

2013

Annual Report

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GSteel

G Steel Public Company Limited



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General Information

Name, Address and Nature of Business

Name	G STEEL PUBLIC COMPANY LIMITED
Symbol	GSTEL
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	455 persons
Registered Capital	54,573,625,657 Baht
Ordinary Shares	54,573,625,657 Shares
Par Value	1 Baht per share
Paid-up Capital	34,250,904,817 Baht
Paid-up Ordinary Shares	34,250,904,817 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	Prof. Emeritus Kesree Narongdej, Certified Public Accountant License No. 0076 Mr. Chaiyuth Angsuwithaya, Certified Public Accountant License No. 3885 Mrs. Natsarak Sarochanunjeen, Certified Public Accountant License No. 4563 Mr. Sumit Khopoidboon, Certified Public Accountant License No. 4885 A.M.T. & ASSOCIATES 1 st Floor, 491/27 Silom Plaza, Silom Road, Bang Rak, Bangkok 10500 Tel. 0-2234-1676 Fax. 0-2237-2133

Message from Chairman of the Board of Directors

The domestic steel industry has been forecast the trend of steel use in 2014 would face with fluctuations according to the macroeconomic situations of the country and the market situation in the steel-related industries such as the construction industry, automobile industry and electric appliance industry, etc. Thus, if it is derived of the impetus from the investment of the public sector will help to increase the rate of growth in this industry. However, the Iron and Steel Institutions of Thailand forecast that in 2014 would have the quantity of steel use by 18.0 million tons, an increase of 2.5 percent over the last year. Meanwhile, the economies in Asia still expanded at the high level, with the adjustment into the economics of the ASEAN by the public and the private sectors.

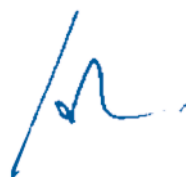
Throughout 2013, up until early into 2014, our company was succeeded in acquiring cash and loans, so it had the sufficient condition on the operations such as hiring the management for the turnaround plan until we become successful according to the plans in the initial stage. Also the increase in liquidity was succeeded in the IPO to the old shareholders proportionally, the increase of cash flow from sales by production and distribution of the goods of the hot rolled steel, and the achievement of agreement with the customers in support of the increased loan limits. Including the successful negotiations of loans with the financial institutions and the acceleration of debt collections are from the trade debtors as well as the sale by advance money.

In production, the company started on 3 April 2014, by increasing the continuous production respectively up to the present with the production rate of 73 percent of the maximum production during the off-peak period.

Meanwhile, it has received support from the public sector, the company and its group has collaborated with the domestic steel manufacturers and traders in giving information to the public sector on the dumping of steel goods from overseas. Finally, the public sector by the Department of Foreign Trade, Ministry of Commerce, has issued various measures such as the increase of protection against importing of steel goods on hot rolled alloy steel plates of the rolled and non-rolled steel with effect from 15 September 2013. The increased measures with temporary protection against such imports were effective from 7 June 2014 and the measures countering the dumping of the hot rolled steel in roll and non-roll with the origin in 14 countries by the increased tax was effective from 23 May 2014. Such actions have caused the domestic marketing situation started to return to normal.

Thus, in 2014 it is another important step that the management and its employees to join force with full determination to build the business opportunity for the country in the future with sustainability.

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



(General Lertrat Ratanavanich)

Chairman of the Board of Directors

Chief CSR Report

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

In 2013 the employees of all levels of G Steel continuously participated in various activities, organized by both public and private sectors, throughout the year. They participated in the development of economy, society, community, and public benefits. These included cultural promotion and cultural heritage conservation, social development, and environment betterment.

With the dedication in CSR activities with quality and continuation, G Steel was granted by the government sector 3 CSR awards and certificates, namely, the CSR-DPIM Continuous Award 2013 in Steel Industry from the Department of Primary Industries and Mines, the Green Mining Award 2013 from the Department of Primary Industries and Mines, and the CSR-DIW Continuous Award 2013 from the Department of Industrial Works.

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



(Khunying Patama Leeswadtrakul)

Chief CSR

Policy on Business Operations

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, as well as 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^oc 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 occupational 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).

Vision

"Leader in global steel supply"

Mission

- **Provide the worldwide markets with wide range of steel products**
- **Grow with more production capacity and utilize it with minimal cost**
- **Improve and develop products to fulfill customers' requirements**
- **Continuously develop human resources**
- **Preserve the environment and contribute to society**
- **Enhance values to stakeholders**

Target on the Business Operations:

It is the leader in the integrated production of hot-rolled steel plate to focus on the main product production such as the high quality hot-rolled steel plate and aim to expand the product line to other high quality steel plates to create value-added product.

Policy on Business Operations:

1) The company has determination to develop diverse steel products in parallel with the improvement and development of goods quality continuously in response to the demand of the various target groups completely and rapidly, so the company can create profitability from more sales.

2) The company has a policy to manage the hot-rolled steel plate to have the maximum efficiency and control of the cost at the suitable level. It can be achieved by reducing various losses in the production process to the minimum, using the maximum efficiency of the machinery. It has to maintain the machinery and equipment diligently to be in good condition and ready for production all the time. It includes bringing by-products from the production process to be recycled in the production process for the maximum return to the company's shareholders.

3) The company has a policy on development of the working system to comply with the international standards all the time. It can be seen from 2007 the company was certified with the standards of ISO 9001, ISO 14001 and OHSAS/TIS 18001, including the goods standard certification of CE Marking from Tuv Nord.

And it has the policy on the operations on corporate social responsibility (CSR) continuously. It can be seen that in 2008 the company received honor awards as a company with compliance to the standard for corporate social responsibility – Department of Industrial Works (CSR-DIW). In 2013 it received a plaque and honoring certificate of the CSR-DIW Continuous Awards as well.

4) The company also has a policy to develop its personnel continuously so they have knowledge and expertise in steel industry.

5) The company gives priority to conservation of the environment and return to the society with the target in control of pollution of all types that may happen from its production process to comply with the standards designated by the public sector and the international standards.

Moreover, the company has participated in the project GERIAP according to the plans on the United Nations Environment Protection (UNEP) to reduce the release of carbon dioxide into the atmosphere that is the main factor that causes reduction of the global warming situation as well.

6) The company has a policy to create value for the stakeholders by setting the policy on taking care of the stakeholders, including the measures to compensate them in case of being damaged from the violation. The company has classified the stakeholders to 10 groups are the employees and their families, customers and creditors, shareholders, the community around the plant, the state agencies, suppliers and contractors, analysts, investors and financial institution and educational institution as well as the media.

7) The company has a policy on the business operations under the principle of good governance considering the benefit to the society and the environment in parallel to profitability for sustainable growth and development.

Key Events in 2013

- January 2013** The Extraordinary General Meeting of the Shareholders (EGM) No. 1/2013 held on 7 January 2013 resolved to approve on the following important matters:
1. Adjust the allocation of the increased and leftover common shares from the previous time by no more than 5,321,172,774 shares at the par value of 1 baht to the creditors of the company according to the project conversion of debt to equity in 11 cases at 0.50 baht per share. The allocation as such is for the limited persons.
 2. Investment in G J Steel Public Company Limited (“GJS”) in each sub-agenda as follows:
 - 1) Acknowledgement on the issue and sale of the increased common shares in the number by no more than 59,855,012,510 shares of GJS to rights offering, resolved to approve the recapitalization of GJS. It shall not exercise the right to subscribe the increased common shares of GJS via the sales to the old shareholders according to the rights offering, but subscribing via the project conversion of debt to equity and/or cash.
 - 2) Participation in the project conversion of debt to equity of GJS and the subscription of the new shares of GJS for the number by no more than 28,503,355,745 shares. The company and/or its subsidiaries via the project conversion of debt to equity and/or payment in cash.
 3. Appointment of a management company to supervise and manage the businesses of the Company, including authorization of the managing directors of the Company to appoint a management company under the framework approved by the meeting as well as proceeding with all necessary and appropriate procedures relating to the appointment of a management company hereof.
- February 2013** It succeeded in the issue and allocation of the increased common shares for recapitalization of the general mandate No. 1 for 1,349,259,172 shares at the par value of 0.40 baht and the allocated warrants to the old common shareholders (GSTEL-W2) for 1,349,259,172 units at 0.002 baht, the term of 7 years. The amount of money received from the total sales of 539.70 million baht and 2.70 million baht respectively. However, it has the objective to use as the working capital of the company.
- March 2013** The EGM No. 2/2013 held on 18 March 2013 resolved to approve the important matters as follows:
1. Acknowledged the appointment of AlixPartners International LLC, and Renaissance Advisory Limited as the Company’s overall restructuring advisor and a consultant in corporate finance, legal, and commercial respectively.
 2. Approved the issue and offering of convertible debentures of not exceeding Baht 950,000,000.
 3. Adjustment of the allocation of the increased and leftover common shares from the previous time as follows:
 - 1) Allocation of the common shares, not exceeding 3,135,065,697 shares at 0.50 baht to the creditors of the company pursuant to the debt-to-equity conversion program.

- 2) Allocation of the common shares, not exceeding 1,900,000,000 shares at the par value of 0.50 baht to reserve for the conversion of the convertible debentures.
- 3) Allocation of the common shares, not exceeding 100,000,000 shares at the par value of 0.50 baht to the shareholders of GS Notes Holdings 2 Ltd. (“GS Notes 2”) by way of private placement pursuant to the Bond Exchange Program 2. The shareholders of GS Notes 2 will use 10,000,000 new shares of GS Notes 2 with its value of Baht 5 per share, which is par value per share, a total value of Baht 50,000,000 as payment for new shares of the Company at the ratio of 1 GS Notes 2 share to 10 shares of the Company. The Board of Directors may consider to allocate such shares to the shareholders of GS Notes 2 in a single or multiple placement(s) as deemed appropriate.
- 4) Allocation of the common shares, not exceeding 2,530,980,000 shares at the par value of 0.50 baht to the shareholders of GS Security Holding Ltd. (“GS Sec”) by way of private placement pursuant to the group companies debenture program. The shareholders of GS Sec will use 126,549,000 new shares of GS Sec with its value of Baht 10 per share, which is par value per share, a total value of Baht 1,265,490,000 as payment for new shares of the Company at the ratio of 1 GS Sec share to 20 shares of the Company.
- 5) Allocation of the common shares, not exceeding 98,965,061 shares at the par value of 0.50 baht to to AlixPartners as part of its advisory remuneration. AlixPartners will use 4,948,254 new shares of GS Sec with its value of Baht 10 per share, which is par value per share, a total value of Baht 49,482,540 as payment for new shares of the Company at the ratio of 1 GS Sec share to 20 shares of the Company.
- 6) Allocation of the common shares, not exceeding 47,500,000 shares at the par value of 0.50 baht to RA as part of its advisory remuneration. RA will use 2,375,000 new shares of GS Sec with its value of Baht 10 per share, which is par value per share, a total value of Baht 23,750,000 as payment for new shares of the Company at the ratio of 1 GS Sec share to 20 shares of the Company.
- 7) Allocation of the common shares, not exceeding 438,201,800 shares at the par value of 0.50 baht to The Brooker Group Public Company Limited and/or its subsidiaries (the “**Financial Advisor**”) in consideration of the advice for the debt restructuring under the debt restructuring program, the assistance rendered for raising new sources of fund and/or provide loan and credit facilities and other relevant tasks. The Financial Advisor will use 21,910,090 new shares of GS Sec with its value of Baht 10 per share, which is par value per share, a total value of Baht 219,100,900 as payment for new shares of the Company at the ratio of 1 GS Sec share to 20 shares of the Company.
- 8) Allocation of the common shares, not exceeding 400,000,000 shares at the value of 0.50 baht to the Financial Advisor in consideration of the additional work performed in respect of the advice for the debt restructuring under the debt restructuring program, the assistance

rendered for raising new sources of fund and/or provide loan and credit facilities and other relevant tasks. The Financial Advisor will use 20,000,000 new shares of GS Sec with its value of Baht 10 per share, which is par value per share, a total value of Baht 200,000,000 as payment for new shares of the Company at the ratio of 1 GS Sec share to 20 shares of the Company.

