,415,555	22,532,294	683,827	19,681,795
Decrease in restricted deposits at financial institutions		347,042,511	194,485,241	406,390,476	256,496,449
Purchase of property, plant and equipment		(105,892,860)	(5,035,672,608)	(30,551,611)	(4,988,799,810)
Proceeds from sales of equipment		-	411,214	-	411,214
Purchase of intangible assets		(836,177)	-	-	-
Loans to subsidiary		-	-	(704,457,852)	(1,038,295,162)
Proceeds from loans to subsidiary		-	-	-	531,340,000
Advance for purchase of machinery		(144,195,444)	-	(19,712,791)	-
Proceeds from sale of other long-term investment		21,908,000	-	-	-
Net cash flows provided by (used in) investing activities		119,872,699	(4,475,809,102)	(347,647,951)	(5,214,603,240)
Cash flows from financing activities					
Finance costs paid		(1,152,114,595)	(1,718,010,527)	(517,955,683)	(879,258,420)
Payment of liabilities which were included under rehabilitation plan		(12,651,607)	(182,644,934)	(12,651,608)	(12,746,660)
Proceeds from short-term loans from financial institutions		1,035,355,334	1,041,233,719	157,709,202	312,863,240

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

Statements of Cash Flows (continued)

G Steel Public Company Limited and Its Subsidiaries For the years ended 31 December 2009 and 2008

(Unit : Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2009	2008	2009	2008
Repayment of short-term loans from financial institutions		(2,421,708,404)	(757,320,000)	(239,452,842)	-
Proceeds from short-term loans from other parties		1,204,974,955	80,880,305	569,528,499	-
Repayment of short-term loans from other parties		(784,270,298)	-	(143,219,808)	-
Repayment of long-term loans from financial institutions		(399,057,746)	-	-	-
Proceeds from conversion of warrants to ordinary shares		-	435,198	-	435,198
Dividends paid		-	(275,179,400)	-	(275,179,400)
Net cash flows used in financing activities		(2,529,472,361)	(1,810,605,639)	(186,042,240)	(853,886,042)
Net decrease in cash and cash equivalents		(93,619,998)	(66,116,809)	(53,561,083)	(151,843,046)
Cash and cash equivalents at beginning of year		157,112,130	223,228,939	71,219,797	223,062,843
Effect from exchange rate at end of year		(2,916,385)	-	-	-
Cash and cash equivalents at end of year		60,575,747	157,112,130	17,658,714	71,219,797
Non-cash items					
Conversion of investment in rights over secured convertible debts to ordinary shares of associate	12	-	3,272,384,223	-	-
Issue of ordinary shares in exchange for investment in associate	12	-	2,074,800,000	-	2,074,800,000
Purchase of machineries by off-setting with trade accounts receivable	7, 14	1,524,977,150	-	-	-
Purchase of machineries by off-setting with other receivables from scrap sales	9, 14	2,434,430,662	-	1,442,193,787	-
Transfer other receivables from scrap sales to amount receivable from related parties	9, 14	-	-	992,236,875	-
Payable on purchase of property, plant and equipment		821,750,102	295,934,069	390,223,472	295,934,069

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

Statements of changes in equity

G Steel Public Company Limited and its subsidiaries

For the years ended 31 December 2009 and 2008

(Unit : Baht)

		Consolidated financial statements							
Note	Issued and paid-up share capital	Surplus on ordinary shares		Fair value changes on investment	Retained earnings		Total equity attributable to equity holders of the Company	Minority interests	Total
		Share premium	Premium on capital reduction		Legal reserve	Unappropriated			
Balance at 1 January 2008 Available for sale investments Net change in fair value transferred to equity Loss for the year Dividend	11,100,000,000	2,561,677,530	206,307,094	-	763,976,886	15,146,549,472	29,778,510,982	13,580,332	29,792,091,314
	-	-	-	3,341,963	-	-	3,341,963	3,387,724	6,729,687
	-	-	-	-	-	(1,234,288,054)	(1,234,288,054)	(3,144,240,739)	(4,378,528,793)
	-	-	-	-	-	(275,179,400)	(275,179,400)	-	(275,179,400)
	-	-	-	-	-	-	-	-	-
Minority interest from investment in subsidiary	-	-	-	-	-	-	-	15,277,656,449	15,277,656,449
Issue of ordinary shares	2,660,000,000	(585,200,000)	-	-	-	-	2,074,800,000	-	2,074,800,000
Issue of ordinary shares from exercise of warrants	435,198	-	-	-	-	-	435,198	-	435,198
Balance as at 31 December 2008	13,760,435,198	1,976,477,530	206,307,094	3,341,963	763,976,886	13,637,082,018	30,347,620,689	12,150,383,766	42,498,004,455
Balance as at 1 January 2009	13,760,435,198	1,976,477,530	206,307,094	3,341,963	763,976,886	13,637,082,018	30,347,620,689	12,150,383,766	42,498,004,455
Available for sale investments	-	-	-	-	-	-	-	-	-
Net change in fair value transferred to equity	-	-	-	(3,341,963)	-	-	(3,341,963)	(3,387,724)	(6,729,687)
Loss for the year	-	-	-	-	-	(8,580,559,803)	(8,580,559,803)	(2,311,461,834)	(10,892,021,637)
Balance as of 31 December 2009	13,760,435,198	1,976,477,530	206,307,094	-	763,976,886	5,056,522,215	21,763,718,923	9,835,534,208	31,599,253,131

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

Statements of changes in equity (continued)

G Steel Public Company Limited and its subsidiaries

For the years ended 31 December 2009 and 2008

(Unit : Baht.)

	Note	Separate financial statements						Total equity attributable to equity holders of the Company
		Issued and paid-up share capital	Surplus on ordinary shares		Retained earnings			
			Share premium	Premium on capital reduction		Legal reserve	Unappropriated	
Balance at 1 January 2008	35	11,100,000,000	2,561,677,530	206,307,094	763,976,886	13,371,101,006	28,003,062,516	
Loss for the year		-	-	-	-	(2,452,308,985)	(2,452,308,985)	
Dividend		-	-	-	-	(275,179,400)	(275,179,400)	
Issue of ordinary shares	23	2,660,000,000	(585,200,000)	-	-	-	2,074,800,000	
Issue of ordinary shares from exercise of warrants	25	435,198	-	-	-	-	435,198	
Balance at 31 December 2008		13,760,435,198	1,976,477,530	206,307,094	763,976,886	10,643,612,621	27,350,809,329	
Balance at 1 January 2009		13,760,435,198	1,976,477,530	206,307,094	763,976,886	10,643,612,621	27,350,809,329	
Loss for the year		-	-	-	-	(8,932,216,594)	(8,932,216,594)	
Balance at 31 December 2009		13,760,435,198	1,976,477,530	206,307,094	763,976,886	1,711,396,027	18,418,592,735	

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

Notes to the Financial Statements

G Steel Public Company Limited and Its subsidiaries For the years ended 31 December 2009 and 2008

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These notes form an integral part of the financial statements. The financial statements were authorised for issue by the Board of Directors on 25 February 2010.

1. General information and going concern

1.1 General information

G Steel Public Company Limited, the "Company", is incorporated in Thailand and has its registered office as follows

Head office : 88, PASO Tower, 18th Floor, Silom Road, Suriyawong, Bangrak, Bangkok 10500
 Factory : 55 Moo 5, SSP Industrial Estate, Tambol Nonglalog, Amphur Bankhai,
 Rayong 21120

The Company was listed on the Stock Exchange of Thailand on 25 January 2006.

The Company's major shareholders during the financial period were Whiterock Global Fund, SPC. (19.33% shareholding) and Superior Overseas (Thailand) Co., Ltd. (18.33% shareholding). The two companies were incorporated in Cayman Islands and Thailand, respectively.

The principal activities of the Company are the manufacturing and distribution of hot rolled coil steel products.

Details of the Company's subsidiaries as at 31 December 2009 and 2008 were as follows :

Name of the entity	Type of business	Country of incorporation	Ownership interest (%)	
			2009	2008
Direct subsidiaries				
Siam Professional Holdings Company Limited	Holdings Company	Thailand	99.99	99.99
G J Steel Public Company Limited (held by Oriental Access Co., Ltd. 27.22%)	Manufacture and distribution of hot rolled coil steel products	Thailand	49.66	49.66
Indirect subsidiaries				
Oriental Access Co., Ltd. (held by Siam Professional Holdings Company Limited 99.98%)	Consulting service and investing	Thailand	99.97	99.97
NSM Steel Company Limited. (held by G J Steel Public Company Limited 100%)	Dormant	Cayman Islands, Cayman	-	49.66
NSM Steel (Delaware) Inc. (held by NSM Steel Company Limited 100%)	Dormant	The United States of America	-	49.66

The financial statements of G J Steel Public Company Limited ("GJS") are included in the consolidated financial statements from 2 June 2008 as the Company's management assumed control over GJS's financial policies and operations on that date.

NSM Steel Company Limited, and NSM Steel (Delaware) Inc. have been struck off under the laws of the Cayman Islands.

1.2 Going concern

Since the second half of 2008, the operations of the Company and its subsidiaries have been significantly affected by the global economic recession. As a result, the Group and the Company made operating losses for the year ended 31 December 2009 of Baht 10,892 million and Baht 8,932 million, respectively and as at 31 December 2009 net current liabilities exceeded net current assets by Baht 20,087 million and Baht 12,905 million, respectively, and are experiencing liquidity problems. The Company and its subsidiaries need to generate sufficient operating cash flows to meet both their working capital requirements and their operating obligations.

The Company and its subsidiaries have postponed payments to trade and other creditors. As at 31 December 2009, a subsidiary, Oriental Access Co., Ltd., had been unable to make loan principal instalment payments due and payable totalling approximately Baht 2,133 million (USD 64 million) and is thereby in default of the loan covenants. Furthermore, the Company has obligations totaling approximately Baht 5,669 million to redeem bonds that mature in the fourth quarter of 2010 and to pay interest on these bonds. Under a cross-default clause on these bonds triggered by the subsidiary's loan covenant default, the bonds become due and payable upon the exercise of the rights of the bond holders. The bonds have, accordingly, been reclassified as current liabilities in the consolidated and separate balance sheets as at 31 December 2009. These circumstances raise substantial uncertainties over the Company's and its subsidiaries' ability to continue as going concerns and to realize the carrying amounts of their assets.

The Company plans to solve the liquidity problem by seeking new investment from abroad, finding additional credit facilities from financial institutions both domestically and abroad, refinancing the existing debt from financial institutions, negotiating improved terms of payment with trade creditors, improving collection of receivables, and increasing cash sales.

The financial statements of the Company and its subsidiaries have been prepared on the going concern basis, which assumes that the Company and its subsidiaries will realize their assets and repay their liabilities in the ordinary course of business. Should the outcome of the uncertainties mentioned above not be favorable to the Company and its subsidiaries continuing as going concerns, it would likely be necessary to present the financial statements on a net realizable value basis rather than on a going concern basis.

The financial statements as presented do not include any adjustments that would be required should the Company and its subsidiaries be unable to generate sufficient cash flows and/or raise additional finance from other sources to enable them to continue as going concerns.

2. Basis of preparation of the financial statements

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

The financial statements are prepared in accordance with Thai Accounting Standards ("TAS") and Thai Financial Reporting Standards ("TFRS") including related interpretations and guidelines promulgated by the Federation of Accounting Professions ("FAP") and with generally accepted accounting principles in Thailand.

On 15 May 2009, the FAP announced (Announcement No. 12/2009) the re-numbering of TAS to the same numbers as the International Accounting Standards ("IAS") on which the TAS/TFRS are based.

The Company has adopted the following revised TAS/TFRS and accounting guidance which were issued by the FAP during 2008 and 2009 and effective for annual accounting periods beginning on or after 1 January 2009 :

TAS 36 (revised 2007) Impairment of Assets

TFRS 5 (revised 2007) Non-current Assets Held for Sale and Discontinued Operations (formerly TAS 54)

Framework for the Preparation and Presentation of Financial Statements (revised 2007) (effective on 26 June 2009)

The adoption of these revised TAS/TFRS and accounting guidance does not have any material impact on the Company's financial statements.

The FAP has issued during 2009 a revised TAS which is not currently effective and has not been adopted in the preparation of these financial statements. This revised TAS is disclosed in note 40.

The financial statements are presented in Thai Baht, rounded in the notes to financial statements to the nearest thousand (unless otherwise stated). They are prepared on the historical cost basis except as stated in the accounting policies.

The preparation of financial statements in conformity with TAS and 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 ongoing basis. Revisions to accounting estimates are recognised in the period in which estimates are revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical 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 7 Allowance for doubtful accounts

Note 8 Allowance for devaluation of inventories

Note 14 Appraisal valuations of property, plant and equipment

Note 37 Valuation of financial instruments

Note 38.3 Provision for loss on confirmed purchase orders for undelivered raw material

3. Significant accounting policies

(a) Basis of consolidation

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

Business combinations

Business combinations are accounted for under the purchase method. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

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.

Associates

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity. The consolidated financial statements include the Group’s share of the income, expenses and equity movements of associates, from the date that significant influence commences until the date that significant influence ceases. When the Group’s share of losses exceeds its interest in an associate, the Group’s carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

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. Unrealised gains arising from transactions with associates are eliminated against the investment to the extent of the Group’s interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currencies

Foreign currency transactions

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

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

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

(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

Raw materials and finished goods

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

Cost is calculated using the weighted average 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 manufactured inventories 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.

The Group provided allowance for deteriorated, damaged, obsolete and slow-moving inventories.

(f) Investments

Investments in subsidiaries and associates

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

Investments in other equity securities

Marketable equity securities are classified as being available-for-sale investments. Available-for-sale investments are, subsequent to initial recognition, stated at fair value, and changes therein, other than impairment losses and foreign currency differences on available-for-sale monetary items, are recognised directly in equity. Impairment losses and foreign exchange differences are recognised in the statement of income. When these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is

recognised in the statement of income.

The fair value of financial instruments classified as available-for-sale is determined as the quoted bid price at the reporting date.

Other investments

Other long-term investments represent time deposits with banks which have been pledged as collateral for credit facilities obtained from the banks. The Group treats these investments as general investments and carries them at cost.

Disposal of investments

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

(g) Property, plant and equipment

Owned assets

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

Depreciation

Depreciation is charged to the statement of income on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment except depreciation of machineries are depreciated on a production unit basis. The estimated useful lives are as follows :

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

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

(h) Intangible assets

Intangible assets represent cost of computer software and cost of a production licence (licence). Intangible assets that are acquired by the Group, which have finite useful lives, are stated at cost less accumulated amortisation and impairment losses. Other intangible assets are amortised in the statement of income on a straight-line basis over their estimated useful lives from the date that they are available for use. The estimated useful lives are as follows :

Cost of computer software licence	10 years
Cost of licence for production	25 years

(i) Deferred costs of rolls

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

(j) Impairment

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

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

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

Calculation of recoverable amount

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

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

Reversals of impairment

An impairment loss in respect of a financial asset is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised. For available-for-sale financial assets that are equity securities, the reversal is recognised directly in equity.

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

(k) Interest-bearing liabilities

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

borrowings on an effective interest basis.

(l) Trade and other accounts payable

Trade and other accounts payable are stated at cost.

(m) Employee benefits

Provident fund

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

(n) Deferred bond arrangement fees / Discounts or premiums on bonds

Bond arrangement fees are recorded as deferred expenses and are amortised on an effective interest rate method over the period of bonds.

Discounts or premiums on the issuance of bonds are amortised on an effective interest rate method over the period of the bonds.

The amortisation of deferred bond arrangement fees and discount or premiums on bonds are included in determining income.

(o) Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Onerous contracts

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

(p) Revenue

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

Sale of goods and services rendered

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

Interest and dividend income

Interest income is recognised in the statement of income as it accrues. Dividend income is recognised in the statement of income on the date the Group's right to receive payment is established.

(q) Expenses

Operating leases

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

Finance costs

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

(r) Income tax

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

4. Related party transactions and balances

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

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

Name of entities	Country of incorporation/ nationality	Nature of relationships
Siam Professional Holdings Company Limited	Thailand	Subsidiary, 99.99% shareholding, more than 50% of directors are representatives of the Company
G J Steel Public Company Limited	Thailand	Subsidiary, 49.66% shareholding by the Company and its subsidiary, more than 50% of directors are representatives of the Company
Oriental Access Co., Ltd.	Thailand	Indirect subsidiary, more than 50% of directors are representatives of the Company
NSM Steel Company Limited	Cayman Islands, Cayman	Indirect subsidiary, more than 50% of directors are representatives of the Company

Name of entities	Country of incorporation/ nationality	Nature of relationships
NSM Steel (Delaware) Inc.	The United States of America	Indirect subsidiary, more than 50% of directors are representatives of the Company
Sukhumvit Inter Development Company Limited	Thailand	Related company with common directors
Millconsteel Industries Public Company Limited	Thailand	Related company with common directors
BRP Steel Company Limited	Thailand	Related company with common directors with the subsidiary
Great Eastern International Company Limited	Thailand	Related company with common directors with the subsidiary
Advance Metal Fabrications Company Limited	Thailand	Related company which has the shareholder as the Company's director. (For the year 2008, disclosed as business alliance in note 5 to the financial statements)

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

Transactions	Pricing policies
Revenue from rendering production services	Baht 5,100 per ton based on finished goods produced
Operating service income	Fixed rate as stipulated in agreement
Interest income	7 - 9% per annum
Sale of finished goods	Agreed upon basis based on market price
Purchase of raw material	Cost plus margin
Sales of raw material	Cost plus margin
Interest on investments in right over secured convertible debts (reversal)	MLR per annum
Purchase of raw water	Contractual prices
Rental and service expenses	Contractual prices

Significant transactions for the years ended 31 December 2009 and 2008 with related parties were as follows :

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
Subsidiaries				
Revenue from rendering production service	-	-	49,324	-
Operating service income	-	-	402,996	392,763
Interest income	-	-	145,997	89,847
Purchase of raw material	-	-	37,471	671,882
Other purchase	-	-	740	-
Sales of raw material (presented in other income net of related costs)	-	-	395,721	204,203
Transactions with G J Steel PCL. as associate				
Operating service income	-	175,751	-	-
Sale of goods	-	450,303	-	450,303
Purchase of raw material	-	440,293	-	440,293
Interest on investments in right over secured convertible debts (reversal)	-	(2,207)	-	-
Other related parties				
Purchase of raw water	-	-	8,405	17,350
Purchase of raw material	-	-	1,302,324	-
Sales of finished goods	-	-	1,210,956	-
Sales of raw material	-	-	4,187	-

Balances as at 31 December 2009 and 2008 with related parties were as follows :

(Unit : Thousand Baht)

Trade accounts receivable from related parties	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
Other related parties				
Great Eastern International Company Limited	180,922	-	180,922	-
Advance Metal Fabrication Company Limited	121,144	-	121,144	-
Total	302,066	-	302,066	-

(Unit : Thousand Baht)

Amounts receivable from related parties	Note	Consolidated financial statements		Separate financial statements	
		2009	2008	2009	2008
Receivable from sales of raw materials					
Subsidiaries					
G J Steel Public Company Limited		-	-	345,850	187,626
Receivable from production services					
Subsidiaries					
G J Steel Public Company Limited		-	-	31,063	-
Receivable from operating service income					
Subsidiaries					
Oriental Access Company Limited		-	-	1,184,854	830,100
Less allowance for doubtful account		-	-	(1,171,611)	-
Net		-	-	13,243	830,100
Total		-	-	390,156	1,017,726
Bad and doubtful debts expense for the year	30	-	-	1,171,611	-

(Unit : Thousand Baht)

Receivables from scrap sales	Note	Consolidated and Separate financial statements	
		2009	2008
Other related party	9		
Advance Metal Fabrication Co., Ltd		352,532	-
Less allowance for doubtful account		(352,532)	-
Net		-	-

(Unit : Thousand Baht)

Deposit - related party	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
Other related party				
Sukhumvit Inter Development Company Limited	1,776	1,776	1,776	1,776
Total deposit - related party	1,776	1,776	1,776	1,776

Significant agreement with related parties

a) According to an agreement dated 11 September 2006, Maharaj Planner Co., Ltd. ("the Plan Administrator") entered an operation service agreement with Oriental Access Co., Ltd. and On City Holding Limited ("the Operator") to arrange working capital credit lines for the operation of GJS and act as its strategic advisor to provide services in relation to the operation of the Plan during the term, including the procurement of raw materials, production of products, sales, marketing, promotion and distribution of products both domestic and export markets. Fees are as follows :

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

The agreement commenced on 12 September 2006 and is for a period of 5 years with options to renew.

On 21 December 2006, Maharaj Planner Co., Ltd. ("the Plan Administrator") and Oriental Access Co., Ltd. agreed that the maximum fee payable under the operation service agreement shall not exceed USD 13,100,000 per annum and that fees in relation to the arrangement fee and revenue sharing in excess of the said minimum revenue sharing will be irrevocably waived.

b) Nonetheless, if GJS wishes to terminate the operation service agreement prior to the expiration of the term of the operation service agreement, GJS will be required to pay the termination fees as specified in the agreement to Oriental Access Co., Ltd. when GJS terminates the operation service agreement.

At a board of directors' meeting of GJS held on 6 November 2009, the board of directors passed a resolution concerning the terms of payment of the amount payable to the Company under the offset arrangement described in note 14. The repayment period is 3 years from 1 November 2009 to 31 October 2012. Interest is payable on the outstanding amount at MLR+1%, with a grace period of 90 days. Payments made by GJS shall be deducted first from outstanding interest payable with any remaining balance deducted from outstanding principal.

(Unit : Thousand Baht)

Loans to and interest receivable from related parties	Note	Consolidated financial statements		Separate financial statements	
		2009	2008	2009	2008
Subsidiaries					
Loans to related parties					
Oriental Access Company Limited		-	-	2,115,008	1,410,550
Siam Professional Holdings Company Limited		-	-	5,450	5,450
		-	-	2,120,458	1,416,000
Less allowance for doubtful accounts		-	-	(2,120,458)	-
Net		-	-	-	1,416,000
Interest receivable from related parties					
Oriental Access Company Limited		-	-	208,753	103,124
Siam Professional Holdings Company Limited		-	-	1,143	857
		-	-	209,896	103,981
Less allowance for doubtful accounts		-	-	(209,896)	-
Net		-	-	-	103,981
Total loans to and interest receivable from related parties		-	-	-	1,519,981
Bad and doubtful debts expense for the year	30	-	-	2,330,354	-

Movements of loans to related party for the years ended 31 December were as follows :

(Unit : Thousand Baht)

Loans to related parties	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
As at 1 January	-	-	1,416,000	909,145
Increase	-	-	704,458	1,038,195
Decrease	-	-	-	(531,340)
As at 31 December	-	-	2,120,458	1,416,000

(Unit : Thousand Baht)

Receivable from offsetting transaction (see notes 9 and 14)	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
Subsidiaries				
G J Steel Public Company Limited	-	-	992,237	-

The Company, GJS and a counterparty, which is also a debtor of the Company in respect of scrap sales, agreed to settle the outstanding debt owed by such counterparty to the Company by offsetting its debt to the Company against the amount receivable by the counterparty from GJS for the machinery purchase as described in note 14 to the financial statements.

(Unit : Thousand Baht)

Trade accounts payable to related parties	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
Subsidiary				
G J Steel Public Company Limited	-	-	-	663
Other related parties				
Sukhumvit Inter Development Company Limited	725	1,210	725	1,210
Advance Metal Fabrication Co., Ltd.	1,699	-	1,699	-
Millconsteel Industries Public Company Limited	44,047	-	44,047	-
BRP Steel Company Limited	159,051	-	129,693	-
Total	205,522	1,210	176,164	1,873

(Unit : Thousand Baht)

Accrued expense to related party	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
Other related party Sukhumvit Inter Development Company Limited	440	-	440	-

(Unit : Thousand Baht)

Advances received from related parties	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
Subsidiary G J Steel Public Company Limited	-	-	766	-
Other related party Millconsteel Industries Public Company Limited	258,284	-	115,294	-
	258,284	-	116,060	-

Guarantee obligations with related parties

The Company has guaranteed bank credit facilities of a subsidiary amounting to USD 100 million.

5. Transactions with business alliances

The Group has significant business transactions with business alliances, in which the Company formerly had shareholders or directors in common or whose directors have relationships with the Company's directors. The business transactions have been concluded on commercial terms and bases agreed upon in the ordinary course of business between the Company and those companies. Below is a summary of transactions with business alliances.

Transactions	Pricing policies
Sale of goods	Normal selling price
Purchase of raw material	Agreed upon basis based on market price
Transportation expenses and other services	Agreed upon basis and contractual price
Sale of raw material	Cost plus margin
Other income	Cost plus margin

Significant transactions for the years ended 31 December 2009 and 2008 with business alliances were as follows :

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
Sale of goods	2,265,402	5,738,333	2,260,709	5,738,160
Purchase of raw material	912,285	4,251,842	402,708	4,140,913
Transportation expenses and other services	224,875	675,592	224,875	676,592
Other income	-	1,226,657	-	1,226,657
Sale of raw materials	4,877	-	4,877	-

Balances as at 31 December 2008 and 2009 with business alliances were as follows :

(Unit : Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2009	2008	2009	2008
Trade accounts receivable	7				
Trinity Freight and Shipping Co., Ltd.		-	172	-	-
Nara International Co., Ltd.		91,086	144,695	91,086	144,695
Advance Metal Fabrication Co., Ltd.		-	59,802	-	59,802
Federal Steel Industry Co., Ltd.		391,230	77,897	391,230	77,897
Millenium Metal Work Co., Ltd.		29,545	93,925	29,545	93,925
		<u>511,861</u>	<u>376,491</u>	<u>511,861</u>	<u>376,319</u>
Receivables from scrap sales	9				
Advance Metal Fabrication Co., Ltd		-	1,194,718	-	1,194,718
Less allowance for doubtful account		-	(119,620)	-	(119,620)
Net		<u>-</u>	<u>1,075,098</u>	<u>-</u>	<u>1,075,098</u>
Other current assets - other receivables	10				
Trinity Freight and Shipping Co., Ltd.		<u>532</u>	<u>532</u>	<u>532</u>	<u>532</u>
Trade accounts payable	18				
Trinity Freight and Shipping Co., Ltd.		97,585	17,450	-	-
Nara International Co., Ltd.		-	48,850	-	48,850
Advance Metal Fabrication Co., Ltd.		-	24,587	-	24,587
		<u>97,585</u>	<u>90,887</u>	<u>-</u>	<u>73,437</u>