- 9) Allocation of the common shares, not exceeding 240,000,000 shares at the par value of 0.50 baht to the Financial Advisor for the consideration of the advice for the Merger and Acquisition. The Financial Advisor will use 12,000,000 new shares of GS Sec with its value of Baht 10 per share, which is par value per share, a total value of Baht 120,000,000 as payment for new shares of the Company at the ratio of 1 GS Sec share to 20 shares of the Company.

April 2013

The Annual General Meeting of the Shareholders (AGM) for 2013 held on 29 April 2013 resolved to approve the following important matters:

1. The entry into the debt restructuring agreement or the debt settlement amongst the Company's creditors, the Company and the Companies in the group and the acquisition by GS Securities Holding Company Limited ("GS Sec") of the debentures issued by G J Steel Public Company Limited ("GJS") in the amount not exceeding Baht 282,000,000 from its creators (the "Group Companies Debenture Program").
2. An expansion of the period for allocation of new share under the general mandate offered to rights offering to be due on April 2013 to be extended to April 2014, not exceeding 1,050,740,828 units. And the extension of the allocation of the shares to subscribe the exercise of the warrant (GSTEL-W4 not exceeding 1,050,740,828 shares at the par value of 0.55 baht).
3. Adjustment of the allocation of the increased common shares left from the previous allocation as follows:
 - 1) Allocation of the common shares, not exceeding 904,222,731 shares at the par value of 0.50 baht to the Company's creditors pursuant to the debt-to-equity conversion program as proposed to the AGM for approval in the item 8 via the private placement.
 - 2) Allocation of the common shares, not exceeding 564,000,000 shares at the par value of 0.50 baht to the shareholders of GS Sec via the private placement to the group companies debenture program in the item 9, and the designation of the ratio of the share payment is 1 share of GS Sec to 20 shares of the company.

September 2013

The EGM No. 3/2013 held on 12 September 2013 resolved to approve the following important matters:

1. Adjustment of the allocation of the increase common shares left from the previous allocation as follows:

- 1) Allocation of the increased common shares of 1,030,298,948 shares at the par value of 1 baht for 0.50 baht per share to the creditors of the company according to the new project conversion of debt to equity.
- 2) Consideration for approval of the allocation of the increased common shares in the number of 826,433,928 shares at the par value of 1 baht for the price of 0.50 baht per share to any subsidiary as part of the project debt restructuring within the group of the company.

October 2013 It was granted the quality evaluation in the holding of the AGM 2013 in the criteria of “Excellent” from the SEC in conjunction with the Thai Investor Association.

December 2013 It was evaluated on the corporate governance report (CGR) for 2013 with the 87% points from the SET in conjunction with the Thai Institute of Directors (IOD).

On 31 December the company was succeeded in the project conversion of debt to equity by reducing its debt by about 2,664 million baht.

February 2014 The Company’s execution of the loan agreements and the Financial Support Agreement in the amount of 4,610 million baht, which are in terms of long-term loan and bank guarantee in the amount of 610 million baht and the credit facility (L/C, T/R) in the amount of 4,000 million baht with Mahachai Steel Center Group (“Mahachai Group”) where Mahachai Group has received financial support from Kasikorn Bank Pcl., Krungthai Bank Pcl. and Bangkok Bank Pcl. The proceed is sufficient for the Company to run the production at 100% continually.

Additionally, one of the Company’s domestic trading partners has granted credit facility to the Company for the purchase of raw materials domestically in the amount of 180,000 MT/year, equivalent to the amount of approximately Baht 2,250 million/year in the form of Consignment-CMA.

April 2014 The EGM No. 1/2014 held on 3 April 2014 resolved to approve the appointment of the A.M.T. & Associates as the auditor of the company for the preparation of the financial statement for 2013. As the audit committee of the company has a different opinion from the old auditors, and the company submitted the financial statement for 2013 to the relevant agency successfully in August 2014.

Moreover, the company has resumed its production form the hot rolled coil since 4 April 2014.

Shareholding Structure

The Company's 10 major shareholders as at 28 August 2013 (latest book-closing date)

No.	Shareholders' Names	Shares	%
1.	Superior Overseas (Thailand) Company Limited ¹	1,971,588,903	5.95
2.	Mr. Niram Ngamchamnurit	1,780,000,000	5.37
3.	Khunying Patama Leeswadtrakul Group ²	1,570,231,299	4.73
4.	Ms. Ladda Jiraphongtrakul	1,363,652,900	4.11
5.	Thai NVDR Company Limited	1,313,709,525	3.96
6.	Mr. Chalermchai Mahagitsiri	1,124,381,960	3.39
7.	Whiterock Global Fund, SPC.	892,200,414	2.69
8.	Brooker Consulting Company Limited	833,343,059	2.51
9.	Stena Fragmentering AB	796,820,411	2.40
10.	Mr. Somchai Kamolrattanaphiboon	680,000,000	2.05
11.	Others	20,837,857,478	62.84
Total		33,163,785,949³	100.00

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

(1)	Khunying Patama Leeswadtrakul	29.42%
(2)	Marco Wealth Investment Company Limited	25.38%
(3)	Ms. Methikan Chutipongsiri	19.81%
(4)	Mr. Manit Chiachuabsilp	15.39%
(5)	Mrs. Patum Chiachuabsilp	10.00%

² Khunying Patama Leeswadtrakul Group's Shareholding Structure

(1)	Khunying Patama Leeswadtrakul	4.59%	(1,520,231,299 share)
(2)	Ms. Suthidarat Leeswadtrakul	0.07%	(25,000,000 share)
(3)	Ms. Suratiporn Leeswadtrakul	0.07%	(25,000,000 share)

³ Paid-up Registered Capital as at 28 August 2013 (latest book-closing date) amounting 33,163,785,949 shares, while the current Registered Capital as at 1 September 2014 amounting 34,250,904,817 shares.

Nature of Business

Structure of Revenue

The company and its subsidiaries had income from selling goods domestically. In 2013 it had decreased sales down from 2012 by 3,407 million, or 26 percent as a result from the reduced sales and the hot-rolled steel plate adjusted downwards from the demand to use steel in the world market.

The Structure of Revenue of the Company and Its Subsidiaries in the Past 3 Years with the Following Details:

(Unit: Thousand Baht)

Revenue (Combined Company & Its Subsidiaries)	Year 2013		2012		2011	
	Income	%	Income	%	Income	%
Domestic Income						
- Trade Allied Group ⁽¹⁾	-	-	-	-	196,964	0.6
- Subsidiaries	-	-	-	-	-	-
- Affiliates ⁽²⁾	665,853	4.9	1,717,492	10.7	2,856,556	9.0
- Other Groups	9,033,809	66.2	11,292,945	70.8	27,292,928	85.7
Conglomerated domestic	9,699,662	71.1	13,010,437	81.5	30,346,448	95.3
Foreign income	-	-	96,212	0.6	178,674	0.6
Deduct: Trade Discount	-	-	-	-	-	-
Total	9,699,662	71.1	13,106,649	82.1	30,525,122	95.9
Other Incomes ⁽³⁾	3,950,894	28.9	2,851,243	17.9	1,304,591	4.1
Conglomerated Income	13,650,556	100	15,957,892	100	31,829,713	100

Remark:

⁽¹⁾ The trade ally group consists of Federal Steel Industries Ltd. and Millennium Metal Work Ltd.

⁽²⁾ The related companies consist of Mill Con Steel Industries PCL, Asia Metal PCL, Kim Huat Steel Co., Ltd., Mahachai Steel Center Col, Ltd., Mahachai Steel Inter Co., Ltd., and M Steel Co., Ltd.

⁽³⁾ Other incomes of the company consist of selling leftover scrap steel from production of the company or damaged goods during the production that is not worth to be recycled as a raw material due to the expense is high on the process. Also the loss from reducing the inventory value and the item on the estimate of the debt burden related to tax. As well as the estimated loss from the purchase order of raw materials not delivered, the profit from the debt restructuring and other incomes.

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

(Unit: Ton)

Sales Volume (Only for the Company)	2013	2012	2011
Domestic Sales Volume			
-Trade Ally Group	-	-	2,543
-Affiliates	-	-	-
-Subsidiaries	-	-	-
-Related Companies	-	7,955	7,108
-Other Group	1,099	230,158	527,734
Total Sales in Domestic	1,099	238,113	537,385
Foreign Countries	-	114	-
Total	1,099	238,227	537,385

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

(Unit: Million Baht)

Sales Income	2013		2012		2011	
	Income	%	Income	%	Income	%
Domestic	9,700	100.0	13,010	99.3	30,346	99.4
Foreign	-	-	96	0.7	179	0.6
Deduct: Trade Discount	-	-	-	-	-	-
Total	9,700	100.0	13,106	100.0	30,525	100.0

The products of the company are hot-rolled steel coil and slab, which are the upstream product of the steel plate industry. They are the main raw material in the production of hot-rolled steel plate of the surface wash, oil-coated, hot-galvanized, and tempered steel, hot-rolled galvanized and cold-rolled steel. They are used in the industries of construction, packaging, electric appliance and automobile, etc.



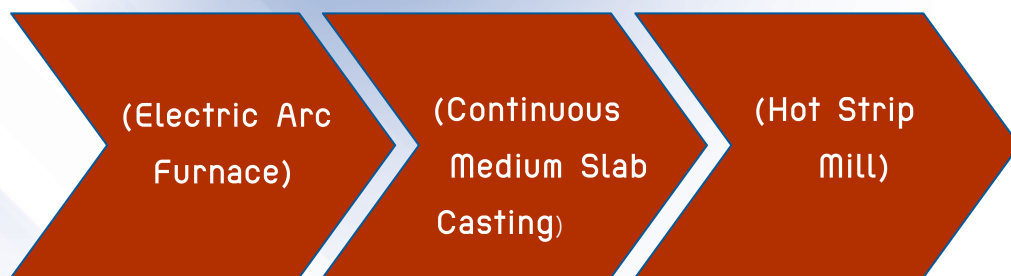
The hot-rolled steel products of the company have the quality meeting the Thailand Industrial Standard (TIS) and the international standards such as the Japanese standards (JIS G, SPHC, SPHD, SS, SN, SPHT, SV, SMA and SPA-H), the American standards (ASTM, SAE, AISI and API), the German standard (DIN) and the British (BS) with the width from 900 – 1,550 mm, and the thickness from 1-13 mm, as well as the weight of the coil from 8 to 28 tons.

Details of the Products of the company can be summarized as follows:

Product Characteristics	Detail
Width	900 - 1,550 mm
Thickness	1 - 13 mm
Weight per length	8.3 - 18 kg/mm
Total Weight of Steel Coil	8 - 28 tons

Technology Used in the Production

The company has a plant producing hot-rolled steel sheet of the compact type to use the area with effectiveness and modern technology. It is the technology that integrates the production systems of smelting, casting and rolling together is the continuous process. It has the short-production cycle taking about 3.5 hours per cycle in processing the raw material state to product with important details of the technology as follows:



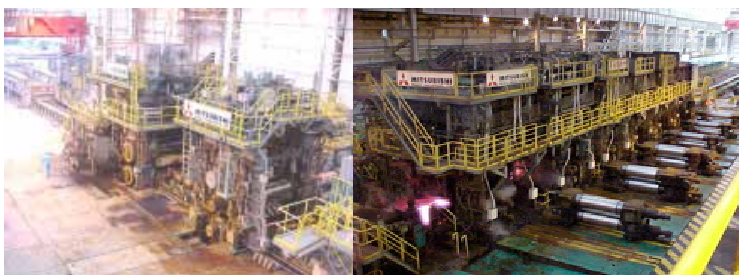
1. The technology of melting scrap steel by the electric arc furnace with the ladle heat furnace by using the technology of Mannesmann Demag Huttentechnik, Germany, which is an iron smelting technology, uses high voltage to arch pig iron and scrap steel. However, in the production shall use oxygen and other gases to increase the temperature in smelting and conservation of the steel liquid quality. After that it uses the furnace to improve steel liquid to derive of required qualification with the production capacity at 2.2 million tons per year.



2. Continuous Medium Slab Casting Technology. That is the technology of Sumitomo Heavy Industries of Japan used in casting steel with the medium thickness from 80 - 100 mm with the production capacity at 1.8 million tons per year.



3. Hot Strip Mill technology is the method of reducing slabs thinner using the technology of Mitsubishi Heavy Industry of Japan that can roll steel from thickness of about 100 mm up to the thickness 1 - 13 mm with the production capacity of 3.4 million tons per year.



Production Process

The company produces hot-rolled steel sheet by smelting scrap steel and smelted iron by the electric arch method to derive of liquid steel and cast to steel plates to be rolled to size with the following procedures:

1. Melting process is made by smelting scrap steel and smelt iron in the electric furnace and to pass through the process of improving steel liquid in the quality-improving furnace.
2. Casting process is to bring the quality-improving steel liquid to be cast to slabs with the thickness from 80-100 mm.
3. Rolling process is to bring the steel slab from the conditioning furnace to be rolled to size, after that it goes through the down coiler and is transported to the coil yard later.

Marketing and Competition

Policy on business operations and marketing

As with the production technology, it enables the company can produce goods in diverse sizes and qualities as required by the customers. Our goods have the quality that meets the international standards of the USA (ASTM), Japan (JIS) and Europe (API, DIN), including the TIS under the production certified by the ISO 9001. Also it is the sole company in Thailand that can produce the thinnest hot-rolled steel sheet up to 1.0 mm such as POSCO North Star/BHP and Trico. So we can access the demand of the customers more than other manufacturers. At present our company puts emphasis on selling to the domestic customers as the principal. It tries to do marketing to cover the target customers as much as possible, and to coincide with the demand of the customers rapidly. In the meantime the company is looking for the opportunity to expand the market to overseas when the market condition warrants it.

Dominant Points and Opportunity of Doing Business

1. High quality products, within Thailand there are only two manufacturers of hot-rolled steel plate that used (1) the iron-smelting process (2) iron-casting process and (3) steel-rolling process integrated in the same plant. We are one of the two companies that used such the integrated processes by the process of smelting raw materials (scrap steel and smelt steel) to derive of the steel liquid. So it can control the quality of the steel liquid before casting into slabs and rolls. As a result, its hot-rolled steel coil has high and consistent quality for chemical components, surface quality and thickness. While other companies used the repeated rolling by using the imported slabs and increasing the temperature to about 1,100 °C. That is difficult to control the quality and loses the energy to increase the temperature of the slabs from the normal temperature to about 1,100 °C.

2. Our products are diverse; we can manufacture hot-rolled steel with the width as demanded by the customer promptly by adjusting the thickness of the steel casting during the production process. Then we can respond to the demand of the customers rapidly and across the board. While other steel plants without own melting and casting slabs of its own have to depend on importing steel slabs from overseas.

3. Short production time makes the customers can receive the goods faster due to its production process is the continuous processing on the smelting, casting and rolling taking only 3.5 hours. In the production process still can adjust to change the components of raw material to produce steel plates with various qualities as demanded by the customers rapidly. As a result, the company can deliver the goods to the customers rapidly and thus help the customers can reduce the burden on the inventory in another way.

4. Use of lower working capital compared with the competitors due to the raw stored materials such as scrap steel and smelt steel has lower value than slabs, which is the raw material to keep in stock in the equivalent volume. Moreover, the company still has ordered raw materials with the consignment contract, which shall pay for the cost of raw materials to the seller when it has actually used them. Nonetheless, the company still has the interest rate burden of the debt following the date of shipping up to the date of paying for the raw material, so it uses the working capital lowers than most competitors in the industry.

5. Modern production technology, the company has the modern production technology by using the machinery that used the latest production technology from the world's leading companies in smelting, casting and rolling from Germany and Japan. So our company can produce goods in the standard quality acceptable by the customers around the world.

6. Advantage conditions on competition due to the anti-dumping measures using taxes. At present the steel industry in Thailand is still under the period of protective renewal by the measures of anti-dumping that has ended in 2008. If the public sector has considered renewing the measures, so the foreign companies that meet the guidelines may be taxed at a higher rate, which can make them at disadvantage to compete in our domestic market.

7. Experience of the employees and the management in the steel industry. The company employees the management group that has long experience in the industry. Both the senior management and the engineers have expertise in steel industry for a long time.

8. Investment and business alliance with the trade competitors. The company and its subsidiaries have invested by holding shares in G J Steel PCL or GJS at the ratio as of 31 December 2013, or 32.249 percent of the paid-up authorized capital. Referring to the company has held shares in GJS and becomes business alliance has resulted in the synergy on production, competition, control of cost, reduction of business risk and conversion of the competitors to business allies.

Principal tactics on business operations

1. An increase of efficiency in production, the main cost of production of hot-rolled steel of the company is the raw material cost is 70 percent of the total production cost, while the conversion cost is 27 percent of the total production cost. Nonetheless, since the price of the raw materials has a trend to fluctuate according to the market situations, which is beyond our control. Thus, the company has the main policy in the control and reduction of the conversion cost to reduce the cost and increase efficiency in the production to the maximum. An improvement of the efficiency by the use of machinery, reduction of energy, the downtime for a machine setup or adjustment of machinery, reduction of the production stoppage due to the production problem and increasing production yield.

2. The production that focuses on quality. The company has a policy to focus on producing quality product by using the production control on the steel liquid to have good chemical, physic and physical properties to derive of quality steel liquid. The company has a policy on the investment in R & D of the steel liquid quality, as well the attempt to select scrap and smelt steel with high quality to use in the production.

3. An increase of production capacity. The company has a policy of expanding the production line from 1.8 million tons to 3.4 million tons per year. It can make the company to have an increased income, while the production cost per unit may be lowered due to the increased production efficiency.

4. An increase of the product line. The company has a plan to expand the product line with the expansion of the production capacity by producing steel in the part with added value such as the hot-rolled steel that has passed washing and coating of oil, and the hot-rolled steel that has passed washing and smooth surface rolling, the hot-rolled steel sheet of the

strip and plate types after the expansion of the production capacity, the company can produce and sell steel with a higher value and thus can obtain a higher profit rate.

5. Improvement of production quality shall comply with the environmental standards. The company has a policy to develop the production process to have minimum impact on the environment, and a policy to develop the use of energy with efficiency in production; it includes reduction of fusion of the greenhouse gas.

6. The production process that meets the standards shall comply with the international standards. At present the company is the manufacturer that has been granted the standards of ISO 9001, ISO 14001 and OHSAS/TIS 18001, which it determines to maintaining the quality production standards as such. It is to build confidence in the product quality to its customers. The company has a target to become a producer with the production standards are at the world's level on the quality and the environmental standard.

7. Maintaining good relationship with the customer group by the service that creates satisfaction of the customers above the competitors. The company has a policy to create good relations with all groups of customers by putting emphasis on service, delivery of the products according to the schedule, delivery of the products that coincide with the standards and expectation of the customers. It includes contact and communication with the customers continuously to find guidelines on development of the products to have better quality, has the properties and characteristics correspond to the demand of the customers and are consistent with the goods development of the customer group.

Targeted Customer Groups

The important customer groups of the company are the groups that use hot-rolled steel in the related industries directly and indirectly.

At present the company can divide its customers into 4 groups as follows:

- 1) Steel service center is the buyers of hot and cold-rolled steel to be cut to various sizes or preform to various profiles for sale to the users in another turn.
- 2) Pipe makers are the steel pipe manufacturers of various sizes to be used in the pipe work, including production for export.
- 3) Distributors.
- 4) Other direct users such as the manufacturers of domestic cold-rolled steel sheet, the manufacturers of automobile parts and electric appliances.

Procurement of Products and Service

Production and Its Capacities

The hot-rolled steel production plant is situated on the land of about 429 rai (171.6 acres) in the industrial park SSP Nong La lok Sub-district, Ban Khai District, Rayong Province, which is the integrated plant from smelting, casting and rolling in the same plant, or so-called a compact mini mill and it is the continuous production with the designed capacity at 1.8 million tons per year. Now it has the effective capacity at 1.5 million tons per year, but can expand the maximum capacity up to 3.4 million tons by purchasing additional machinery.

The total production process cycle takes about 3.5 hours, with the plant opens the production 24 hours and three shifts and using four sets of workers taking turns to work. However, the plant has the annual maintenance downtime once a year each time about 7-10 days, and it is operated and supervised by the engineers of the company.

Main Raw Materials and Utilities Used in Production

The production process of the company uses the main raw materials are scrap and smelt steel, including the scrap steel derived from the production process, other than the production has to use mixed materials such as the burnt lime and alloy compounds to help the product to reach the required properties.

As for the important utilities used in the production are electricity, natural gas, oxygen and other gases as well as raw water.

The main raw materials in production are the main cost used in production, is the approximate ratio of 70 percent of the total production cost. The main raw materials consist of scrap and smelt steel, additives and admixtures such as lime, alloys, etc.

Strategies on Purchasing Raw Materials

The company has signed a contract to buy raw materials from overseas are scrap and smelt steel with the large three traders in the consignment form, or selling raw materials with arrangements of loan to the company. Our company shall set the purchasing price with the sellers of raw materials at the current price on the date of ordering raw materials. It makes the company can set its each production cost and pays for the raw material cost before using and paying in the actual amount of use at the current price on the set date of ordering the raw materials in advance. It can help the company to order raw materials to keep sufficiently without affecting the cash flow until withdrawing them to use. However, there will be a subcontract for each purchase to set details and price of the raw materials.

The company has a policy of storing raw materials in the yard about 60-90 days to have sufficient raw materials to feed into the production system continuously except the case the raw materials in the world market has a trend to be procured with more difficulty such as during the war situation in the Persian Gulf war, etc. It may order in the more than usual quantities. Since the production process of the company has flexibility on the use of raw materials, it can select a different mix between the various grades of scrap and smelt steel. So the company can plan to procure each type of raw materials according to the world's market price situation.

Steel Industry Situation

Situations of the Hot Rolled Steel Plate Industry in 2013

World steel industry and market in 2013, especially in the second half of year, recovered, as seen in Asia, Europe and America, in accordance with international financial troubles being solved so far. Major steel producers and traders carefully operated businesses. There was no apparent speculation that damaged the world steel market, but sparing oversupply by a few producing countries exporting at relatively low prices from time to time in exchange for quick cash inflows.

The hot-rolled coil prices and main raw material (scrap and pig iron) prices moved on a usual trend throughout 2013, consequent to previous year, with more stable price levels than in the past. This is a sign indicating positive outlook for the next periods.

Based on latest ISIT statistics, Thailand's demand for hot-rolled steel flat products (coil, strip, sheet and plate), including other steel products consuming hot-rolled coils as substrate for January–November 2013 (11 months) totals to 10.95 million tons, at growth rate of 5.3% from the same period of previous year, where most of this number is demand for hot-rolled steel flat products (of carbon steel and alloy steel, but not including stainless steel) for direct uses accounts for 6.68 million tons, depicting 5.0% growth over the same period of previous year. The Company thus estimates, based on such the growth rate, total demand for hot-rolled steel to be about 7.61 million tons for the year 2013, up from 7.24 million tons in 2012, as demand for hot-rolled steel is getting back on track and likely to remain stable, while the growth rate is GDP growth estimated by several organizations to be in the range of 3.0% to 3.5%, with timely imposition of the safeguard measure on imports of other-alloy steel hot-rolled flat products. The domestic market then gradually resumed to fair competition and usual trade mechanisms.

By the way, the political unrest in Thailand did not clearly put a negative impact on the hot-rolled steel market in late 2013.

Situations of the Hot Rolled Steel Plate Industry in 2014

As the current situation of widespread protests and political turmoils in Thailand does not give any sign of development to head for, uncertainties exist, no new government is to be formed in a near term, and Thailand's economic outlook is subjected to the changes in political and public administration afterwards; it is therefore difficult to predict the circumstance and trend of economy for 2014. The Company thus makes assumptions with high probability that Thailand's economy in 2014 will stay around a stable level, not to grow or a little drop from 2013, except the manufacturing for export sector that will see moderate growth as dependent on the foreign economies. The government's spendings will shrink, especially investment in public infrastructure development will face a halt, the construction sector and the industrial manufacturing sector are likely to remain stable, but the public and private spendings will decrease, accumulating debts and somewhat worse unemployment will be caused by stagnant economy. The foreign exchange risks among the fluctuating baht and other major currencies will become higher than in previous year.