(Unit : Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2009	2008	2009	2008
Accrued expenses	21				
Trinity International Co., Ltd.		1,893	79,211	1,893	79,211
Trinity Freight and Shipping Co., Ltd.		30,168	35,471	30,168	35,471
		<u>32,061</u>	<u>114,682</u>	<u>32,061</u>	<u>114,682</u>
Other current liabilities - other payables					
Trinity Freight and Shipping Co., Ltd.		-	18,411	12,151	18,411
Trinity International Co., Ltd.		35,992	15,027	35,929	15,027
Nara International Co., Ltd.		2,124	-	-	-
Advance Metal Fabrication Co., Ltd.		768	4,387	-	-
		<u>38,884</u>	<u>37,825</u>	<u>48,080</u>	<u>33,438</u>

6. Cash and cash equivalents

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
Cash and deposits at financial institutions	58,872	155,746	17,659	71,220
Fixed deposits due within three months	1,704	1,366	-	-
Total	<u>60,576</u>	<u>157,112</u>	<u>17,659</u>	<u>71,220</u>

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

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
Thai Baht (THB)	46,485	140,669	14,815	65,637
United States Dollar (USD)	14,057	16,401	2,810	5,541
Other	34	42	34	42
Total	<u>60,576</u>	<u>157,112</u>	<u>17,659</u>	<u>71,220</u>

7. Trade accounts receivable

(Unit : Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2009	2008	2009	2008
Related parties	4	302,066	-	302,066	-
Business alliances	5	511,861	376,491	511,861	376,319
Other parties		1,616,492	3,580,748	802,791	1,154,258
		2,430,419	3,957,239	1,616,718	1,530,577
Less allowance for doubtful accounts		(1,236,785)	(971,658)	(516,232)	(408,821)
Net		1,193,634	2,985,581	1,100,486	1,121,756
Bad and doubtful debts expense for the year	30	265,127	971,408	107,411	408,821

Aging analyses for trade accounts receivable were as follows :

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
Related parties				
Within credit terms	83,490	-	83,490	-
Overdue :				
Less than 3 months	218,576	-	218,576	-
	302,066	-	302,066	-
Business alliances				
Within credit terms	126,543	231,418	126,543	231,246
Overdue:				
Less than 3 months	385,318	58,046	385,318	58,046
3 - 6 months	-	87,027	-	87,027
	511,861	376,491	511,861	376,319
Other parties				
Within credit terms	157,126	748,040	-	119,056
Overdue:				
Less than 3 months	243,578	1,551,255	179,980	255,303
3-6 months	139,774	1,140,983	2,706	601,138

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
6-12 months	338,213	140,220	177,287	178,761
Over 12 months	737,801	250	442,818	-
	1,616,492	3,580,748	802,791	1,154,258
Less allowance for doubtful accounts	(1,236,785)	(971,658)	(516,232)	(408,821)
Net	379,707	2,609,090	286,559	745,437
Total	1,193,634	2,985,581	1,100,486	1,121,756

The normal credit terms granted by the Company for domestic sales range from cash sales to 30-45 days and for export sales covered by letters of credit at sight.

The normal credit terms granted by the subsidiary, G J Steel Public Company Limited ("GJS"), for domestic sales range from cash sales to 120 days and for export sales covered by letters of credit at sight but since 2007 GJS has given credit terms of 90-120 days without letters of credit to a customer.

As at 31 December 2009, trade account receivable-other parties of the Company amounting to Baht 336 million were outstanding balances of two customers for which the Company has set aside full allowance for doubtful accounts. (2008: four customers ; Baht 409 million)

In the first quarter of 2009, one of those customers wrote to the Company requesting approval to pay outstanding debt amounting to Baht 135 million in monthly instalments over a period of 3 years, from March 2009 to December 2011. The other customer requested to pay outstanding debt amounting to Baht 206 million in instalments over a period of 4 years, from February 2009 to December 2012. The Company has agreed to these requests.

Trade accounts receivable are stated net, after offset of payables to the same counterparties in respect of machinery purchases from those counterparties.

(Unit : Thousand Baht)

	Consolidated financial statements	
	2009	2008
Balance before offset transactions for machinery purchases	3,955,396	3,957,239
Offset transactions	(1,524,977)	-
Net after offset transactions for machinery purchases	2,430,419	3,957,239

As at 31 December 2009, GJS had a trade receivable from an overseas counterparty of Baht 1,871 million (USD 55.9 million) of which Baht 1,737 million (USD 51.9 million) is overdue. GJS has entered into an

agreement with this counterparty to purchase machinery for Baht 1,525 million (USD 45.5 million) and to offset the cost of this machinery against the amount receivable from the counterparty. The net receivable after the offset was Baht 346 million (USD 10.4 million), for which GJS has made full allowance for doubtful accounts.

In addition, as at 31 December 2009, GJS had trade receivables of Baht 450 million from two domestic customers of which Baht 427 million is overdue and for which GJS has set up a Baht 375 million allowance for doubtful accounts.

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

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
Thai Baht (THB)	1,965,804	1,912,986	1,512,844	1,375,071
United States Dollar (USD)	464,615	2,044,253	103,874	155,506
Total	<u>2,430,419</u>	<u>3,957,239</u>	<u>1,616,718</u>	<u>1,530,577</u>

8. Inventories

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
Finished goods	504,156	2,573,030	160,335	895,051
Raw materials	1,482,170	5,498,556	1,082,287	2,285,756
Spare parts	354,861	1,260,791	354,861	395,470
Consumables	416,539	107,342	33,390	107,342
Others	121,369	187,490	89,283	206,565
	<u>2,879,095</u>	<u>9,627,209</u>	<u>1,720,156</u>	<u>3,890,184</u>
Less : Allowance for devaluation of inventories	<u>(1,129,432)</u>	<u>(3,393,030)</u>	<u>(1,028,969)</u>	<u>(1,472,698)</u>
Net	<u>1,749,663</u>	<u>6,234,179</u>	<u>691,187</u>	<u>2,417,486</u>

Cost of raw material was recorded as expenses and included in cost of goods sold for the year ended 31 December 2009 and 2008 as follows :

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
Changes in finished goods	(2,068,874)	2,030,450	(734,716)	352,471
Raw material and consumables used	21,678,046	39,444,162	9,071,959	19,406,899

As at 31 December 2009, finished goods of the Company amounting to Baht 104 million (2551 : 141 million Baht) were pledged as security for trading facilities.

As at 31 December 2009, finished goods of GJS, a subsidiary, were pledged as security for trading and loans facilities amounting to Baht 271 million (2008: 1,169 million) and as at 31 December 2008, raw materials were pledged as collateral for short-term loans from financial institutions of Baht 1,817 million (USD 52 million) (See note 17).

The Group and the Company recognised gain from the reversal of allowance for devaluation of inventories amounting to Baht 2,257 million and Baht 444 million for the year ended 31 December 2009, respectively. The reversal of devaluation of inventories was recognised due to the decrease in the inventory balance and the increase in the selling price of finished goods.

The Group and the Company recognised a provision for the devaluation of certain inventories to net realisable value amounting to Baht 3,343 million and Baht 1,462 million for the year 2008, respectively. The provision was recognised due to decrease in market prices of inventories.

During the first quarter of 2009, the Company made an allowance for devaluation of inventories of Baht 1,585 million based on evaluation of accumulated scrap with soil and some portion of the scrap with soil has been subsequently sold to third parties. As at 31 December 2009, the balance of scrap with soil included in raw materials was Baht 965 million and the Company has made full allowance for devaluation of inventories in this respect.

9. Receivables from scrap sales

(Unit : Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2009	2008	2009	2008
Related party	4	352,532	-	352,532	-
Business alliances	5	-	1,194,718	-	1,194,718
Other parties		478,380	2,387,626	478,380	2,387,626
		830,912	3,582,344	830,912	3,582,344
Less allowance for doubtful accounts		(830,912)	(358,383)	(830,912)	(358,383)
Net		-	3,223,961	-	3,223,961
Doubtful debts expense for the year	30	472,529	358,383	472,529	358,383
Balance before offset transactions					
for machinery purchases		3,253,323	3,582,344	3,253,323	3,582,344
Offset transactions for machinery purchases		(2,422,411)	-	(2,422,411)	-
Net after offset transactions					
for machinery purchases		830,912	3,582,344	830,912	3,582,344

Due to the current worldwide liquidity problems facing the steel industry, the Company has entered into various arrangements to reduce the gross amount of these receivables by offsetting amounts owed to the same counterparties for machinery purchases. Offset transactions during the period with counterparties for the sale of scrap were as follows :

- The Company and a counterparty ('Counterparty A'), have sent a notice of assignment to GJS to notify that all rights and interests in relation to GJS' purchase of machinery from Counterparty A for Baht 992 million (USD 29.8 million) shall be transferred and recorded by the Company as a payable for the purchase of machinery as described in note 14 to the financial statements.
- The Company entered into an arrangement with a supplier to purchase machinery for Baht 513 million (USD 15 million). Subsequently, the Company entered into an arrangement with a counterparty ('Counterparty B'), to offset the receivable from Counterparty B against the amount payable to the supplier for the purchase of the machinery.
- The Company entered into two agreements with a counterparty ('Counterparty C') to purchase machinery and equipment for Baht 917 million (USD 27.3 million) and offset the receivable from Counterparty C against the amount payable to Counterparty C for the purchase of the machinery and equipment.

10. Other current assets

(Unit : Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2009	2008	2009	2008
Other receivables		293,026	332,311	223,732	226,951
Less : allowance for doubtful accounts		(224,806)	(53,581)	(171,327)	(101)
		68,220	278,730	52,405	226,850
Refundable value added tax		3,521	141,623	3,381	106,671
Suspense value added tax		174,771	87,977	120,096	67,085
Advance for purchases of goods and service		421,873	1,145,276	260,222	266,749
Less : allowance for doubtful accounts		(15,594)	-	-	-
		406,279	1,145,276	260,222	266,749
Others		46,735	94,362	46,735	94,362
Net		699,526	1,747,968	482,839	761,717
Doubtful debts expense for the year	30	186,820	36,256	171,226	-

Other receivables as at 31 December 2009 included Baht 171 million (2008: Baht 171 million) (USD 4.9 million) in respect of credit notes issued by two suppliers of the Company as discounts on purchases of inventories made before the year 2006 but for which the Company has not received the benefits. As of 31 December 2009, the Company had made full allowance for doubtful accounts in respect of these receivables.

11. Restricted deposits at financial institutions

As at 31 December 2009 and 2008, the Company and its subsidiaries had pledged their deposits at financial institutions to secure credit facilities from those financial institutions as follows :

(Unit : Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2009	2008	2009	2008
Guarantee for purchasing of goods	17	6,325	102,080	6,325	102,080
Guarantee for the repayment of bond interest		-	310,636	-	310,636
Guarantee for utility supplies and services		194,100	134,100	25,400	25,400
Guarantee for other loans		15	667	-	-
Total		<u>200,440</u>	<u>547,483</u>	<u>31,725</u>	<u>438,116</u>

12. Investments in subsidiaries

Investments in subsidiaries as at 31 December 2009 and 2008 are as follows :

	Separate financial statements									
	Ownership interest (%)		Paid-up capital (million Baht)		Cost method (Thousand Baht)		Impairment (Thousand Baht)		At cost - net (Thousand Baht)	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Subsidiaries										
Siam Professional Holding Co., Ltd	99.99	99.99	341	341	340,999	340,999	340,999	-	-	340,999
G J Steel Public Company Limited	22.44	22.44	27,395	27,395	3,502,800	3,502,800	-	-	3,502,800	3,502,800
Total					<u>3,843,799</u>	<u>3,843,799</u>	<u>340,999</u>	<u>-</u>	<u>3,502,800</u>	<u>3,843,799</u>

As at 31 December 2009, the market price of ordinary shares of GJS was Baht of 0.20 per share (2008: Baht 0.14 per share) or equivalent to the valuation of investment of Baht 1,782 million. (2008 : Baht 1,247 million)

Siam Professional Holding Co., Ltd

During the third quarter of 2009, the Company made full allowance for impairment in the value of Siam Professional Holding Co., Ltd ("SPH"). SPH acts principally as the holding company for an investment in Oriental Access Co.,Ltd. ("OAC"), which is currently in financial difficulties. OAC has been informed by a loan creditor that, following default of the loan covenants by OAC, the loan creditor has reserved its rights to sell OAC's 27.22% shareholding in G J Steel Public Company Limited which has been pledged to the loan creditor as collateral for the loan. OAC has filed a petition with the court to seek a temporary injunction to prevent such enforcement. On 29 October 2009, the court granted a temporary injunction preventing the creditor from enforcing its rights over the pledged shares until the injunction is lifted.

G J Steel Public Steel Public Company Limited

During 2008, the Company entered into a share swap agreement with a shareholder of G J Steel Public Company Limited (GJS) whereby an ordinary share of the Company was to be swapped for 2.406 shares of GJS shares, with the share swap ratio depending on negotiations between the Company and the shareholder of GJS. In addition, the Company hired an independent financial advisor (Sage Capital Limited) to study the reasonableness of the share swap ratio using a discounted cash flow analysis. The financial advisor has reported the results of the study to the Board of Directors of the Company. Subsequently, on 31 March 2008, the Company received 6,400 million ordinary shares of GJS from a shareholder of GJS. The Company registered an increase in its paid up share capital by 2,660 million ordinary shares with a par of Baht 1 each, to a total of Baht 13,760 million, with the Ministry of Commerce on 1 April 2008. The market price of the Company's shares at the date of exchange was Baht 0.78 per share and the Company recorded cost of investment in GJS at the fair value of the 2,660 million additionally issued shares of the Company, amounting to Baht 2,074.8 million.