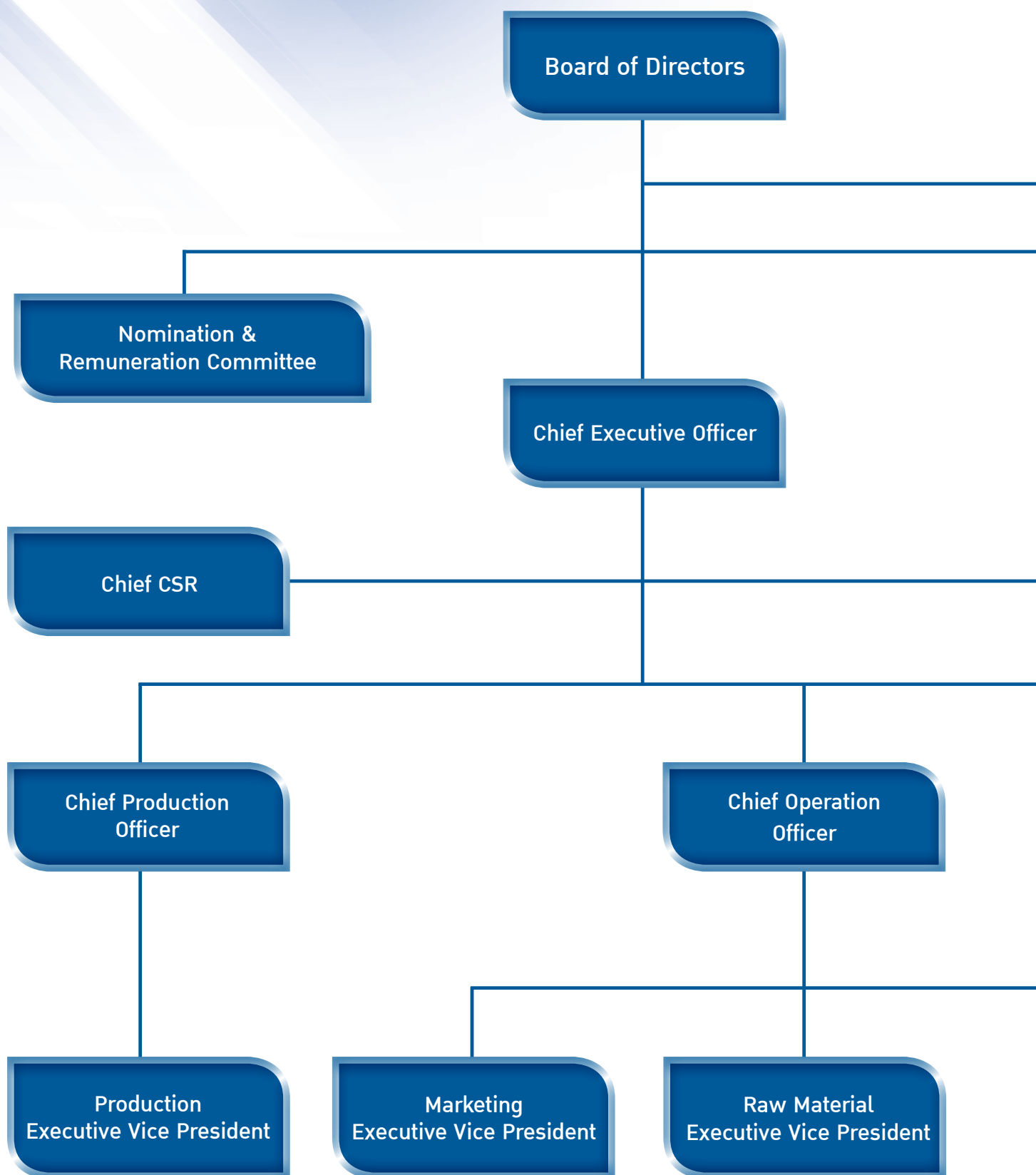
The Company expects the local hot-rolled steel market to get back to a normal state, where demand grows in line with the general industrial manufacturing, and manufacturing of electric and household appliance for industrial and home uses, agricultural equipment/machines, and also the manufacturing for export will still be on a moderate growth trend. The pending and ongoing government's and private construction projects will at least keep demand for hot-rolled steel not to decline, but to stay around stable level. If the outlook for politics and economy becomes eased up, the demand for hot-rolled steel in the market segment will be boosted then.

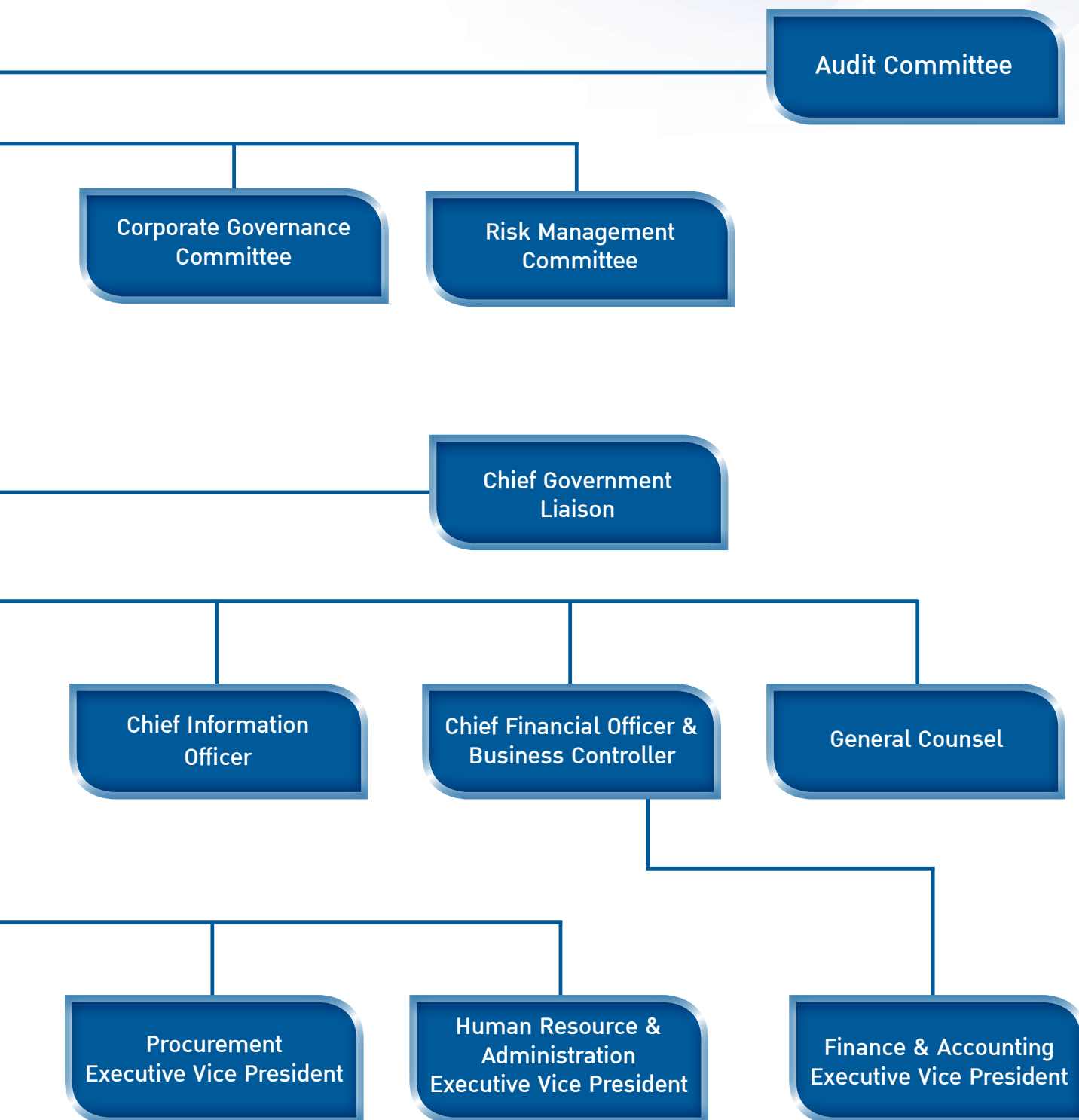
The world and the Thai steel and raw material prices tend to get more stable when the world demand-supply equilibrium has been adjusted over the past year. Also the market participants in general are more careful and avoid speculating steel inventory that used to damage the steel markets before the global economic crisis (and world steel market slump), including Thailand, in late 2008. This now leads to better usual trade environment in the steel markets. In addition, the government pays high attention to supervision over the products with industry standards applied. The government officials have good understanding on the steel producers, and truly takes care of the country's interests. However, the demand and prices for hot-rolled steel, as well as other kinds of steel, may be affected by uncertain political circumstance changes in the future.

Information on relevant international trade measures for the Thai hot-rolled steel industry:

- Safeguard measure on hot-rolled other-alloy steel (boron, or chromium-added, etc.) flat products imported of from any countries, imposed since February 2013, then throughout 2014, and to be valid till February 2016
- Antidumping measure on hot-rolled non-alloy steel flat products originated from the 14 countries (Japan, South Africa, Russia, Kazakhstan, India, South Korea, Taiwan, Venezuela, Argentina, Ukraine, Algeria, Indonesia, Slovak and Romania) imposed since May 2009, and to be valid till May 2014
- Antidumping measures on hot-rolled non-alloy steel flat products originated from China and Malaysia, and on hot-rolled boron-added steel flat products originated from China to still be imposed throughout 2014

Organization Chart





Information about the Board of Directors and the Management

(1) The Board of Directors

Name / Position	Age (years)	Relation ship	Education / Training	% of shares	Experience
1. General Lertrat Ratanavanich - Chairman	66	-None -	<ul style="list-style-type: none"> • BSCE, The Citadel, USA • MSCE, Massachusetts Institute of Technology, USA • MSSM, University of Southern California, USA • Honorary Doctorate (Development Administration) Maejo University • Honorary Doctor of Philosophy (Sustainable Energy and Environment Technology and Management), Rajamangala University of Technology Rattanakosin • Honorary Doctor of Philosophy (Public Administration), Eastern Asia University Training <ul style="list-style-type: none"> • Director Certification Program (DCP) (30/2003), The Role of Chairman Program (RCP) (1/2000), Financial for Non-Financial Director (FND) (1/2003), The Role of the Compensation Committee (RCC) (13/2011), Financial Statements for Directors (FSD) (13/2011), The Role of Chairman Program (RCP) (28/2012) Thailand Institute of Directors (IOD) 	-None -	G Steel Public Company Limited 2013-Present Chairman of the Board of Directors Subsidiaries 2013-Present Chairman of the Board of Directors G J Steel Public Company Limited Others 2013-present Director MFC Asset Management Public Co., Ltd. 2013-present Chairman Wind Energy Holding Company 2012-Present Chairman Thailand Professional Qualification Institute (Public Organization) 2006-Present Honorary Vice President Amateur Athletics Association of Thailand under the Royal Patronage of H.M. the King 2005-Present Judiciary, Supreme Military Court 2003-Present Royal Bodyguard 2011-2013 Director PTT Exploration and Production Public Co., Ltd. 2008-2011 Senator and Chairman Energy Standing Committee Senate of Thailand