In March 2008, Oriental Access Co., Ltd. ("OAC"), a subsidiary, exercised the conversion rights over secured convertible debts of USD 72.5 million and received 7,514,027,369 shares of GJS. Therefore, as at 31 December 2008 and 2009, the subsidiary held a total of 10,806,434,586 shares of GJS.

As of 31 December 2009 and 2008, the Company and OAC had acquired a total of 19,717,700,657 shares of GJS (the Company only: 8,911,266,071 shares of GJS) with an average cost of investment of Baht 0.39 per share to the Company and Baht 0.44 per share to OAC. The combined shareholding of the Company and OAC in GJS stands at 49.66%.

As a condition of the loan agreement between OAC and the financial institutions, OAC had to pledge all its 10,806,434,586 shares held in GJS and rights over secured convertible debts to be converted in the future as security for the loan.

Under TFRS 3 (formerly TAS 43 (revised 2007)), which became effective for periods beginning on or after 1 January 2008, the Company must consider the fair value of the identifiable assets, liabilities and contingent liabilities of a company in which the Company is acquiring an interest in stages, by successive share purchases, and this applies to G J Steel Public Company Limited ("GJS"). Each time it acquires shares, the Company must compare the cost of acquisition with its interest in the fair value of the identifiable assets, liabilities and contingent

liabilities of GJS. The Company and its subsidiary acquired additional shares of GJS during March 2008 and at the end of March 2008. During the second quarter of 2008, the Company hired a financial advisor to ascertain the fair value of the identifiable assets, liabilities and contingent liabilities of GJS as at 31 March 2008. In February 2009, the Company received the draft report on fair value assessment from the financial advisor.

Details of the fair values of identifiable assets, liabilities and contingent liabilities of GJS, and their net book values as at 31 March 2008 were as follows :

(Unit : million Baht)

	As at 31 March 2008	
	Fair value	Net book value
Trade accounts receivable	2,106	2,106
Inventories	4,251	3,450
Property, plant and equipment	24,100	23,359
Suspended construction in progress	44	295
Tax benefit (see note below)	948	-
Other assets	2,671	2,671
Trade accounts payable	(1,043)	(1,043)
Loans	(359)	(359)
Other liabilities	(2,937)	(2,937)
Contingent liabilities	-	-
Net	29,781	27,542

GJS does not adopt an accounting policy for deferred tax. However, a financial advisor assessed the fair value of a tax benefit at Baht 948 million, which comprised a deferred tax asset arising from tax losses that had not been utilised by GJS.

Subsequently, during 2009 the Group has written-off the tax benefit of Baht 948 million carried in the consolidated balance sheet as at 31 December 2008. Since 2008, the operations of GJS have been significantly affected by the global economic recession resulting in GJS recording an operating loss of Baht 4,593 million for the year ended 31 December 2009. Under these circumstances, management considers that the value of the recorded tax benefit has been impaired and has written the tax benefit off in the consolidated statement of income for the year ended 31 December 2009.

The total cost of the shares acquired by the Company and OAC from the end of 2006 up to 31 March 2008 was Baht 8,209 million which represent a 49.66 % shareholding in GJS.

For investments in GJS made during 2008, the Company recognised differences between the interest of the Company in the fair value of the identifiable assets, liabilities and contingent liabilities of GJS and the total purchase costs incurred by the Company and its subsidiary in the income statement, as "Excess of interest in the net fair value of subsidiary over purchase cost".

13. Advance payment for purchases of property, plant and equipment

(Unit : Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2009	2008	2009	2008
Advance payment for :					
Hot rolled coil expansion project		3,241,587	3,396,353	3,241,587	3,396,353
Coil conditioning line project		579,542	563,245	579,542	563,245
Others		246,023	376,591	-	-
		4,067,152	4,336,189	3,821,129	3,959,598
Less allowance for doubtful accounts		(129,024)	-	-	-
Net		3,938,128	4,336,189	3,821,129	3,959,598
Doubtful debts expense for the year	30	129,024	-	-	-

As at 31 December 2009, the Company had made advance payments for property, plant and equipment amounting to Baht 3,821 million which were mainly paid during the period from 2005 to 2008. Currently, the Company is negotiating with the suppliers to extend the payment terms.

14. Property, plant and equipment

(Unit : Thousand Baht)

	Consolidated financial statements						
	Land and land improvements	Building and improvement	Machinery and equipment	Office equipment furniture and fixtures	Vehicles	Assets under construction and installation	Total
Cost							
At 1 January 2008	734,849	2,030,873	18,419,643	144,142	10,256	5,637,036	26,976,799
Acquisitions through business combinations	817,277	5,045,927	15,233,371	226,456	3,249	7,785,991	29,112,271
Additions	-	2,627	398,171	15,233	49	3,104,928	3,521,008
Disposals	-	(4,835)	-	(60)	(1,279)	(194,232)	(200,406)
Transfers	37,587	195,051	1,142,275	31	-	(1,549,556)	(174,612)
At 31 December 2008 and 1 January 2009	1,589,713	7,269,643	35,193,460	385,802	12,275	14,784,167	59,235,060
Addition	-	175	35,242	1,833	98	5,349,010	5,386,358
Disposals	-	-	(36)	(1,780)	-	(5,552)	(7,368)
Transfers	2,080	2,211,770	4,020,103	23,808	-	(6,258,074)	(313)
At 31 December 2009	1,591,793	9,481,588	39,248,769	409,663	12,373	13,869,551	64,613,737

(Unit : Thousand Baht)

	Consolidated financial statements						
	Land and land improvements	Building and improvement	Machinery and equipment	Office equipment furniture and fixtures	Vehicles	Assets under construction and installation	Total
Finance costs capitalised							
Finance costs capitalised during 2008 (note 32)	-	-	-	-	-	536,426	536,426
Rates of interest capitalised during 2008 (% per annum)	-	-	-	-	-	10.5%	10.5%
Finance costs capitalised during 2009 (note 32)	-	-	-	-	-	258,927	258,927
Rates of interest capitalised during 2009 (% per annum)	-	-	-	-	-	10.5%	10.5%
Accumulated depreciation							
At 1 January 2008	-	738,048	3,233,874	109,890	4,885	-	4,086,697
Increase from investment in subsidiary	2,506	2,508,159	2,329,321	174,494	3,010	-	5,017,490
Depreciation charge for the year	1,293	299,455	1,190,975	28,232	1,880	-	1,521,835
Disposals	-	(2,242)	-	(29)	(1,279)	-	(3,550)
At 31 December 2008 and 1 January 2009	3,799	3,543,420	6,754,170	312,587	8,496	-	10,622,472
Depreciation charge for the year	3,645	522,807	809,905	30,858	1,701	-	1,368,916
Disposals	-	-	(23)	(1,452)	-	-	(1,475)
At 31 December 2009	7,444	4,066,227	7,564,052	341,993	10,197	-	11,989,913
Allowance for loss on impairment							
At 1 January 2008	305,901	538,176	1,511,492	5,615	-	-	2,361,184
Addition from invest in subsidiary	194,351	42,926	81,564	-	-	523,090	841,931
At 31 December 2008 and 1 January 2009	500,252	581,102	1,593,056	5,615	-	523,090	3,203,115
Addition	-	411,611	356,628	-	-	818,871	1,587,110
At 31 December 2009	500,252	992,713	1,949,684	5,615	-	1,341,961	4,790,225
Net book value							
At 31 December 2008	1,085,662	3,145,121	26,846,234	67,601	3,778	14,261,077	45,409,473
At 31 December 2009	1,084,097	4,422,648	29,735,033	62,056	2,175	12,527,590	47,833,599

(Unit : Thousand Baht)

	Consolidated financial statements						
	Land and land improvements	Building and improvement	Machinery and equipment	Office equipment furniture and fixtures	Vehicles	Assets under construction and installation	Total
Cost							
At 1 January 2008	734,849	2,030,873	18,419,643	144,142	10,256	5,637,036	26,976,799
Additions	-	2,627	398,171	10,063	49	3,063,647	3,474,557
Disposals	-	(4,835)	-	-	(1,279)	-	(6,114)
Transfers	-	-	-	31	-	(31)	-
At 31 December 2008 and 1 January 2009	734,849	2,083,665	18,817,814	154,236	9,026	8,700,652	30,445,242
Additions	-	175	35,242	434	98	2,081,759	2,117,708
Disposals	-	-	(36)	(437)	-	(733)	(1,206)
Transfers	-	1,207,727	2,523,654	-	-	(3,731,381)	-
At 31 December 2009	734,849	3,236,567	21,376,674	154,233	9,124	7,050,297	32,561,744
Finance costs capitalised							
Finance costs capitalised during 2008 (note 32)	-	-	-	-	-	536,426	536,426
Rates of interest capitalised during 2008 (% per annum)	-	-	-	-	-	10.5%	10.5%
Finance costs capitalised during 2009 (note 32)	-	-	-	-	-	258,927	258,927
Rates of interest capitalised during 2009 (% per annum)	-	-	-	-	-	10.5%	10.5%
Accumulated depreciation							
At 1 January 2008	-	738,048	3,233,874	109,890	4,885	-	4,086,697
Depreciation charge for the year	-	67,391	578,618	16,668	1,784	-	664,461
Disposals	-	(2,242)	-	-	(1,278)	-	(3,520)
At 31 December 2008 and 1 January 2009	-	803,197	3,812,492	126,558	5,391	-	4,747,638
Depreciation charge for the year	-	105,166	467,462	9,674	1,578	-	583,880
Disposals	-	-	(23)	(437)	-	-	(460)
At 31 December 2009	-	908,363	4,279,931	135,795	6,969	-	5,331,058

(Unit : Thousand Baht)

	Consolidated financial statements						
	Land and land improvements	Building and improvement	Machinery and equipment	Office equipment furniture and fixtures	Vehicles	Assets under construction and installation	Total
Allowance for loss on impairment							
At 1 January 2008	305,901	538,176	1,511,492	5,615	-	-	2,361,184
Addition	-	-	-	-	-	-	-
At 31 December 2008 and 1 January 2009	305,901	538,176	1,511,492	5,615	-	-	2,361,184
Addition	-	411,611	356,628	-	-	797,754	1,565,993
At 31 December 2009	305,901	949,787	1,868,120	5,615	-	797,754	3,927,177
Net book value							
At 31 December 2008	428,948	687,292	13,493,830	22,063	3,635	8,700,652	23,336,420
At 31 December 2009	428,948	1,378,417	15,228,623	12,823	2,155	6,252,543	23,303,509

Details of assets under construction and installation as at 31 December were as follows

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
Hot rolled coil expansion	1,522,324	2,616,383	1,522,324	2,616,383
Coil conditioning line	5,487,777	6,039,562	5,487,777	6,039,562
Galvanizing line	5,083,216	3,863,412	-	-
Push Pull Pickling line	-	1,184,744	-	-
Reversing Mill line	1,524,977	-	-	-
Others	251,257	1,080,066	40,196	44,707
Total	13,869,551	14,784,167	7,050,297	8,700,652

The gross amount of the Group and the Company's fully depreciated property, plant and equipment that was still in use as at 31 December 2009 amounted to Baht 854 million and Baht 703 million, respectively. (2008: Baht 424 million and Baht 287 million, respectively).

The Company's machinery and equipment were appraised by an independent appraiser during 2009 based on assumptions on the value in use of the assets concerned. The result of this recent appraisal did not indicate any impairment in the carrying value of these assets.

The Company hired an independent appraiser to reappraise its existing property, plant and equipment. The appraisal was made on the Depreciated Replacement Cost Approach (DRC) for the value of its land and buildings and on the Open Market Value for the value of its machinery and equipment, the results of this appraisal did not indicate any impairment in the carrying value of these assets.

The Company hired an independent appraiser to appraise assets under construction and installation. The appraisal was made on the Replacement Cost Approach. The results of this appraisal indicated impairment of assets under construction and installation of Baht 1,566 million (including machinery from offsetting transaction of Baht 118 million as mentioned below). The Company has set up full allowance for this impairment loss.

GJS's property, plant and equipment were appraised by an independent appraiser during the quarter ended 31 March 2008 and the results of this appraisal did not indicate any impairment in the carrying value of these assets.

As discussed in note 9, the Company has purchased machineries from counterparties which are also counterparties for scrap sales of the Company. As at 31 December 2009, the Company had received machinery from such counterparties in the amount of Baht 1,430 million (USD 42.3 million).

The Company hired an independent appraiser to reappraise the machineries purchased from counterparties as mentioned above. The appraisal was made on the Replacement Cost Approach for the value of its machineries. Based on the independent appraiser report, the appraised values of the Company's machineries from offsetting transactions are lower than purchase prices by Baht 118 million.

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

GJS entered into an agreement with a counterparty ('Counterparty A'), which is also a debtor of the Company's in respect of sale of scrap made by the Company to Counterparty A, to purchase machinery from Counterparty A for Baht 1,017 million (USD 29.8 million). The Company, GJS and Counterparty A have agreed to settle the outstanding debt owed by Counterparty A to the Company by offsetting Counterparty A's debt to the Company against the amount receivable by Counterparty A from GJS for the machinery purchase. Subsequently, the parties agreed to fix the USD/Baht exchange rate for the machinery purchase. As a result, the USD 29.8 million purchase price was converted to Baht 992 million.

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

GJS entered into an agreement with an overseas counterparty to purchase machinery for Baht 1,525 million (USD 45.5 million) and to offset the cost of this machinery against the outstanding amount receivable from the counterparty (see note 7).

GJS hired an independent appraiser to appraise the machineries purchased as mentioned above. The

appraisal was made on the Depreciated Replacement Cost method for the value of its machineries. The appraised values of the machineries were greater than the purchase prices.

During August 2009, GJS had an accident at a factory, which was consequently closed for repairs for about one month. The loss on damage of machinery and an equipment will be claimed from the insurance company. Consequently, GJS entered into a service agreement with the Company to produce finished goods during September 2009. However, regular production recommenced in October 2009.

As at 31 December 2009, GJS's property, plant and equipment and construction in progress, with a net book value of Baht 15,703 million, were pledged as collateral for liabilities under the rehabilitation plan. (2008: Baht 16,466 million)

15. Intangible assets

(Unit : Thousand Baht)

	Consolidated financial statements			
	Software	Licence	Other	Total
Cost				
At 1 January 2008	41,011	-	-	41,011
Acquisitions through business combinations	9,258	23,420	547	33,225
Additions	642	-	-	642
Transfers	174,612	-	-	174,612
At 31 December 2008 and 1 January 2009	225,523	23,420	547	249,490
Additions	1,070	-	-	1,070
Transfers	313	-	-	313
At 31 December 2009	226,906	23,420	547	250,873
Accumulated amortisation				
At 1 January 2008	6,769	-	-	6,769
Amortisation charge for the year	137,855	637	-	136,492
At 31 December 2008 and 1 January 2009	144,624	637	-	145,261
Amortisation charge for the year	10,051	1,627	-	11,678
Impairment charge	-	-	547	547
At 31 December 2009	154,675	2,264	547	157,486
Net book value				
At 31 December 2008	80,899	22,783	547	104,229
At 31 December 2009	72,231	21,156	-	93,387

(Unit : thousand Baht)

	Separate financial statements
	Software
Cost	
At 1 January 2008	47,779
Acquisitions through business combinations	-
Additions	-
Transfers	-
At 31 December 2008 and 1 January 2009	47,779
Additions	-
Transfers	-
At 31 December 2009	47,779
Accumulated amortisation	
At 1 January 2008	6,768
Amortisation charge for the year	4,778
At 31 December 2008 and 1 January 2009	11,546
Amortisation charge for the year	4,778
At 31 December 2009	16,324
Net book value	
At 31 December 2008	36,233
At 31 December 2009	31,455

16. Other non-current assets

(Unit : Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2009	2008	2009	2008
Suspended construction in progress		2,086,474	2,086,474	-	-
Less allowance for impairment		(2,041,990)	(2,041,990)	-	-
		44,484	44,484	-	-
Deposit for purchase of raw material		377,999	365,976	176,421	164,398
Less allowance for doubtful account		(201,578)	(201,578)	-	-
		176,421	164,398	176,421	164,398

(Unit : Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2009	2008	2009	2008
Deposit-related party	4	1,776	1,776	1,776	1,776
Other deposits		32,869	79,581	15,092	27,846
Deferred cost of rolls		314,976	416,200	129,012	159,958
Spare parts and equipment		7,108	29,019	7,108	29,019
Others		52,912	15,763	1,836	2,727
Total		630,546	751,221	331,245	385,724
Doubtful debts expense for the year	30	-	201,858	-	-

Suspended construction in progress of GJS, a subsidiary, comprised the "Direct Reduced Iron" plant (DRI). The management of the GJS decided to suspend this project in 1999 and recorded an allowance for loss on impairment of the DRI project since a feasibility study conducted by an independent expert recommended that GJS should not proceed with the completion of the Direct Reduced Iron ("DRI") plant. Following the acquisition of its investment in GJS, the Company recorded the suspended construction in progress at fair value by reference to the appraisal report of an independent appraiser, as at 31 March 2008, amounting to Baht 44 million.

17. Interest-bearing liabilities

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
Current				
Short-term loans from financial institutions secured	228,829	1,630,179	228,829	325,570
Short-term loans from other parties secured	-	80,880	-	-
Short-term loan from other parties unsecured	481,114	-	406,774	-
	481,114	80,880	406,774	-
Current portion of long-term loan from financial institutions secured	2,132,511	1,052,472	-	-

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
Bonds				
unsecured	5,668,531	-	5,668,531	-
	<u>8,510,985</u>	<u>2,763,531</u>	<u>6,304,134</u>	<u>325,570</u>
Non-current				
Long-term loan from financial institutions				
secured	-	1,578,708	-	-
Bonds				
unsecured	-	5,897,885	-	5,897,885
	<u>-</u>	<u>7,476,593</u>	<u>-</u>	<u>5,897,885</u>
Total	<u>8,510,985</u>	<u>10,240,124</u>	<u>6,304,134</u>	<u>6,223,455</u>

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

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
Within one year	8,510,985	2,763,531	6,304,134	325,570
After one year but within five years	-	7,476,593	-	5,897,885
Total	<u>8,510,985</u>	<u>10,240,124</u>	<u>6,304,134</u>	<u>6,223,455</u>

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

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
Investments in subsidiary	4,706,240	4,706,240	-	-
Inventories	<u>104,070</u>	<u>3,127,539</u>	<u>104,070</u>	<u>141,000</u>
Total	<u>4,810,310</u>	<u>7,833,779</u>	<u>104,070</u>	<u>141,000</u>

Short-term loans from financial institutions

As at 31 December 2009, the Company had short-term loans from financial institutions, representing liabilities under trust receipts, which bear interest at from 8.25% to 15% per annum. (2008: 4.10% to 9.23% per annum).

Short-term loans from other parties

The Company

As at 31 December 2009, the balance of short-term loans from other parties to the Company was Baht 407 million (USD 10.9 million and Baht 40 million). The Company entered into a short-term loan agreement dated 14 January 2009 with an overseas company for USD 15 million with a fixed interest rate plus introductory fee and arrangement fee at a fixed rate of the total loan amount as stipulated in the agreement. The maturity date is 12 months after the disbursement date. The Company also entered into a short-term loan agreement with a local company for Baht 40 million with a fixed interest rate. The maturity date is 3 months after the disbursement date.

On the same day, the Company made a loan of USD 15 million to Oriental Access Co., Ltd., a subsidiary, to repay loans from financial institutions as described below.

During the year ended 31 December 2009, the Company repaid USD 4.1 million of the above loans.

Subsidiary

Short-term loans from other parties bear interest at 2% to 13% per annum in 2009 (2008: 11% to 13% per annum).

In 2008, GJS has entered into a loan agreement with a third party, "the lender", for loan facilities not exceeding Baht 240 million. The loan is due 60 days from draw-down of the loan, in addition, the lender charges a holding finished goods service fee not exceeding Baht 1,300,000. GJS has pledged finished goods to the lender as security for its obligation (see note 8).

As at 31 December 2008, GJS had unused short-term credit facilities equivalent to Baht 159 million.

Long-term loan from financial institutions

The long-term loan from financial institutions comprises a USD denominated loan to a subsidiary, Oriental Access Co., Ltd. ('OAC'). Loan principal is payable in April and October of each year until 2010 and interest is payable quarterly, subject to the stipulation that loan repayment must not conflict with covenants given to bondholders by the Company under the conditions of its bond issue. The loan is secured by pledge of OAC's 27.22% shareholding in G J Steel Public Company Limited, another subsidiary of the Company.

In the first quarter of 2009, OAC paid loan principal of USD 11.4 million, or Baht 401 million. The remaining amount of USD 63.6 million, or Baht 2,133 million, was to be repaid within one year. OAC was, however, unable to make a loan instalment payment of USD 15 million or Baht 503 million that was due on 30 April 2009 due to liquidity problems. This default resulted in OAC having to repay the full outstanding loan amounting to USD 63.6 million or Baht 2,133 million.

OAC has been informed by the loan creditor that, following default of the loan covenants by OAC, the loan creditor has reserved its rights to sell OAC's 27.22% shareholding in G J Steel Public Company Limited

which has been pledged to the loan creditor as collateral for the loan. OAC has filed a petition with the court to seek a temporary injunction to prevent such enforcement. On 29 October 2009, the court granted a temporary injunction preventing the creditor from enforcing its rights over the pledged shares until the injunction is lifted.

Bonds

As at 31 December 2009 and 2008, details of bonds of the Company were as follows :

(Unit : thousand Baht)

	Consolidated and Separate financial statements		
	31 December 2009		
	USD 100 million bonds	USD 70 million bonds	Total
Face value of bonds	4,093,574	2,746,562	6,840,136
Effect of exchange rate	(741,894)	(400,386)	(1,142,280)
Premium (discount) on face value	(14,476)	10,666	(3,810)
Amortisation of deferred bonds management fee	(18,483)	(7,032)	(25,515)
Book value of bonds	<u>3,318,721</u>	<u>2,349,810</u>	<u>5,668,531</u>

(Unit : thousand Baht)

	Consolidated and Separate financial statements		
	31 December 2009		
	USD 100 million bonds	USD 70 million bonds	Total
Face value of bonds	4,093,574	2,746,562	6,840,136
Effect of exchange rate	(585,334)	(290,794)	(876,128)
Premium (discount) on face value	(31,901)	23,551	(8,350)
Amortisation of deferred bonds management fee	(40,653)	(17,120)	(57,773)
Book value of bonds	<u>3,435,686</u>	<u>2,462,199</u>	<u>5,897,885</u>

On 2 September 2005, an extraordinary general meeting of the Company's shareholders passed a resolution to approve the issue of bonds in an amount not exceeding USD 250 million or the equivalent in other currency and the offer of such bonds on the Singapore Stock Exchange. On 4 October 2005, the Company offered its bonds to foreign investors with the following terms and conditions :-

Form	Unsecured bonds
Maturity period	5 years
Issue date	4 October 2005
Maturity date	4 October 2010
Offering value	USD 100 million
Offering amount	100,000 units
Face value	USD 1,000 per unit
Offering price	USD 981.16 per unit
Interest	10.5 percent per annum, with semi-annual payment on 4 April and 4 October of each year
Redemption at the option of the Company	Full or partial redemption on or after 4 October 2008 at a price of 05.25 percent of principal in 2008, 102.625 percent in 2009 and 100 percent in 2010 plus accrued interest up to the period of redemption
Redemption at the option of the bondholders	Redemption at a price of 101 percent of principal plus accrued interest at any time until maturity if there is a significant change in the Company's shareholding structure.
Covenants	<ol style="list-style-type: none"> 1) A reserve is to be set aside as security for interest payment 2) If the Company creates additional long-term debt, it must maintain certain financial ratios 3) No dividend may be declared or paid if the Company is in default on interest payment 4) Funds received from bond issuance are not to be used for other than the stipulated purposes 5) Negative pledge

In addition, on 16 February 2006, the Company issued and offered 70,000 units of bonds to the foreign investors. The bonds have face value at USD 1,000 each, totaling USD 70 million. The offering price was USD 1,019.78 per unit and the terms and conditions were the same as for the above issued bonds.

As at 31 December 2009, the Company did not maintain the required balance in the escrow account to meet the amount of the next bond coupon payment as specified in the bond covenant. On 22 October 2009, the Company received a letter from the trustee of the bond to inform an event of default as the

Company failed to pay interest in the amount of USD 8.9 million due on 5 October 2009.

As described above, Oriental Access Company Limited, a subsidiary, was unable to make a loan installment payment of USD 15 million or Baht 503 million that was due for payment in April 2009. Under a cross-default clause on the bonds triggered by the subsidiary's loan covenant default, the bonds become due and payable upon the exercise of the rights of the bond holders. The bonds, with a face value of Baht 5,699 million, have, accordingly, been reclassified as current liabilities in the consolidated and separate balance sheets as at 31 December 2009.

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

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
Thai Baht (THB)	114,300	187,492	60,000	-
United States Dollars (USD)	8,396,685	10,041,349	6,244,134	6,212,172
Others	-	11,283	-	11,283
Total	<u>8,510,985</u>	<u>10,240,124</u>	<u>6,304,134</u>	<u>6,223,455</u>

18. Trade accounts payable

(Unit : Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2009	2008	2009	2008
Related parties	4	205,522	1,210	176,164	1,873
Business alliances	5	97,585	90,887	-	73,437
Other parties		<u>6,355,558</u>	<u>7,313,908</u>	<u>4,183,523</u>	<u>4,714,685</u>
Total		<u>6,658,665</u>	<u>7,406,005</u>	<u>4,359,687</u>	<u>4,789,995</u>

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

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
Thai Baht (THB)	1,535,376	1,317,346	1,184,497	725,410
United States Dollars (USD)	<u>4,994,037</u>	<u>5,940,081</u>	<u>3,047,593</u>	<u>3,957,327</u>
Others	<u>129,252</u>	<u>148,578</u>	<u>127,597</u>	<u>107,258</u>
Total	<u>6,658,665</u>	<u>7,406,005</u>	<u>4,359,687</u>	<u>4,789,995</u>

The Company had agreements to purchase raw materials with various overseas suppliers. The Company has released raw materials but still not paid for the material under consignment agreements in the amount of Baht 756 million as at 31 December 2009. The Company has to pay interest at LIBOR + 1% to LIBOR + 1.5% per annum on the released raw materials and on the payables balance from the boarding date on ship until full payment is made (2008: Baht 1,358 million, interest rate at LIBOR + 1% to LIBOR + 1.5% per annum).