Name / Position	Age (years)	Relation ship	Education / Training	% of shares	Experience
2. Dr. Somsak Leeswadtrakul - Vice Chairman of the Board of Directors	61	Husband of Khunying Patama Leeswad- trakul	<ul style="list-style-type: none"> ● Wharton-NIDA Executive Leadership Program, University of Pennsylvania ● Leadership Program, Capital Market Academy ● The Program of Senior Executive in Criminal Justice Administration ● Honorary Doctorate (General Administration) Ramkhamhaeng University ● Honorary Doctorate in Administration, Kasetsart University ● Doctor of Philosophy (Musicology) Mahidol University ● MBA, Ramkhamhaeng University ● B. Econ., Ramkhamhaeng University Training <ul style="list-style-type: none"> ● Director Accreditation Program (DAP), Director Certification Program (DCP), The Role of Chairman Program (RCP) and Financial Statements for Directors (FSD) Thailand Institute of Directors (IOD) 	-None -	<u>G Steel Public Company Limited</u> 2009-Present Vice Chairman of the Board of Directors 1995-2009 Chairman of the Executive Committee and Chief Executive Officer <u>Subsidiaries</u> 2009-Present Vice Chairman of the Board of Directors G J Steel Public Company Limited <u>Others</u> Present <ul style="list-style-type: none"> - Honorary President, Association of Thai Metal - Advisor, The Federation of Thai Industries - Board Member, Iron Steel Institute of Thailand - Director, Thailand Iron Works Public Co., Ltd. - National Institute of Development Administration Council Member - Distinguished Member Ramkhamhaeng University - Council Member St. Louis College - Investment Policy Governance Committee Member, National Institute of Development And Administration (NIDA) - Audit Committee Member Ramkhamhaeng University - Advisor, Mahidol University Alumni Association under the Royal Patronage of His Majesty the King - Board of Directors Member World Vision Foundation of Thailand - Director Salesian Sisters Foundation of Thailand

Name / Position	Age (years)	Relation ship	Education / Training	% of shares	Experience
3. Prof. Paichitr Rojanavanich - Director - Chairman of the Audit Committee	85	-None -	<ul style="list-style-type: none"> ● Class 25 National Defense Course, National Defense College, Thailand ● MGA (Fiscal Policy), Pennsylvania University, USA ● Higher Diploma in Accountancy (equivalent to Master's Degree), Thammasat University ● LL.B., Thammasat University ● CPA-Thailand Training <ul style="list-style-type: none"> ● Director Certification Program (DCP) and Audit Committee Program (ACP) Thailand Institute of Directors (IOD) 	-None -	<u>G Steel Public Company Limited</u> 2004-Present Director and Chairman of the Audit Committee Others 2005-Present Chairman, The Far East Law Office (Thailand) Co., Ltd. 1999-Present Chairman of the Audit Committee MBK Development Public Co., Ltd. 1999-Present Chairman of the Audit Committee Muramoto Electron (Thailand) Public Co., Ltd. 1985-Present Chairman Karnjjan Co., Ltd.
4. Mr. Chainarong Monthienvichienchai - Director - Audit Committee Member - Chairman of the Corporate Governance Committee	68	-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) 	0.00004%	<u>G Steel Public Company Limited</u> 2013-Present Audit Committee Member and Chairman of the Corporate Governance Committee 2000-Present Director 2002-2012 Chairman of the Nomination Committee 2006-2010 Nomination Committee Member Others 2007-Present Chairman of the Board of Trustees Saint John's University 2002-Present Director Arnoma Hotel Bangkok Co., Ltd. 1994-Present Director Saint John for Education Co., Ltd. 1991-2007 Vice Chairman of the Board of Trustees, Saint John's University

Name / Position	Age (years)	Relation ship	Education / Training	% of shares	Experience
5. Mr. Teerapol Pussadet - Director - Audit Committee Member - Chairman of the Nomination and Remuneration Committee	64	-None -	<ul style="list-style-type: none"> ● MBA (Finance), Univ. of Detroit, Michigan, USA ● B.A. (Accounting) Kasetsart University 	-None -	<u>G Steel Public Company Limited</u> 2013-Present Director, Audit Committee Member and Chairman of the Nomination and Remuneration Committee <u>Others</u> Present -Chairman of the Board of Directors Krung Thai Industries of Japan -Board Advisory and Member Dhipaya Insurance Public Co., Ltd. <u>Experience</u> - Chairman of the Audit Committee KT ZMICO Securities Co., Ltd. - Director Dhipaya Insurance Public Co., Ltd. - Director Krung Thai Card Public Co., Ltd. - Director Krungthai Land and House Service Co., Ltd. - Group Director Thai Identity Factory Co., Ltd. - Non-performing Asset Subcommittee Member (TAMC)
6. Mr. Ryuzo Ogino - Director	70	-None -	<ul style="list-style-type: none"> ● B. Econ., Keio University, Japan 	-None -	<u>G Steel Public Company Limited</u> 2005-Present Director 2010-2013 Chief Executive Officer 2004-2009 President <u>Subsidiaries</u> Present Director G J Steel Public Company Limited <u>Others</u> 2000-2004 Director, Suncall Corporation 1965-2000 Director, Itochu Corporation

Name / Position	Age (years)	Relation ship	Education / Training	% of shares	Experience
7. Khunying Patama Leeswadtrakul - Director - Chief of CSR	50	Wife of Dr. Somsak Leeswad- trakul	<ul style="list-style-type: none"> Wharton-NIDA Executive Leadership Program, University of Pennsylvania Leadership Program, Capital Market Academy Honorary Doctorate in Music, Mahidol University Honorary Doctor of Philosophy (Management) Lampang Rajabhat University Honorary Doctorate in General Administration, Ramkhamhaeng University Master of Science (Human Resources Development), University of Manchester, England MBA., Ramkhamhaeng University B. Econ. Ramkhamhaeng University Training <ul style="list-style-type: none"> Director Accreditation Program (DAP), Director Certification Program (DCP), The Role of Chairman Program (RCP) and Financial Statements for Directors (FSD) Thailand Institute of Directors (IOD) 	4.59%	<u>G Steel Public Company Limited</u> 2003-Present Director 2007-Present Chief of CSR <u>Subsidiaries</u> 2009-Present Chief of CSR G J Steel Public Company Limited <u>Others</u> Present - Director Arnoma Hotel Bangkok Company Limited - Chairperson, Homeland Loyalty Club - Director Ramathibodi Foundation under the Royal Patronage of HRH Princess Mahachakri Sirindhorn - President Thailand Philharmonic Orchestra - Advisory Board Chairperson Bangkok Opera Foundation - Honorary President and Founder Thailand Choral Association - President of the Badminton Association of Thailand under the Royal Patronage of HM the King
8. Mr. William Anthony Gloyne - Director - Corporate Governance Committee Member	63	-None -	<ul style="list-style-type: none"> Grammar School Education, England, UK 	-None -	<u>G Steel Public Company Limited</u> 2013-Present Director and Corporate Governance Committee Member <u>Subsidiaries</u> 2013-Present Director and Corporate Governance Committee Member G J Steel Public Company Limited <u>Others</u> 2007-2013 Director and Chief Financial Officer Bangkok Mass Transit System Public Co., Ltd.

Name / Position	Age (years)	Relation ship	Education / Training	% of shares	Experience
					1998-2007 Independent Financial Consultant World Bank Group and Asian Development Bank
9. Mr. Yanyong Kurovat - Director - Corporate Governance Committee Member - Chairman of the Risk Management Committee	75	-None -	<ul style="list-style-type: none"> Class 5, National Defense Course for Joint Private and Public Sectors, National Defense College 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) Thailand Institute of Directors (IOD) 	-None -	G Steel Public Company Limited 2013-Present Corporate Governance Committee Member 2009-Present Chairman of the Risk Management Committee 2004-Present Director 2006-2013 Nomination Committee Member Others 2007-Present Vice President, The Royal Automobile Association of Thailand Under Royal Patronage of HM the King 2003-Present Director, G.O. International (Thai) Co., Ltd. 2003-Present Advisor, MAN Trucks & Bus Concessionaries (Thailand) Company Limited 2009-2011 Town and Country Planning Board Member Ministry of Interior 2003-2007 Chairman, General Election Committee, Pathumthani province 2000-2013 Chairman of the Board of Director Academic Network Co., Ltd. 1996-2000 Director, Bangkok Mass Transit Authority (BMTA)
10. Mr. Paul Russell Smith - Director - Chief Financial Officer and Business Controller	54	-None -	<ul style="list-style-type: none"> Associate Chartered Accountant (ACA), Victoria University New Zealand Bachelor of Commerce and Administration (BCA), Major in Accounting and Commercial Law, Victoria University, New Zealand 	-None -	G Steel Public Company Limited 2013-Present Director Present Chief Financial Officer and Business Controller Subsidiaries 2013-Present Director Present Chief Financial Officer and Business Controller G J Steel Public Company Limited Others 2012-2013 Managing Director, Head: Debt Products, Investment Banking, South East Asia, Standard Merchant Bank (Asia) Limited, Singapore 2006-2012 Managing Director, Head of Structured Solutions, Asia, Standard Bank PLC, Hong Kong Branch, Hong Kong

Name / Position	Age (years)	Relation ship	Education / Training	% of shares	Experience
11. Mr. Michael Wyer - Director - Nomination and Remuneration Committee Member - Audit Committee Member	47	-None -	<ul style="list-style-type: none"> ● Master of Applied Finance, Macquarie University, Sydney, Australia ● Chartered Accountant, Institute of Chartered Accountants Australia, Sydney ● Bachelor of Commerce, University of New South Wales, Sydney, Australia ● Capital Markets Services License – Rules & Regulations for Advising on Corporate Finance, Monetary Authority of Singapore, Singapore 	-None -	<u>G Steel Public Company Limited</u> 2013-Present Director , Nomination and Remuneration Committee Member and Audit Committee Member <u>Others</u> 2011-2013 Head: Distribution, Global Markets Asia (Managing Director level), Standard Bank 2010-2011 Managing Director, Capital Advisory, Asia-Pac, ICAP Financial Products, Singapore, Hong Kong 2004-2010 Executive Director, Pan-Asia Presidio Capital Advisors, Singapore 2000-2004 Director, Corporate Advisory & Restructuring & Credit Trading, WestLB Marchant Bank, Singapore 1996-2000 Manager, Corporate Advisory & Restructuring Deputy Manager, Project Finance, Dresdner Kleinwort Benson, Singapore
12. Mr. Sittisak Leeswadtrakul - Director - Chief Operation Officer - Executive Vice President Marketing	35	Son of Dr. Somsak Leeswadtrakul	<ul style="list-style-type: none"> ● Master of Business Administration Program in Business Modeling and Analysis (International Program), Mahidol University ● Bachelor of Science (General Engineering), Queen Mary University (London) ● Executive Certificate in Strategy – Building and Sustaining Competitive Advantage, Harvard University, USA ● Executive Certificate in Management and Leadership, Massachusetts Institute of Technology, Cambridge, USA ● Director Certification Program (DCP 163/2012) The Thai Institute of Directors Association (IOD) 	-None -	<u>G Steel Public Company Limited</u> Present Director, Chief Operation Officer and Executive Vice President Marketing <u>Subsidiaries</u> Present Director 2012- Present Chief Operation Officer and Executive Vice President Marketing G J Steel Public Company Limited <u>Others</u> 2008-2011 Senior officer, steel division Mitsui & Co. (Thailand) Ltd. 2006-2008 Business Assistant, steel division Mitsui & Co. Europe PLC

Name / Position	Age (years)	Relation ship	Education / Training	% of shares	Experience
13. Mr. Paniti Junhasavasdikul - Director - Nomination and Remuneration Committee Member - General Counsel	42	-None -	<ul style="list-style-type: none"> LL.M. University of California at Berkeley, Boalt Hall, California, USA LL.B., Faculty of Law Chulalongkorn University Training <ul style="list-style-type: none"> Director Certification Program (DCP) (114) Thailand Institute of Directors (IOD) 	-None -	G Steel Public Company Limited 2013-Present Director, Nomination and Remuneration Committee Member and General Counsel Subsidiaries 2013-Present Director, Nomination and Remuneration Committee Member and General Counsel G J Steel Public Company Limited Others 2005-Present International Corporate Counsel CDG, ESRI (Thailand), Globetech Director Affiliate of Global Beauty (GBIL) invested by Private Equity (EQT) Fund 2000-Present Director Lighthouse Partners Co., Ltd. 2013-2014 Independent Director Christiani & Nielsen (Thai) Public Co., Ltd. 2010-2012 General Partners / Managing Director, Lakeshore Capital Partners (Private Equity) 2010-2011 Acting Counsel Italian Thai Power Co., Ltd. 2007-2010 Equity Partner/Country Managing Director, Thailand DFDL (Legal)