GJS had agreements to purchase raw materials with various overseas suppliers. GJS has released raw materials but still not paid for the material under consignment agreements in the amount of Baht 1,555 million as at 31 December 2009. GJS has to pay interest at 2% to 6% and MLR per annum on the released raw materials and on the payables balance from the boarding date on ship until full payment is made (2008: Baht 1,405 million, interest rate at 4.10% to 9.23% and MLR per annum).

19. Advances received from customers

(Unit : Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2009	2008	2009	2008
Related parties	4	258,284	-	116,060	-
Other parties		3,108,391	3,567,178	1,668,493	1,955,721
Total		3,366,675	3,567,178	1,784,553	1,955,721

As at 31 December 2009, the Company had received an advance from a customer for an amount of Baht 1,584 million (USD 49 million) (2008: Baht 1,627 million (USD 50 million)).

According to the master agreements with such customer, the Company has an obligation to deliver goods to the customer in the future and give a commodity discount for the goods sold to such customer.

Currently, the Company is in the process of negotiating the terms and conditions with the customer.

The currency denomination of advances received from customers as at 31 December was as follows :

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
Thai Baht (THB)	1,782,604	1,775,544	200,482	164,087
United States Dollars (USD)	1,584,071	1,791,634	1,584,071	1,791,634
Total	3,366,675	3,567,178	1,784,553	1,955,721

20. Accrued interest expenses

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
Bonds	442,059	149,597	442,059	149,597
Consigned inventories	344,418	175,962	266,427	170,504
Financial institutions	147,454	39,323	41,863	3,028
Others	4,183	7,175	-	-
Total	<u>938,114</u>	<u>372,057</u>	<u>750,349</u>	<u>323,129</u>

The currency denomination of accrued interest expenses as at 31 December was as follows :

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
Thai Baht (THB)	8,006	7,699	3,823	524
United States Dollars (USD)	<u>930,108</u>	<u>364,358</u>	<u>746,526</u>	<u>322,605</u>
Total	<u>938,114</u>	<u>372,057</u>	<u>750,349</u>	<u>323,129</u>

21. Other current liabilities

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
The Revenue Department payable	591,031	113,020	342,050	78,757
Machinery purchase and Construction payable	764,736	255,819	333,619	167,623
Others	<u>485,300</u>	<u>325,251</u>	<u>485,300</u>	<u>388,853</u>
Total	<u>1,841,067</u>	<u>694,090</u>	<u>1,160,969</u>	<u>635,233</u>

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

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
Thai Baht (THB)	1,042,522	442,405	780,637	401,319
United States Dollars (USD)	780,636	239,631	368,955	228,598
Others	17,909	12,054	11,377	5,316
Total	1,841,067	694,090	1,160,969	635,233

22. Liabilities which were included under the rehabilitation plan

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
Balance - beginning of the year	1,113,258	740,293	718,380	740,293
Increase from investment in subsidiary				
Less : Repayment and adjust exchange rate during the year	-	864,775	-	-
creditors forgiven debts after the rehabilitation plan	(18,274)	(182,644)	(12,651)	(12,747)
	-	(309,166)	-	(9,166)
Balance - end of the year	1,094,984	1,113,258	705,729	718,380
Less : Current portion of liabilities included under the rehabilitation plan	(15,124)	(14,712)	(15,124)	(14,712)
Total liabilities which were included under the rehabilitation plan - net of current portion	1,079,860	1,098,546	690,605	703,668

The currency denomination of liabilities which were included under the rehabilitation plan as at 31

December was as follows :

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
Thai Baht (THB)	965,296	977,948	705,729	718,380
United States Dollars (USD)	105,147	110,058	-	-
Others	24,541	25,252	-	-
Total	1,094,984	1,113,258	705,729	718,380

23. Share capital

(thousand shares : thousand Baht)

	Par value per share (in Baht)	2009		2008	
		Thousand Shares	Thousand Baht	Thousand Shares	Thousand Baht
Authorised					
At 1 January					
- ordinary shares	1.00	13,860,000	13,860,000	12,000,000	12,000,000
Reduction of shares	1.00	-	-	(800,000)	(800,000)
Increase of new shares	1.00	-	-	2,660,000	2,660,000
At 31 December					
- ordinary shares	1.00	13,860,000	13,860,000	13,860,000	13,860,000
Issued and paid up					
At 1 January					
- ordinary shares	1.00	13,760,435	13,760,435	11,100,000	11,100,000
Increase of shares due to shares swap	1.00	-	-	2,660,000	2,660,000
Increase of shares due to exercise warrants	1.00	-	-	435	435
At 31 December					
- ordinary shares	1.00	13,760,435	13,760,435	13,760,435	13,760,435

On 19 March 2008, the Extraordinary General Meeting of Shareholders No. 1/2008 passed the following resolutions.

1. Resolved to approve the additional investment in secured claims, convertible into shares pursuant to the rehabilitation plan, of G J Steel Public Company Limited ("GJS") and/or common shares which have been converted, in a total amount not exceeding 6,400 million shares or around 16.12% of the paid up capital of GJS after fully conversion.

2. Resolved to approve the reduction of the registered capital of the Company from Baht 12,000 million to Baht 11,200 million, through the elimination of 800 million unissued ordinary shares with a par value of Baht 1, or a total of Baht 800 million.

3. Resolved to approve an increase in the registered capital of the Company from Baht 11,200 million to no more than Baht 14,000 million, through the issuance of no more than 2,800 million shares with a par value of Baht 1.

4. Resolved to approved the amendment of clause 4 of the Company's Memorandum of Association to correspond to the changes in the Company's capital.

5. Resolved to approve the allotment of no more than 2,800 million of the newly issued ordinary shares in consideration of the secured claims, convertible into shares pursuant to the rehabilitation plan, of GJS and/or shares in a total amount not exceeding 6,400 million shares.

The Company issued 2,660 million ordinary shares at Baht 1.00 to swap for 6,400 million ordinary shares of G J Steel Public Company Limited. The registered share capital of the Company increased from Baht 11,200 million to Baht 13,860 million and the paid-up share capital of the Company increased from Baht 11,100 million to Baht 13,760 million, (comprised of 13,760 million ordinary shares with a par value of Baht 1 each). The market price of the Company's shares at the transaction date was Baht 0.78 per share. The difference between par value of Baht 1 each and market value of Baht 0.78 on the 2,660 million ordinary shares was recorded in share premium in shareholder's equity.

The Company registered an issued registered share capital of Baht 13,860 million and paid-up share capital of Baht 13,760 million with the Ministry of Commerce on 1 April 2008. The Stock Exchange of Thailand approved the additional ordinary shares of the Company as listed securities on 8 April 2008.

During 2008, holders of the ESOP warrants applied to exercise 435,198 warrants, resulting in an increase in the Company's paid up share capital from Baht 13,760,000,000 to Baht 13,760,435,198. The Company registered the increase in its share capital with the Ministry of Commerce on 19 August 2008 and the Stock Exchange of Thailand approved the additional ordinary shares of the Company as listed securities on 25 August 2008.

As at 31 December 2009, the registered ordinary shares which are not issued and paid-up represent ordinary shares reserved for exercise of warrants.

24. Additional paid-in capital and reserves

Share premium

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

Legal reserve

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

25. Warrants

On 12 January 2006, the Company issued 99,972,200 warrants entitling the holders to subscribe for the Company's ordinary shares to directors and employees of the Company (ESOP), without charge. The warrants are exercisable for a period of 5 years from the issue date, in a ratio of 1 warrant to 1 ordinary share. The exercise price is Baht 1 per share. The directors and employees can exercise each of the one-third of all allocated warrants after the Company's shares have been traded on the Stock Exchange of Thailand for 1 year, 2 years and 3 years, respectively. The first date of exercise was on 30 March 2007 and the last date is on 11 January 2011.

The Company subsequently cancelled 23,476,862 warrants since the employees who held them resigned, thus breaching the conditions under which such warrants were received.

During 2008, on the final exercise date, holders of the ESOP warrants applied to exercise 435,198 warrants, resulting in an increase in the Company's paid up share capital from Baht 13,760,000,000 to Baht 13,760,435,198. The Company registered the increase in its share capital with the Ministry of Commerce on 19 August 2008. Therefore, as at 31 December 2009, there were outstanding 76,495,338 warrants.

26. Segment information

Segment information is presented in respect of the Group's business and geographic segments, based on the Group's management and internal reporting structure.

Business segments

The Group comprises the following main business segments :

Segment 1 Manufacture and distribution of hot rolled coils

Segment 2 Consulting services and investment in other company

These operations are mainly carried on in Thailand.

Geographic segments

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

The followings are the main geographical locations :

Segment 1 Domestic

Segment 2 Export

Revenue and results, based on business segments and geographic segments of the Group for the years ended 31 December 2009 and 2008 were as follows:

(Unit : Thousand Baht)

	Consolidated financial statements					
	Manufacture and distribution of hot rolled coils		Consulting services and investment in other company		Total	
	2009	2008	2009	2008	2009	2008
Segment revenue						
Domestic	20,271,155	27,893,714	-	175,751	20,271,155	28,069,465
Export	1,680,522	8,593,186	-	-	1,680,522	8,593,186
Total	21,951,677	36,486,900	-	175,751	21,951,677	36,662,651
Segment gross loss						
Domestic	(5,000,057)	(340,726)	-	-	(5,000,057)	(340,726)
Export	(748,949)	3,208	-	-	(748,949)	3,208
Total	(5,749,006)	(337,518)	-	-	(5,749,006)	(337,518)

27. Selling expenses

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
Commission expenses	3,547	-	3,547	-
Packing expenses	3,715	4,831	-	-
Domestic shipping expenses	235,967	314,874	139,812	207,714
Export shipping expenses	66,555	245,960	7,677	68,604
Total	309,784	565,665	151,036	276,318

28. Administrative expenses

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
Consulting expenses	82,503	377,410	45,828	36,057
Idle cost	616,738	82,964	336,554	-
Penalty charge	673,502	18,130	455,561	711
Depreciation and amortisation expenses and loss on write-off assets	219,196	561,767	37,421	16,358

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
Personnel expenses	212,278	186,469	79,168	72,475
Demurrage charges	103,690	90,299	-	-
Others	181,111	30,323	107,682	35,020
Total	2,089,018	1,347,362	1,062,214	160,621

29. Employee benefit expenses

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
Management				
Wages and salaries	61,160	58,576	28,806	37,202
Welfare	5,917	13,789	3,443	12,935
Contribution to defined benefit plans	976	827	505	555
	68,053	73,192	32,754	50,692
Other employees				
Wages and salaries	444,024	320,943	199,862	256,182
Welfare	108,794	69,231	35,833	49,263
Contribution to defined benefit plans	17,531	9,233	4,490	5,845
	570,349	399,407	240,185	311,290
Total	638,402	472,599	272,939	361,982

The defined contribution plans comprise provident funds established by the Company and a subsidiary, GJS, for their employees. Membership to the funds 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 and GJS at rates ranging from 3% to 10% of the employees' basic salaries. The provident funds are registered with the Ministry of Finance as juristic entities and are managed by a licensed Fund Manager.

30. Bad and doubtful debt expenses

(Unit : Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2009	2008	2009	2008
Amount receivable from related parties	4	-	-	1,171,611	-
Loans to and interest receivable from related parties	4	-	-	2,330,354	-
Trade account receivable	7	265,127	971,408	107,411	408,821
Receivables from scrap sales	9	472,529	358,383	472,529	358,383
Other current assets	10	186,820	36,256	171,226	-
Advance payment for purchase of property plant and equipment	13	129,024	-	-	-
Other non-current assets	16	-	201,858	-	-
Total		<u>1,053,500</u>	<u>1,567,905</u>	<u>4,253,131</u>	<u>767,204</u>

31. Other expenses

(Unit : Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2009	2008	2009	2008
Loss on write-off of tax benefit	12	947,773	-	-	-
Loss on sale of scrap with soil	8	204,647	-	204,647	-
Total		<u>1,152,420</u>	<u>-</u>	<u>204,647</u>	<u>-</u>

32. Finance costs

(Unit : Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2009	2008	2009	2008
Finance costs :					
Bonds		788,794	740,555	788,794	740,555
Financial institutions		643,568	537,774	27,939	25,648

(Unit : Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2009	2008	2009	2008
Other parties	14	392,469	426,913	171,554	270,521
		1,824,831	1,705,242	988,287	1,036,724
Capitalised as cost of assets under construction		(258,927)	(536,426)	(258,927)	(536,426)
Net		1,565,904	1,168,816	729,360	500,298

33. Promotional privileges

By virtue of the provisions of the Industrial Investment Promotion Act of B.E. 2520, the Company and a subsidiary, GJS, have been granted privileges by the Board of Investment relating to the manufacturing of Hot Rolled Coils, skinpass mill, melting metal, steel billet and bloom, slab and pipe & tube metal for the Company and 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") for GJS. 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 to eight 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.

The Company has not earned income under the promotion certificate No. 1579(2)/2548 for the manufacture of skinpass mill and the promotion certificate No. 1829(2)/2549 for the manufacture of melting metal, steel billet and bloom, slab and pipe & tube metal.

As promoted companies, the Company and GJS must comply with certain terms and conditions specified in the promotional certificates.