(2) The Management

Name / Position	Age (years)	Relation ship	Education / Training	% of shares	Experience
1. Mr. Michael Richard Loeffler - Chief Executive Officer	54	-None -	<ul style="list-style-type: none"> Ludwig Maximilian University, München Germany 	-None -	<u>G Steel Public Company Limited</u> 2013-Present Chief Executive Officer <u>Subsidiaries</u> 2013-Present Chief Executive Officer G J Steel Public Company Limited <u>Others</u> 2011-2013 CFO Downstream Center Golden Agri-Resources / Golden Agri International, Singapore 2009-2011 Head of Distribution and Bank Relationship Management Asia. Cargill TSF Asia Pte Ltd. 2008-2009 Director Cargill TSF Asia Pte Ltd.
2. Mr. Somchai Leeswadtrakul - Chief Government Liaison	52	Brother of Dr. Somsak Leeswadtrakul	<ul style="list-style-type: none"> M.A. in Political Science, Ramkhamhaeng University BAA., Northrop University, USA Business course, Columbus Business University, USA The Real Estate Executive Association of Chulalongkorn University Chief Executive of Justice College of Justice Judicial Training Institute Office of the Judiciary 	-None -	<u>G Steel Public Company Limited</u> 2013-Present Chief Government Liaison <u>Subsidiaries</u> 2013-Present Chief Government Liaison G J Steel Public Company Limited <u>Others</u> Present Chairman of the Executive Committee Sukhumvit Inter Development Company Limited <u>Experience</u> - President Siam Power Generation Co., Ltd. - Vice President Pacific Ocean Shipping Co., Ltd. - Executive Director Siam Property Service Co., Ltd. - Executive Director S.S.P. Place Co., Ltd.

Name / Position	Age (years)	Relation ship	Education / Training	% of shares	Experience
3. Mr. Nopakao Srisuvannda - Chief Production Officer	55	-None -	<ul style="list-style-type: none"> Beachelor of Engineering, (Metallurgy) Chulalongkorn University 	-None -	G Steel Public Company Limited Present Chief Production Officer 2012-2013 Production Senior Executive Vice President 2006-2012 Senior Vice President Operation 2002-2006 Vice President Operation <u>Subsidiaries</u> Present Chief Production Officer G J Steel Public Company Limited
4. Mr. Chanathip Trivuth - Chief Information Officer	50	-None -	<ul style="list-style-type: none"> MBA., National Institute of Development Administration (NIDA) B. Econ., Thammasat University <u>Training</u> <ul style="list-style-type: none"> Director Accreditation Program (DAP) (64/2007) Thailand Institute of Directors (IOD) 	-None -	G Steel Public Company Limited Present Chief Information Officer <u>Subsidiaries</u> Present Director, Nomination and Remuneration Committee Member and Chief Information Officer G J Steel Public Company Limited <u>Others</u> 2006-Present Director Asia Metal Public Co., Ltd. 2004-Present Director Felix River Kwae Resort (Kanchanaburi) Co., Ltd. 2004- Present Managing Director S.S.P. Place Co., Ltd. 1999-Present Managing Director Great Siam Steel Work Co., Ltd. 1991-Present Director Intelligent System Network Co., Ltd. 2004-2006 Associate Judge Central Labour Court

Management Structure

Management Structure

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

Board of Directors

Definition

• Non-Executive 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.

Currently, the Company's Board of Directors comprises 13 members with are Chairman of Independent Director, Independent Director 5 member and Director 8 member as follows :

	Name		Position
1.	General Lertrat	Ratanavanich	Chairman / Independent Director
2.	Dr. Somsak	Leeswadtrakul	Vice Chairman
3.	Prof. Paichitr	Rojanavanich	Independent Director / Chairman of the Audit Committee
4.	Mr. Chainarong	Monthienvichienchai	Independent Director / Audit Committee Member
5.	Mr. Teerapol	Pussadet	Independent Director / Audit Committee Member
6.	Mr. Ryuzo	Ogino	Director
7.	Khunying Patama	Leeswadtrakul	Director
8.	Mr. William Anthony	Gloyne	Director
9.	Mr. Yanyong	Kurovat	Director
10.	Mr. Paul Russell	Smith	Director
11.	Mr. Michael	Wyer	Independent Director / Audit Committee Member
12.	Mr. Sittisak	Leeswadtrakul	Director
13.	Mr. Paniti	Junhasavasdikul	Director

At present , Authorized signatory directors on the Company's behalf are "Khunying Patama Leeswadtrakul or Mr. William Anthony Gloyne or Mr. Yanyong Kurovat or Mr. Ryuzo Ogino or Mr. Paul Russell Smith or Mr. Sittisak Leeswadtrakul, 2 of 6 director jointly sign and affix the Company's seal. "

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 Audit Committee, Nomination and Remuneration Committee, Corporate Governance 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 where the Board of Directors to be informed accordingly.
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.

The Board of Directors comprises the Chairman who is an independent director. The number of 13 members of the Board of Directors comprises 5 non-executive and 8 executive directors. The number of 13 members of the Board of Directors is supposed to be appropriate, as well as the composition of 62% 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 38%, 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 2013 until now, there have been the following changes and revision of authorized signatory directors.

❖ To be consistent with the debt restructuring and the turnaround of the company. There were 5 directors submitted a letter of resignation from the directorship with effect from 17 January 2013 onwards with the following names:

- | | |
|--------------------------------------|---|
| 1) Mr. Vijit Supinit | Independent Director / Chairman |
| 2) Assoc. Prof. Prapanpong Vejajiva | Independent Director / Audit Committee Member |
| 3) Mr. Preecha Prakobkit | Independent Director / Audit Committee Member |
| 4) Pol. Lt. General Prakard Satamarn | Director |
| 5) Mr. Somchai Leeswadtrakul | Director |

And The Board of Directors Meeting No. 1/2013 on 17 January 2013 resolved to appoint the directors to replace the 5 resigned directors as follows:

- | | |
|---------------------------------|--|
| 1) Mr. Paniti Junhasavasdikul | (To replace Mr. Somchai Leeswadtrakul) |
| 2) General Lertrat Ratanavanich | (To replace Mr. Vijit Supinit) |
| 3) Mr. Ivo Nauman | (To replace Assoc. Prof. Prapanpong Vejajiva) |
| 4) Mr. William Anthony Gloyne | (To replace Mr. Preecha Prakobkit) |
| 5) Mr. Flemming Jensen | (To replace Pol. Lt. General Prakard Satamarn) |

❖ To be consistent with the debt restructuring and the turnaround of the company, 2 directors have submitted a letter of resignation from the directorship to the company with effect from 21 January 2013 onwards with the following names:

- | | |
|------------------------------------|-------------------------------|
| 1) Gen. Choochat Kambhu Na Ayudhya | Independent Director/Director |
| 2) Asst. Prof. Komol Wong –Apai | Independent Director/Director |

And The Board of Directors Meeting No. 2/2013 on 21 January 2013 resolved to appoint the directors to replace the 2 resigned directors as follows:

- | | |
|--------------------------|--|
| 1) Mr. Michael Wyer | (To replace Gen. Choochat Kambhu Na Ayudhya) |
| 2) Mr. Teerapol Pussadet | (To replace Assoc. Prof. Komol Wong-apai) |

❖ 1 director resigned from the post is Mr. Ivo Nauman submitted the resignation to the company with the effect from 28 June 2013. The Board of Directors Meeting No. 10/2013 on 1 July 2013 resolved to appoint Mr. Paul Russell Smith to replace the director.

❖ 1 director resigned from the post is Mr. Flemming Jensen, so The Board of Directors Meeting No. 1/2014 on 17 February 2014 resolved to appoint Mr. Sittisak Leeswadtrakul to replace the director.

Also the amendment of the power of the directors to sign and bind the company is “Khunying Patama Leeswadtrakul or Mr. William Anthony Gloyne or Mr. Yanyong Kurovat or Mr. Paul Russell Smith or Mr. Ryuzo Ogino or Mr. Sittisak Leeswadtrakul, 2 in 6 directors countersign and stamp the common seal of the company.”

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 Rojanavanich 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 4 members with 3 years term:

- | | | |
|-------------------|---------------------|---------------------------------|
| 1. Prof. Paichitr | Rojanavanich | Chairman of the Audit Committee |
| 2. Mr. Chainarong | Monthienvichienchai | Audit Committee Member |
| 3. Mr. Teerapol | Pussadet | Audit Committee Member |
| 4. Mr. Michael | Wyer | Audit Committee Member |

Responsibilities of the Audit Committee

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

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

Nomination and Remuneration Committee

Definition

- Nomination and remuneration Committee

Nomination and Remuneration Committee Member means a person appointed by the Board of Directors as a member of the Nomination and Remuneration Committee. For the transparency and independence in performance of duties, the Chairman of the Nomination and Remuneration Committee shall be an independent director and no less than two-thirds of total number of the committee members shall be the independent directors. In addition, the committee member shall have

sufficient knowledge and experience to nominate directors and senior executives of the Company and to conduct other duties as the nomination and remuneration committee member, provided that the qualifications of the committee member shall be prescribed by the Company and in accordance with the corporate governance principles prescribed by Stock Exchange of Thailand.

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

1. Mr. Teerapol	Pussadet	Chairman of the Nomination and Remuneration Committee
2. Mr. Paniti	Junhasavasdikul	Nomination and Remuneration Committee Member
3. Mr. Michael	Wyer	Nomination and Remuneration Committee Member

Responsibilities of the Nomination and Remuneration Committee

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

Corporate Governance Committee

Definition

- Corporate Governance Committee

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

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

1. Mr. Chainarong	Monthienvichienchai	Chairman of the Corporate Governance Committee
2. Mr. Yanyong	Kurovat	Corporate Governance Committee Member
3. Mr. William Anthony	Gloyne	Corporate Governance Committee Member

Responsibilities of the Corporate Governance Committee

1. Propose and review the policy on the good governance of the company to the board of directors.
2. Develop and review the process or guidelines on good governance to present or recommend to the board of directors.
3. Follow up and monitor the operations of the management to comply with the policies and guidelines on good governance of the company approved by the board.
4. Perform other duties as the board assigns related to the good governance.
5. Report on the operations about the supervision of the company to the board.

Risk Management Committee

Definition

• Risk Management Committee

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

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

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

Management Team

The current management team of the Company is as follows;

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

Responsibilities of the Chief Executive Officer

1. To formulate business plan, investment plan, and annual budget plan for approval by the Executive Committee and/or the Board of Directors.

2. To be responsible for the overall management and to deliberate all the Company's policies to achieve the preset objectives and within the policy, business plan and budget plan approved by the Board of Directors.

3. To approve an execution or payment according to the Company's authorization regulations or annual budget approved by the Board of Directors.

4. To recruit, hire, transfer, reshuffle, suspend or terminate employment of any executives or employees and to stipulate scope of roles and responsibilities as well as appropriate remuneration. For the positions equivalent to Senior Vice President or higher to report to the Board of Directors, while for the positions equivalent to the Internal Audit Department executives, the proceeding shall be made with the Audit Committee's consideration.

5. To appoint respective authorized persons to sign the Company's document in the areas of accounting, finance, purchase, production, sales and general management, as well as other important document.

6. To set, change, revise or cancel any rules, regulations, order, announcement, punishment measures and internal control systems for use as guideline for all employees and to enable the internal management to be executed as per the Company's policies.

7. To appoint advisors in various 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 Board of Directors.

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

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

The Selection of Directors, Chief Executive Officer and Executives

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

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

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

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

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

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

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

1. A shareholder shall have one vote per one share.

2. Each shareholder shall exercise all his/her voting right as mentioned above in selecting one or many person as directors but cannot separate votes for any person(s).

3. The persons receiving the highest votes will be selected as directors. The number of persons selected shall be equal to the number of directors to be selected. In case there are persons with the highest votes more than the number of directors required, the meeting chairman shall have the right to make decision.