Summary of revenue from promoted and non-promoted businesses :

(Unit : Thousand Baht)

	Consolidated financial statements					
	2009			2008		
	Promoted Businesses	Non-Promoted businesses	Total	Promoted Businesses	Non-Promoted businesses	Total
Export Sale	1,509,650	170,872	1,680,522	3,870,766	4,722,420	8,593,186
Domestic Sale	10,549,589	9,721,566	20,271,155	9,451,190	18,442,524	27,893,714
Total Revenue	12,059,239	9,892,438	21,951,677	13,321,956	23,164,944	36,486,900

(Unit : Thousand Baht)

	Separate financial statements					
	2009			2008		
	Promoted Businesses	Non-Promoted businesses	Total	Promoted Businesses	Non-Promoted businesses	Total
Export Sale	-	170,872	170,872	-	4,587,389	4,587,389
Domestic Sale	-	9,669,088	9,669,088	-	18,571,749	18,571,749
Total Revenue	-	9,839,960	9,839,960	-	23,159,138	23,159,138

34. Loss per share

Basic Loss per share

The calculation of basic loss per share for the years ended 31 December 2009 and 2008 was based on the loss for the year attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding during the years as follows :

	Consolidated financial statements	
	2009	2008
Loss attributable to equity holders of the Company (Thousand Baht)	(8,580,560)	(1,234,288)
Weighted average number of ordinary shares outstanding (basic) (Thousand share)	13,760,435	13,098,846
Loss per share (basic) (Baht)	(0.62)	(0.09)

	Separate financial statements	
	2009	2008
Loss attributable to equity holders of the Company (Thousand Baht)	(8,932,216)	(2,452,309)
Weighted average number of ordinary shares outstanding (basic) (Thousand share)	13,760,435	13,098,846
Loss per share (basic) (in Baht) (Baht)	(0.65)	(0.19)

The Company did not calculate the diluted loss per share after taking into account the exercise of warrants for the years ended 31 December 2009 and 2008 because the exercise price of the Company's warrants was higher than the market price of the Company's ordinary shares.

35. Dividends

At the annual general meeting of the shareholders of the Company held on 24 April 2008, the shareholders approved the appropriation of dividend of Baht 0.02 per share, amounting to Baht 275.2 million. The dividend was paid to shareholders during 2008.

36. Changes in accounting policy

During the second quarter of 2009, G J Steel Public Company Limited, a subsidiary, changed its accounting policy in respect of the method used for calculating the value of its raw materials and spare parts and supplies from the first-in, first-out method to the weighted average method as management considers it is more appropriate to the nature of GJS' business and to comply with the Company's accounting policy. Later, on 14 May 2009, GJS received approval for this change from The Revenue Department.

The change in accounting policy of GJS did not have a material effect on the consolidated financial statements. Therefore, the Company has not restated the comparative consolidated financial statements.

37. Financial instruments

As at 31 December 2009, the Group/Company had not entered into any derivative contracts to hedge its exposure to foreign currency exchange risk.

Significant risks of financial instruments are summarised as follows :

Financial risk management policies

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

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

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 Group/Company are floating rates, which are based on market rates.

The effective interest rates of financial assets and financial liabilities as at 31 December 2009 and 2008 and the periods to maturity or re-pricing were as follows :

(Unit : Thousand Baht)

	Effective Interest rate (% per annum)	Consolidated financial statements			
		Within 1 year	After 1 year but within 5 years	After 5 years	Total
2009					
<i>Financial assets :</i>					
Cash and cash equivalents	0.5%-1.25%	60,576	-	-	60,576
Current investment	0.75%-2.75%	3,405	-	-	3,405
Restricted deposits at financial institutions	0.75%-2.75%	-	200,441	-	200,441
		<u>63,981</u>	<u>200,441</u>	<u>-</u>	<u>264,422</u>
<i>Financial liabilities :</i>					
Short term loans from financial institutions	8.25%	228,829	-	-	228,829
Short-term loans from other parties	2%-13%	481,114	-	-	481,114
Current-portion of ong-term loan from financial institutions	SIBOR+MARGIN	2,132,511	-	-	2,132,511
Bonds	10.5%	5,668,531	-	-	5,668,531
		<u>8,510,985</u>	<u>-</u>	<u>-</u>	<u>8,510,985</u>
2008					
<i>Financial assets :</i>					
Cash and cash equivalents	0.75%-2.63%	157,112	-	-	157,112
Current investment	1.40%-2.50%	836	-	-	836
Restricted deposits at financial institutions	1.40%-2.50%	-	547,483	-	547,483
		<u>157,948</u>	<u>547,483</u>	<u>-</u>	<u>705,431</u>
<i>Financial liabilities :</i>					
Short term loans from financial institutions	4.10%-9.23%	1,630,179	-	-	1,630,179
Short-term loans from other parties	11%-13%	80,880	-	-	80,880
Long-term loan from financial institutions	SIBOR+MARGIN	1,052,472	1,578,708	-	2,631,180
Bonds	10.5%	-	5,897,885	-	5,897,885
		<u>2,763,531</u>	<u>7,476,593</u>	<u>-</u>	<u>10,240,124</u>

(Unit : Thousand Baht)

	Effective Interest rate (% per annum)	Separate financial statements			
		Within 1 year	After 1 year but within 5 years	After 5 years	Total
2009					
<i>Financial assets :</i>					
Cash and cash equivalents	0.5%-1.25%	17,659	-	-	17,659
Restricted deposits at financial institutions	1.40%-2.50%	-	31,725	-	31,725
		17,659	31,725	-	49,384
<i>Financial liabilities :</i>					
Short-term loans from financial institutions	6.90%-7.25%	228,829	-	-	228,829
Short-term loans from other parties	9.00%-10.00%	406,774	-	-	406,774
Bonds	10.5%	5,668,531	-	-	-
5,668,531		6,304,134	-	-	6,304,134
2008					
<i>Financial assets :</i>					
Cash and cash equivalents	0.5%-1.25%	71,220	-	-	71,220
Restricted deposits at financial institutions	1.40%-2.50%	-	438,116	-	438,116
		71,220	438,116	-	509,336
<i>Financial liabilities :</i>					
Short-term loans from financial institutions	6.90%-7.25%	325,570	-	-	325,570
Short-term loans from other parties	11.00%-13.00%	-	-	-	-
Bonds	10.5%	-	-	5,897,885	-

Liquidity risk

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

The Group and Company have liquidity risk that the Group and Company need to generate sufficient operating cash flows to meet both its working capital requirements and its operating obligations, including obligations under the rehabilitation plan. The Group and Company monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group and Company's operations and to mitigate the effects of fluctuations in cash flows (see note 1.2).

Foreign currency risk

The Group / Company are exposed to foreign currency risks relating to purchases and sales which are denominated in foreign currencies.

At 31 December, the Group / Company were exposed to foreign currency risks in respect of financial assets and liabilities denominated in the following currencies :

(Unit : Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2009	2008	2009	2008
United States Dollars					
Cash and cash equivalents	6	14,057	16,401	2,810	5,541
Trade accounts receivable	7	464,615	2,044,253	103,874	155,506
Restricted deposit at financial institutions	11	2,325	312,898	2,325	312,898
Interest-bearing liabilities	17	(8,396,685)	(10,041,349)	(6,244,134)	(6,212,172)
Trade accounts payable	18	(4,994,037)	(5,940,081)	(3,047,593)	(3,957,327)
Advance received from customers	19	(1,584,071)	(1,791,634)	(1,584,071)	(1,791,634)
Accrued expense		(387,950)	(26,421)	(64,239)	-
Accrued interest expenses	20	(930,108)	(364,358)	(746,526)	(322,605)
Other current liabilities	21	(780,636)	(239,631)	(368,955)	(228,598)
Liabilities under rehabilitation plan	22	(105,147)	(110,058)	-	-
Gross balance sheet exposure		(16,697,637)	(16,139,980)	(11,946,509)	(12,038,391)
Estimated forecast sales		262,093	1,679,105	-	-
Estimated forecast purchases		(10,085,748)	(17,275,534)	(7,382,782)	(7,974,617)
Gross exposure		(26,521,292)	(31,736,409)	(19,329,291)	(20,013,008)
Others					
Cash and cash equivalents	6	34	42	34	42
Interest-bearing liabilities	17	-	(11,283)	-	(11,283)
Trade accounts payable	18	(129,252)	(148,578)	(127,597)	(107,258)
Accrued expenses		(338,090)	(38,816)	-	-
Other current liabilities	21	(17,909)	(12,054)	(11,377)	(5,316)
Liabilities under rehabilitation plan	22	(24,541)	(25,252)	-	-
Gross balance sheet exposure		(509,758)	(235,941)	(138,940)	(123,815)
Estimated forecast purchases		(375,529)	(334,645)	(335,706)	(36,018)
Gross exposure		(885,287)	(570,586)	(474,646)	(159,833)

Determination of fair values

A number of the Group's/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.

The fair value of non-derivative financial liabilities, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

The fair value of financial assets and liabilities is close to the carrying value in the balance sheets as at 31 December 2009 and 2008.

Maturities of financial assets and liabilities

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

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board is presently seeking additional capital investment in order to secure the ongoing viability of the Group and the Company.

38. Commitments with non-related parties

38.1 Commitments

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
Capital commitment				
Contracted but not provided for				
Land	105,000	166,500	-	-
Buildings and other constructions	90,459	82,346	85,019	76,906
Machinery and equipment	3,808,005	5,571,695	3,725,949	4,082,705
Furniture, fixtures and office equipment	243	573	-	330
Total	<u>4,003,707</u>	<u>5,821,114</u>	<u>3,810,968</u>	<u>4,159,941</u>
Lease and service agreement commitments				
Within one year	7,522	9,773	5,259	6,133
After one year but within five years	15,588	23,517	15,408	22,597
Total	<u>23,110</u>	<u>33,290</u>	<u>20,667</u>	<u>28,730</u>
Other commitments				
Bank guarantees	<u>438,226</u>	<u>378,901</u>	<u>269,526</u>	<u>270,201</u>

As at 31 December 2009, the Company had a credit facility for bank guarantees of Baht 238 million with a domestic bank which was collateralised by shares of public companies held by the directors and a related party.

Oriental Access Company Limited (Subsidiary)

As at 31 December 2009, Oriental Access Company Limited, a subsidiary, had commitments to pay amendment fees to an overseas financial institution for the amendment of the Original Facility Agreement at the rate of 1.5% per month based on the outstanding principal amount in USD until April 2010. As at 31 December 2009, the amendment fee under the agreement including late charge amounted to approximately Baht 136 million (USD 4.1 million).

38.2 Lease agreements

The Company

a) The Company has entered into agreements for the provision of raw materials, raw water and water supply management. The Company is to pay service fees related to raw materials management, raw water and water supply management based on the quantity used.

b) The Company has entered into agreement with two companies for the purchase of gas and to pay service fees under these agreements at variable rates based on the quantity of gas used and the fixed rate within one year of Baht 3 million.

G J Steel Public Company Limited (Subsidiary)

a) On 1 December 2003, the subsidiary entered into a ten-year agreement to purchase natural gas with monthly charges based on consumption.

b) On 1 May 2008, the subsidiary entered into a three-year agreement to receive consultation for the most suitable refractory design and for delivery of any refractory consumables. The pricing of the agreement is based on the cost per ton of refractory consumed in each month.

c) On 1 November 2004, the subsidiary 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.

(Unit : Thousand Baht)

	Consolidated financial statements	
	2009	2008
Long-term agreement commitments		
Within one year	70,648	76,248
After one year but within five years	282,593	282,593
After five years	694,707	765,356
Total	<u>1,047,948</u>	<u>1,124,197</u>

38.3 Raw material purchase orders

The Company

As at 31 December 2009, the Company had outstanding purchase orders for raw materials that have not been delivered to the Company as at 31 December 2009 totaling Baht 3,292 million (2008: Baht 4,130

million). Some of these orders were placed in the third quarter of 2008 when prices were significantly in excess of current market prices. The Company has increased orders during the year 2009 in order to decrease the average cost of raw materials. The Company has estimated the loss in respect of outstanding purchase orders of raw materials that have not been delivered at approximately Baht 343 million and has recorded a provision for this loss in the financial statements for the year ended 31 December 2009.

The Company had agreements to purchase raw materials with various overseas suppliers for purchase of raw materials under a consignment agreement, under which the ownership of unreleased raw material belongs to the sellers. The Company has to pay interest at LIBOR + 1% to LIBOR + 1.5% per annum on the unreleased raw materials from the boarding date on ship until the materials have been fully paid for. (2008: LIBOR + 1% to LIBOR + 1.5% per annum)

Subsidiary

As at 31 December 2009, G J Steel Public Company Limited, a subsidiary ("GJS"), had outstanding purchase orders for raw materials that have not been delivered to the Company totaling Baht 2,455 million (2008: Baht 9,021 million). Some of these orders were placed in the third quarter of 2008 when prices were significantly higher than current market prices. Since the first quarter of 2009, new purchase orders have been placed in order to reduce the average cost when GJS releases the raw material to production. GJS has estimated the loss in respect of outstanding purchase orders for raw materials that have not been delivered at approximately Baht 115 million based on comparison with the economic benefits expected to be received in the form of estimated sales prices and the conversion costs of finished products and has recorded a provision for this loss in the financial statements for the year ended 31 December 2009.