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

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

(3) The selection of the Management

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

Company Secretary

The Board of Directors Meeting No. 1/2013 held on 17 January 2013 appointed Mr. Poonyavee Chaiyarungsakul to perform the duties of Company Secretary on giving the advices regarding laws and regulations which the Board of Directors shall be aware, to monitor the Board of Directors' conduct as well as to coordinate and follow up the execution to be according to the Board of Directors' resolution.

Responsibilities of the Company Secretary

1. To give basic advice to the Board of Directors on related laws, regulations and provisions of the Company in accordance with the good corporate governance practices, as well as follow up and monitor the compliance to be accurate and consistent.

2. To arrange meetings of the Board of Directors, committees and shareholders in accordance with the applicable laws, the Company's regulations and practices, as well as complying with the good corporate governance policy of the Company and SET.

3. To monitor the disclosing of data and information to the responsible government agencies according to the regulations and requirements of related organizations, including communicating with shareholders and take care of them appropriately.

4. To provide and keep the following documents

(a) Directors' Record

(b) Invitation letters and minutes of the Board of Directors meetings, as well as the Company's annual report.

(c) Invitation letters to shareholders for the meeting and the minutes.

5. To keep the conflict of interest report provided by directors or executives.

6. To support the Board of Directors' task as assigned.

7. To operate other tasks as specified by the SET's Capital Market Supervisory Board.

Compensation for the Board of Directors and the Management

As for 2013, the remuneration committee meeting has considered the suitability with the burden, duty and responsibility assigned and compared with the compensation of the directors in the listed companies in the similar industry and business for the compensation. Including considering the overall operation results, business environment, so it resolved to set up the remuneration for the directors in 2013 at the old rates not exceeding 8,000,000 baht with details on it as follows:

- Table of the Compensation for the Board in 2013

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

Remark: The directors who used to hold the office of the management or employment in the company and have received the remuneration in the form of salary do not qualify for the gratuity and the meeting allowance.

- The compensation for the directors classified by individual for 2013.

Name of the Directors	Remuneration for director (Baht)	Meeting Allowance (Baht)				Total Monetary Remuneration (Baht)
		Board of Directors	Executive Committee	Audit Committee	Nomination and Remuneration Committee	
1. General Lertrat Ratanavanich **	1,100,000	68,750	-	-	-	1,168,750
2. Dr. Somsak Leeswadtrakul *	-	-	-	-	-	-
3. Mr. Ryuzo Ogino *	-	-	-	-	-	-
4. Khunying Patama Leeswadtrakul *	-	-	-	-	-	-
5. Prof.Paichitr Rojanavanich	720,000	68,750	-	43,750	-	832,500
6. Mr. Yanyong Kurovat	240,000	50,000	-	-	-	290,000
7. . Mr. Teerapol Pussadet ***	200,000	50,000	-	35,000	6,250	291,250
8. Mr.Chainarong Monthienvichienchai	240,000	50,000	-	30,000	-	320,000
9. Mr. William Anthony Gloyne * **	-	-	-	-	-	-
10. Mr. Paul Russell Smith * ****	-	-	-	-	-	-
11. Mr. Michael Wyer * ***	-	-	-	-	-	-
12. Mr. Sittisak Leeswadtrakul * *****	-	-	-	-	-	-
13. Mr. Paniti Junhasavasdikul * **	-	-	-	-	-	-
Total	2,500,000	287,500	-	108,750	6,250	<u>2,902,500</u>

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

** They were appointed as the directors in the Board of Directors Meeting No. 1/2013 on 17 January 2013

- 1) General Lertrat Ratanavanich
- 2) Mr. William Anthony Gloyne
- 3) Mr. Paniti Junhasavasdikul

*** They were appointed as the directors in the Board of Directors Meeting No.2/2013 on 21 January 2013

- 1) Mr. Michael Wyer
- 2) Mr. Teerapol Pussadet

**** He was appointed as a director in the Board of Directors Meeting No.10/2013 on 1 July 2013

- 1) Mr. Paul Russell Smith

***** He was appointed as a director in the Board of Directors Meeting No.1/2014 on 17 February 2014

- 1) Mr. Sittisak Leeswadtrakul

Personnel

Number of Personnel on 31 December 2013 the company had the total of 455 employees, with the number of employees in each division as follows:

Division	Number of Employees
The Management	9
Personnel and General Administration	29
Accounting and Finance	36
Purchasing and Transport	39
Sales and Marketing	4
Information for Management	12
Production	158
Planning and Product Development	45
Engineering and Maintenance	116
Vocational Health, Safety and the Environment	5
Internal Audit	2
Total	455

Personnel Compensation

As of 31 December 2013 the company has paid entire compensation to its employees according to the following details:

Compensation	Amount (Million Baht)
Salary	263.0
Fringe Benefit	3.4
Contribution to the Provident Fund	82.0
Total	348.4

Moreover, the company has allocated other compensation to the employees such as the rent, allowance for working in the provinces, overtime and production reward, etc.

Shareholding of the Board of Directors and the Management

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

Changes in Shareholding of the Board of Directors

Name	Shareholding (shares) : Par value 1 Baht		
	As of 31 Dec. 2013	As of 31 Dec. 2012	Increase/(Decrease)
1. General Lertrat Ratanavanich	-	-	-
2. Dr. Somsak Leeswadtrakul	-	-	-
3. Prof. Paichitr Rojanavanich	-	-	-
4. Mr. Chainarong Monthienvichienchai	1,500,000	1,500,000	-
5. Mr. Teerapol Pussadet	-	-	-
6. Mr. Ryuzo Ogino	-	-	-
7. Khunying Patama Leeswadtrakul	1,520,231,299	1,434,623,093	85,608,206
8. Mr. William Anthony Gloyne	-	-	-
9. Mr. Yanyong Kurovat	-	-	-
10. Mr. Paul Russell Smith	-	-	-
11. Mr. Michael Wyer	-	-	-
12. Mr. Sittisak Leeswadtrakul	-	-	-
13. Mr. Paniti Junhasavasdikul	-	-	-

Change in Shareholding of the Management

Name	Shareholding (shares) : Par value 1 Baht		
	As of 31 Dec. 2013	As of 31 Dec. 2012	Increase/(Decrease)
1. Mr. Michael Richard Loeffler	-	-	-
2. Mr. Somchai Leeswadtrakul	-	-	-
3. Mr. Nopakao Srisuvannda	-	-	-

Good Corporate Governance

Policy on Good Corporate Governance

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

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

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

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

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

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

6. Controlling and managing risks at the appropriate level.

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

The Committees

Structure of the Board of Directors

• The board of directors consists of 13 directors with diverse qualifications on skills, experience and specialization that are beneficial to the company. It includes the dedication of time and effort in the performance of duty. It is complemented to have a strong board, and there are appointments of the committees to relieve the burden/duty and ad hoc committees with the details appear in the heading on the structure of management.

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

• In the process of recruitment of the directors, the directors have designated the formal methodology based on the principle of transparency, free from the influence of the management or the shareholders with the control power. That is the recruitment committee shall recruit the directors by selecting the suitable persons considering from the qualification, capability, experiences, etc. to coincide with the missions/duties of the directors and/or committee members in the various committees. After the suitable selection of the directors, so it is presented to the board of directors for approval/appointment of the directorship.

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

Executive Committee

In the past year, the Executive Committee performed its duties in managing the Company's operations in reviewing the Policies, Business Plan, Investment Plan, and 2013 Annual Budget Plan, to submit to the Board of Directors for approval. The Executive Committee would be monitoring, supervising and controlling the execution to achieve the goals of such plans approved or assigned by the Board of Directors, and reporting the quarterly and annual business performances to the Board of Directors.

Audit Committee

In 2013, the Audit Committee performed its duties in reviewing the financial statements of the Company and its subsidiaries, auditing the internal control report submitted every month by the Internal Audit Department, as well as meeting with independent auditors to discuss various matters. The Audit Committee Chairman not only reported the Board of Directors the summary of significant issues for acknowledgment and consideration by including such issues in the meeting agenda, but also provided its opinion in the Audit Committee Report as published in the annual report.

In 2013, the Audit Committee convened 7 times, the meeting attendance of each member of the Audit Committee is as follows;

No.	Audit Committee	Attendance / No. of meetings	Note
1.	Prof. Paichitr Rojanavanich	7 / 7	
2.	Mr.Chainarong Monthienvichienchai	6 / 7	
3.	Mr. Teerapol Pussadet	7 / 7	
4.	Mr. Michael Wyer	2 / 4	Mr. Michael Wyer was appointed to the Audit Committee. When meeting No.4

Nomination and Remuneration Committee

For the 3 directors retiring at the end of their terms in the year 2013, the Nomination and Remuneration Committee had considered their qualifications, knowledge, capability, experience and good performance in the Company's business, and ethics, to be proposed to the Board of Directors' meeting to reelect the 3 retiring directors to serve for another term, namely; Prof. Paichitr Rojanavanich, Mr. William Anthony Gloyne, Mr. Ivo Nauman, Mr. Michael Wyer and Mr. Flemming Jensen and approved by the 2013 Annual General Meeting of the Shareholders.

And performed its duties in setting remunerations for directors who are not the Company's executives nor employees for the year 2013 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 2013 Annual General Meeting of the Shareholders for approval

In 2013, the Nomination and Remuneration Committee met 1 time and all committee members attended such meetings in unison.

No.	Nomination and Remuneration Committee	Attendance / No. of meetings
1.	Mr. Teerapol Pussadet	1 / 1
2.	Mr. Paniti Junhasavasdikul	1 / 1
3.	Mr. Michael Wyer	1 / 1

Risk Management Committee

In 2013, 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 2013, the Risk Management Committee met 1 time and all committee members attended such meeting in unison.

Recruitment and Appointment of the Directors and the Senior Management

Independent Directors

Definition

Independent Directors

Independent director means the directors who have the following specifications:

1. Hold shares of the company by no more than 0.5 percent of the voting shares in the company, subsidiaries, affiliates or other corporations that may have conflict of interest. The shares are included the related persons (pursuant to the Section 258 of the SEC Act).
2. Do not participate in the management as a controller, as well as having the power to sign and bind the company, or is not the management or a regular employee or salaried consultant or authorized person in the company, its subsidiaries, affiliates or corporations with conflict at present and the past three years before the appointment.
3. Do not have blood relations or being legal parents, spouse, sibling or offspring, including the spouse of the offspring of the management, major shareholders, authorized persons or person proposed to become the management or authorized person of the company or its subsidiaries and are independent from the major shareholders, the management and the authorized persons.
4. Do not have business relations with the company in terms of providing professional service or business to comply with the requirement of the SET on the conflict of interest.
5. Have not been appointed as a representative of the directors, shareholders or shareholders related to the major shareholders.
6. Not be in any other position that cannot offer independent views.
7. Be capable in protecting all shareholders' benefits equally and supervising so as for any conflict of interest between the Company and related persons to be prohibited, and able to attend the meetings of the Board of Directors whereby a decision on significant issues are made.

Criteria in selecting independent directors

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

Director recruitment

Criteria in selecting independent directors :

(1) Nomination and Remuneration Committee

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

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

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

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

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

The election of the directors to replace the rotated directors at the expiry period shall require appointing from the annual general meeting (AGM) by the recruitment committee has the duty to recruit the reasonable persons suitable to be presented as the directors. It is considered the qualifications, knowledge, capability, experiences, good working background, leadership and good vision, including having the virtue, ethics, good attitude with the organization and can sacrifice time for the company fully.

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

Supervision of the Subsidiaries

1. Siam Professional Holding Co., Ltd. (SPH), the company has appointed three directors as the authorized directors to act on its behalf in SPH are Mr. Ryuzo Ogino, Khunying Patama Leeswadtrakul and Mr. Yanyong Kurovat.

2. G J Steel Public Co., Ltd. (GJS), the company has appointed six directors as the authorized directors to act on its behalf in the GJS are General Lertrat Ratanavanich, Dr. Somsak Leeswadtrakul, Mr. Ryuzo Ogino, Mr. William Anthony Gloyne, Mr. Paul Russel Smith and Mr. Paniti Junhasavasdikul .