GJS had agreements to purchase raw materials with various overseas suppliers for purchase of raw materials under a consignment agreement, under which the ownership of unreleased raw material belongs to the sellers. GJS has to pay interest at 2% to 6% and MLR per annum on the unreleased raw materials from the boarding date on ship until the materials have been fully paid for. (2008: 4.10% to 9.23% and MLR per annum)

38.4 Advance received from customer

The Company

As of 31 December 2009, the Company had received an advance from a customer for an amount of Baht 1,584 million and has the obligation to deliver goods to the customers in the future as described in note 19 to the financial statements.

38.5 Financial advisory agreements

The Company entered into various financial advisory agreements with third parties for advice on seeking new investment from abroad, finding additional credit facilities, refinancing existing debt from financial institutions and negotiating improved terms of payment with trade creditors. The fees will be payable based on a fixed fee per month plus success fee upon completion of the transaction.

39. Litigation

As at 31 December 2009, the Company and its subsidiaries had the following pending litigation

39.1 The Company

a) Map Ta Phut case

On 29 September 2009, the Central Administrative Court ordered, following the petition to temporarily suspend 76 projects in Map Ta Phut Industrial Estate and nearby areas. This is due to concerns that these projects may seriously affect the quality of environment, natural resources, and health of the nearby community.

The Supreme Administrative Court on 2 December 2009 subsequently entered a corrected order of the Central Administrative Court to temporarily suspend some of the 76 projects until the further judgment or order of the Court. Of these projects, 1 project belong to the Company. As at 31 December 2009, the Company had already paid for the investment totalling Baht 1,960 million.

b) Seven suppliers filed their complaints against the Company for the breach of sale and purchase agreements, hire of work agreement and demanded damages of Baht 27 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. Presently, these cases are pending at the court.

39.2 G J Steel Public Company Limited (GJS)

a) Central Bankruptcy Court

GJS's creditors were required to submit claims to the Official Receiver for outstanding debts on 8 May 2000. As of 31 December 2003, total claims filed by the creditors against GJS amounted to Baht 435 million. GJS believes that these claims exceed the amounts rightly payable by GJS. GJS has, therefore, brought the dispute to the Court for adjudication. GJS has, however, recorded liabilities totaling Baht 363 million for such claims equal to the amounts claimed by the creditors adjusted for the proportional rate approved in the rehabilitation plan. As a result, the recorded liability is Baht 72 million less than the amount claimed by the creditors to the Court. However, such difference of liabilities will be subjected to the limitation provided under treatment of each creditor class in accordance with the approved rehabilitation plan. Therefore, liabilities under rehabilitation plan in the balance sheet are the amount of liabilities which have been adjusted to reflect such conclusion.

b) Central Intellectual Property and International Trade Court

According to the Black Case No. Kor. Kaw. 5/2548 dated 21 January 2005, Maharaj Planner Company Limited, in the capacity of the Plan Administrator of GJS, is the plaintiff who has sued a domestic financial institution and a foreign financial institution (collectively called "Defendant"), in the Central Intellectual Property and International Trade Court, in respect of a letter of credit. The Defendant has committed an act of breach of conditions under the letter of credit, which caused damage to GJS. The Defendant had made payment to a foreign seller by a letter of credit covering the cost of goods amounting to USD 4.9 million (equivalent to Baht 202 million) without delaying payment, until the fulfillment of conditions under the letter of credit, as instructed by GJS. The Defendant had deducted the said amount from GJS's account. The GJS did not receive the said goods. Therefore, GJS has sued the Defendant for damages, including interest cost and other estimated damages, amounting to Baht 8,594 million.

The Central Intellectual Property and International Trade Court have dismissed the claim of GJS but GJS could not agree with such decision. Therefore, on 24 April 2009, GJS filed an appeal against the Central Intellectual Property and International Trade Court's decision to the Supreme Court.

GJS accounted for the amount deducted from GJS's account of Baht 201.58 million by the Defendant as a part of "Advance to Suppliers" and recorded a provision for loss of the whole amount in 2008.

c) According to the Black Case No.7181/2007 of the South Bangkok Civil Court, between N.T.S. Steel Group PCL, the plaintiff, and GJS, the defendant. The plaintiff had submitted the prosecution to the court on 1

August 2007, for the case worth Baht 31 million. The prosecution was described as follows: 1) GJS had made an evidence for renting the accommodation in Building 1 and Building 6 with the plaintiff and made use of the movable property there-in; but GJS had failed to pay the plaintiff for using the said property. 2) GJS had contacted the plaintiff for the use of the long-distance telephone calls both locally and internationally, but had failed to pay for such services. 3) GJS had an outstanding debt arising from buying the water from the plaintiff; therefore, the plaintiff requested that GJS admitted the fault by paying the total amount of Baht 31 million, together with the interest payable at 7.5% per annum, in the principal of Baht 23 million, as from the date of prosecution until completion of payment.

As at 31 December 2008, the case was under consideration by the Court and the defendant had counter-sued the plaintiff by demanding the plaintiff to refund the deposit of the lease of Building 1 and Building 6, including the refund of the cost of water stated in the water purchase agreement, totaling Baht 73 million, with 7.5% interest per annum and presented as long-term loans and interest receivable from others in the balance sheets.

On 28 January 2009, N.T.S. Steel Group PCL filed a petition to withdraw the claim against GJS and GJS also filed a petition to withdraw the claim against N.T.S. Steel Group PCL. The Civil Court has allowed such withdrawal and dismissed all the claims.

d) According to the Black Case No.280/2552, on 27 February 2009 in the South Bangkok Civil Court, N.T.S. Steel Group PCL filed a complaint against GJS for breach of a water purchase agreement and demanded damages in the amount of Baht 8 million together with interest at the rate of 7.5 % per annum on the principal amount of Baht 6 million from the date of filing the complaint until the date of full repayment.

On 30 November 2009, the South Bangkok Civil Court rendered its judgment on this complaint in favour of N.T.S. Steel Group PCL under which GJS has been ordered to pay the sum of Baht 8 million together with interest at the rate of 7.5% per annum from the date of filing the complaint on the principal sum of Baht 6 million until GJS shall fully pay to N.T.S. Steel Group PCL.

On 29 January 2010, GJS filed an appeal against the judgment of the South Bangkok Civil Court. Presently, this case is pending at the court.

e) Five suppliers filed a complaint against GJS for the breach of sale and purchase agreement, hire of work agreement and demanded damages in the amount of Baht 15 million together with interest at the rate of 7.5% and 15 % per annum on the principal amount of Baht 14 million from the date of filing the complaint until the date of full repayment. Presently, these cases have been settled between GJS and five suppliers and GJS has no further complaint pending at the court.

39.3 Legal counsel

Antidumping

The Company and a subsidiary, G J Steel Public Company Limited (GJS), appointed two solicitors to proceed on their behalf in participating in anti-dumping cases in foreign countries as follows :

a) The Company and GJS appointed a law firm to proceed on their behalf in participating in the U.S. Department of Commerce's administrative antidumping duty review for the period of review on hot-rolled steel flat products sold to the USA during 1 November 2007 to 31 October 2008.

The Company and GJS submitted a request to the U.S. Commerce for the review on 1 December 2008. During the said period of review, the Company, as importer of record, deposited antidumping duty at 6.4% of

FOB merchandise value sold to the USA. The duty deposit may be refunded after the antidumping duty review process completed and final results are released.

During January to March 2009, the Company and GJS, as an affiliate and a producer of the like products, responded to the U.S. Department of Commerce ("DOC")'s producer & exporter questionnaire and submitted the related information and documents for the antidumping duty review. Later, as a result of the serious economic recession, the Company and GJS withdrew their request for antidumping duty review by notification to the U.S. DOC on 12 March 2009.

Later on 19 June 2009, the U.S. DOC announced in Federal Register that it acceded to the Company and subsidiary's request for withdrawal and return of proprietary information and documents in the U.S. DOC's letter to the Company and GJS dated 9 April 2009. As the U.S. DOC received comments from the petitioners to collapse antidumping duty rates for both the Company and GJS a single rate, the U.S. DOC would take some time to explore the facts if it is appropriate to collapse the rates or not, and how, and will include its findings in the preliminary results. Consequently, on 5 August 2009, the U.S. DOC published the preliminary results in Federal Register mentioning the affirmation according to the said petitioners' comments, and determines a single antidumping duty rate of 20.30% for both companies with reasons that both companies' operations are intertwined and lack of full cooperation in providing information to the DOC. Anyway, the U.S. DOC gave an opportunity for the interested parties to submit comments or rebuttal briefs before the final results are released.

On 8 September 2009, the Company and GJS jointly filed comments (case briefs) on the preliminary results to the U.S. DOC that the DOC should not collapse both companies and apply single antidumping duty rate, and the determined rate of 20.30% is improper, not based on the recent situation and unfair. In addition, Thailand's Department of Foreign Trade, Ministry of Commerce, assisted this by issuing a letter to the U.S. DOC with commenting that the DOC should use the information and facts earlier submitted by the Company and GJS in the review, and should determine the antidumping duty rate fairly and in accordance with the recent situation.

Finally, on 10 December 2009, the U.S. DOC's issued the final results for the review that affirms the above-mentioned preliminary results based on the information received from all the intered parties, with effect from the publication date. The Company, therefore, is subject to be assessed for additional antidumping duty as the differential between the previous rate of 6.4% and the newly announced 20.3% of the import value during the period from 1 November 2007 to 31 October 2008, which results in the Company recording a liability for duty and interest totaling Baht 19.5 million for the year ended 31 December 2009.

b) The Company appointed a law firm to proceed in India's antidumping investigation as a consequence of the initiation notification of antidumping investigation on hot-rolled steel flat products exported from Thailand and other 14 countries to India during 1 April 2007 to 30 September 2008 by the Designated Authority in Department of Commerce of India, dated 28 November 2008. On 8 December 2008, the Designated Authority sent letters and an exporter questionnaire to the Company asking for cooperation in responding to the questionnaire with all related information. On 30 December 2008, the Company submitted a notice informing of its participation in India's antidumping investigation in order to defend and prove with all required information and facts to the concerned Indian government agency.

In January 2009, the Company submitted its response together with related information and documents for the questionnaire, as official participation, within the given due date.

Finally, on 11 August 2009, Department of Commerce of India announced a "Termination Notification"

that officially ends the procedure of antidumping investigation on hot-rolled steel flat products exported from Thailand and other 14 countries to India. The Company and GJS thus are not affected by Indian antidumping measure at all.

40. Thai Accounting Standard (TAS) not yet adopted

The Group has not adopted the following revised TAS that has been issued as of the reporting date but is not yet effective. The revised TAS is anticipated to become effective for annual financial periods beginning on or after 1 January 2011 indicated.

TAS	Topic
TAS 24 (revised 2009)	Related Party Disclosures (formerly TAS 47)

Management is presently considering the potential impact of adopting and initial application of this revised TAS on the consolidated and separate financial statements :

41. Reclassification of accounts

Certain accounts in the 2008 financial statements have been reclassified to conform to the presentation in the 2009 financial statements as follows :

(Unit : Thousand Baht)

	2008					
	Consolidated financial statements			Separate financial statements		
	Before reclass.	Reclass.	After reclass.	Before reclass.	Reclass.	After reclass.
Balance sheet						
Cash and cash equivalents	156,158	954	157,112	-	-	-
Current investments	1,790	(954)	836	-	-	-
Inventories	6,650,378	(416,199)	6,234,179	2,577,444	(159,958)	2,417,486
Advance payment for purchases of property, plant and equipment	-	4,336,189	4,336,189	-	3,959,598	3,959,598
Property, plant and equipment	49,333,804	(3,924,331)	45,409,473	27,260,750	(3,924,330)	23,336,420
Long-term loans to and interest receivable from others	11,598	58,143	69,741	-	-	-

(Unit : Thousand Baht)

	2008					
	Consolidated financial statements			Separate financial statements		
	Before reclass.	Reclass.	After reclass.	Before reclass.	Reclass.	After reclass.
Other non-current assets	863,737	(112,516)	751,221	319,748	65,976	385,724
Trade accounts payable	(7,382,722)	(23,283)	(7,406,005)	-	-	-
Accrued expenses	(674,269)	23,283	(650,986)	-	-	-
Other current liabilities	(752,804)	58,714	(694,090)	(693,947)	58,714	(635,233)
		-			-	
Statement of income						
Administrative expenses	1,324,596	22,766	1,347,362	208,720	(48,099)	160,621
Management benefit expenses	-	73,192	73,192	-	50,692	50,692
Bad and doubtful debts expense	1,329,790	238,115	1,567,905	767,204	-	767,204
Loss on write-off of equipment and other current assets	334,073	(334,073)	-	2,593	(2,593)	-
		-			-	

The reclassifications have been made to comply with the classification set out in the Pronouncement of the Department of Business Development Re: Determination of items in the financial statements B.E. 2552 dated 30 January 2009 and are considered by management to be more appropriate to the Company's business.

42. Others

On 25 January 2010, the Securities and Exchange Commission has ordered the Company and GJS to provide special audit reports by the auditors on the following issues: sales under credit term and the acquisition of machineries; the recognition of allowance for deterioration of raw materials; construction in process with no progress; and advance payment for the purchase of machineries. Both companies are required to submit the special audit reports to the Securities and Exchange Commission by 1 March 2010 and to disseminate these reports through the SET's electronic system. The Company and GJS have requested the SEC for an extension of the special audit deadline to 7 April 2010.