3. GS Notes Holding Co., Ltd. (GS Notes), the company has appointed two directors as the authorized directors to act on behalf of GS Notes are Mr. Ryuzo Ogino, Mr. Yanyong Kurovat and Pol. Lt. General Prakard Sattamarn (At present is not a director of G STEEL)

4. GS Security Holding Co., Ltd. (GS Sec), the company has appointed three directors as the authorized directors to act on its behalf in GS Sec are Mr. Ryuzo Ogino, Khunying Patama Leeswadtrakul and Mr. Yanyong Kurovat.

5. GS Notes 2 Holding Co., Ltd. (GS Notes), the company has appointed two directors as the authorized directors to act on behalf of GS Notes are Mr. Ryuzo Ogino, Mr. Yanyong Kurovat and Pol. Lt. General Prakard Sattamarn (At present is not a director of G STEEL)

6. Oriental Access Co., Ltd. (OA), the company has appointed three directors as the authorized directors to act on its behalf in the OA are Mr. Ryuzo Ogino, Khunying Patama Leeswadtrakul and Mr. Yanyong Kurovat.

Control of the use of internal information

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 7 meetings in 2013, to review justification of related transactions, adequacy of internal control system, including meeting with independent auditor to examine financial statements and data disclosure revision, and also to scrutinize the annual audit plan as well as to monitor the results of the internal audits.

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

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

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

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

Employee development policy

The Company arranged internal trainings to enhance employees' knowledge and skills by learning from hands-on experience and advice from experienced seniors in different areas. In addition, the Company encouraged employees to regularly attend trainings and seminars organized by outside organizations. The Company also has a policy to offer appropriate remuneration to employees to stimulate and maintain them with the Company in the long run.

Dividend payment policy

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

Remuneration for the Auditors

The Extraordinary General Meeting of the Shareholders (EGM) No. 1/2014 on Thursday, 3 April 2014, resolved to appoint A.M.T Associate as its auditors for the financial statement of 2013, with the details of the licensed auditors as follows:

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

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

Compliance with the good Governance Principle in Other Matters

Through the year 2013, 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 2013, the Company's CG practices were divided into 5 parts, as follows:

Part 1 : Shareholders' Rights

1.1 CG on Shareholders' Right Protection Policy

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

Policy on shareholders' right protection

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

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

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

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

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

- The Board of Directors and the Management have implemented the policy relating to shareholders' right that covers more the rights than those required by law, especially the right to general and significant information. At the 2012 Annual General Meeting of the Shareholders on 29 April 2013, the Company provided the shareholders with sufficient opportunity to study the information for 30 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 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, 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 2013 Annual General Meeting of the Shareholders" for publishing on the Company's website on 13 May 2013, 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

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

1.4 Facilitating shareholders to exercise rights

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

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

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

1.5 Providing time and opportunity for shareholders to express their opinions

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

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

1.6 Directors to attend the shareholders' meeting

- With fully respect of shareholders' right, 13 members of the Board of Directors attended Annual General Meeting of the Shareholders for the year 2013. The board of directors has given priority and respect on the right of the shareholders in the organization at the AGM of 2013, with 12 board members attended the meeting and one on the leave with advance notice.

It could be concluded that the Company still developed organizing the 2013 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 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 6 consecutive 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. For the voting, the Company supports the shareholders to authorize proxies by offering alternatives at least 2 independent directors for the shareholders to authorize as their proxies.

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

- The Company allowed and assisted any shareholders to propose in advance an issue in the meeting agenda by providing the consideration criteria published via the data system of SET and the Company's website 3 months prior to the 2013 Annual General Meeting of Shareholders (from 1 November 2012 to 1 February 2013). 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 2013 so as for consideration to include in the agenda. In 2013, none of shareholders proposed in advance any issue in the agenda. The criteria of proposing the agenda of the 2013 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 the shareholder holding not less than 100,000 shares, maybe a sole shareholder or combined shareholders, holding continually 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 2013 Annual General Meeting" with related complete and entire documents, to be submitted to the Company within 1 February 2013.
3. Criteria to reject the issues proposed:
 - (1) Issue proposed by the shareholder with incomplete qualification, incomplete or inaccurate documents, or not propose in time.

(2) Issue proposed has been normally specified by the laws to be considered in the shareholders' meeting, and the Company has already included it in the agenda every time.

(3) Issue proposed is the Company's normal business and/or completely operated.

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

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

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

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

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

4. The Company's independent directors considered and screened the issues proposed by shareholders prior to submit to the Board of Directors. The Company would notify the consideration result after the meeting of the Board of Directors within March 2013. The approved issues would be included in the agenda attached to the invitation to 2013 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 strictly conducted the meeting in line with the agenda and did not distribute any additional documents suddenly, or add any issue in the agenda or change any significant information without advance notice.

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

• The Company allowed and assisted any shareholders to nominate in advance qualified person for director position by providing the consideration criteria published via the data system of SET and the Company's website 3 months prior to the 2013 Annual General Meeting of Shareholders. 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 2013 to consider and propose to the general meeting of shareholders. In 2013, none of shareholders made nomination. The nomination criteria were the followings:

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

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

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

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

(3) Nominee Consent Form for election in the Annual General Meeting of Shareholders the person to be director.
With complete and entire related documents to be submitted to the Company within 1 February 2013.

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 2013.

2.5 Encouraging the shareholders to use the Proxy Form

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

2.6 Encouraging the shareholders to vote

- The Board of Directors provided convenience for shareholders who could not attend the meeting but wish to exercise their voting rights by allowing them to assign proxy. The Company arranged 1 independent directors to attend the meeting and vote on behalf of the shareholders. The 1 independent directors are Prof. Paichitr Rojanavanich (Chairman of the Audit Committee and independent director). Shareholders can appoint one of the two independent directors as their proxy. In this regard, 64 shareholders authorized the independent director to attend the meeting and vote on behalf of them in the 2013 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 at the registration before meeting. Voting ballots were provided for each issue of the agenda, such as dividend payment approval, independent auditor remuneration, and individual director appointment. The vote counting was recorded in the minutes of each meeting for transparency and reference in case of objection later.

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

- The Board of Directors stipulated the measures to prevent the directors, executives, and employees from using the internal information for their or others' benefits in the Code of Conduct covering the use of internal information for stock trading, the conflict of interest, and the confidentiality of information. The measures were notified through the business ethics, training, and the Company's 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 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@steel.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 prior to the meeting date, the right to express opinion and ask questions in the meeting, etc. through the channel;

Compliance
Mr. Poonyavee Chaiyarungsakul
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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, 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 concerned 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 in long and short runs.

• Keep suppliers' 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, investors and 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)
Tel. 0-2634-2222 ext. 1175-1176
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 2010, there was no report that the Company's directors, executives and employees having conflict of interest that caused 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 the past year, there was 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 the past year, there was no customers' and creditors' complaint on infringement.

3. Shareholders

Measures to prevent damage from infringement upon shareholders

Today, the Company implements measures in protecting the basic rights of shareholders, including the right to receive information, and the right to attend shareholders' meeting, and also encouraging shareholders to exercise their rights better than 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 the past year, there was 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 also 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) 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
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Tel. 0-2634-2222 ext. 1241
e-mail : info@gsteeel.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

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

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

4.2 Remuneration for the directors and the management

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

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

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

2. The 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 2013 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 shown in Remuneration for Directors and the Management Chapter. Any director being the subsidiary's director shall not be entitled to take any remuneration from such subsidiary.

4.3 Board of Directors' Report

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

4.4 Roles and duties of the Board of Directors and Committees

- In 2013, 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 2013, the Board of Directors has the total meetings of 13 times. All meetings were arranged strictly in compliance with the Company's Article of Association and the Public Limited Company Act B.E. 2535. Meeting agenda and related information were distributed to the directors 7 days prior to the meeting. Also, adequate and equal opportunities for the directors to discuss significant issues are provided. The Board of Directors' secretary and legal advisor attended and recorded the meeting, questions, and recommendations of the directors in order to allow directors and concerned parties to study and audit.

In the 2013 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	2013 AGM
1.	General Lertrat Ratanavanich*	12 / 12	✓
2.	Dr. Somsak Leeswadtrakul	13 / 13	✓
3.	Mr. Ryuzo Ogino	13 / 13	✓
4.	Khunying Patama Leeswadtrakul	7 / 13	✓
5.	Prof.Paichitr Rojanavanich	12 / 13	✓
6.	Mr. Yanyong Kurovat	11 / 13	Leave with advance notice
7.	Mr. Teerapol Pussadet**	11 / 11	✓
8.	Mr.Chainarong Monthienvichienchai	11 / 13	✓
9.	Mr. William Anthony Gloyne*	9 / 12	✓
10.	Mr. Paul Russell Smith***	3 / 3	Has not become a director
11.	Mr. Michael Wyer**	10 / 11	✓
12.	Mr. Sittisak Leeswadtrakul****	0 / 0	Has not become a director
13.	Mr. Paniti Junhasavasdikul*	12 / 12	✓

Note * Appointed as the directors in the board meeting No. 1/2013 on 17 January 2013

- 1) General Lertrat Ratanavanich
- 2) Mr. William Anthony Gloyne
- 3) Mr. Paniti Junhasavasdikul

** Appointed as a director in the board meeting No.2/2013 on 21 January 2013

- 1) Mr. Michael Wyer
- 2) Mr. Teerapol Pussadet

*** Appointed as a director in the board meeting No.10/2013 on 1 July 2013

- 1) Mr. Paul Russell Smith

**** Appointed as a director in the board meeting No. 1/2014 on 17 February 2014

- 1) Mr. Sittisak Leeswadtrakul

4.5 Relationship with investors

• The Company has a policy on significant information, including general information, to be disclosed properly, completely, reliably, sufficiently, timely, and transparently, including general information that may affect the Company's share price, assigning the Company's representative to communicate with the institute and individual investors as well as

analysts and concerned government agencies. The Company's website (www.gsteel.com) is used as a channel to distribute all information, such as the information regarding the Company, business, financial information, news that may affect investment decision, reports submitted to the SET, the Company's activities, and shareholders' meeting details, in order to enable shareholders to keep updated of the Company's movement and information.

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

1. Organize the press conference regularly at least once a quarter in order to announce the quarterly business performance.

2. Organize a quarterly meeting for analysts. The Company will also organize a meeting between its Investor Relations and analysts occasionally in case the analysts need more information on additional matters.

3. The Company provided an opportunity for its investors to visit the factory apart from inviting them to talk with the Management.

4. Arrange the roadshows overseas at least once a year.

5. Participate in exhibitions held by SET, Brokers' Association and other organizations to provide information to investors.

Part 5 : The Board of Directors' Responsibilities

5.1 Policy on Good Corporate Governance

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

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

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

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

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

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

6. Controlling and managing risks at the appropriate level.

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

5.2 Structure of the Board of Directors

- The Board of Directors comprises 13 members that have different qualifications, skills, experience and specialization being benefit to the Company, and ability to contribute their time and efforts to perform a duty to reinforce the Board of Directors. The Board of Directors shall select and appoint the committees in order to share its works for specific issues, as specified in the annual report under Management Structure.

- The Board of Directors gives priority to transparency and therefore stipulated that the Board of Directors Chairman is an independent director and shall not be the same person as the Chief Executive Officer or President. The Board of Directors

approved the definition of independent directors which is stricter than that required by SEC, for example, an independent director shall hold the shares not exceeding 0.5% in the Company.

- The Board of Directors stipulated a formal and transparent process of director nomination which is free from influence from shareholders who have controlling authority. The Nomination Committee shall nominate directors by considering education, capability, experience, etc. in accordance with the scope of responsibilities of the Board of Directors or committees. The list of nominees will be proposed to the Board of Directors for consideration and appointment.

- The Board of Directors disclosed the list of the directors and committee members in terms of names, positions, age, education, shareholdings, work experience and relationship with the Company's executives in various channels, including the annual report and the Company's website.

5.3 Leadership and vision

- The Board of Directors has strong leadership, vision and independence in making decision for the best benefit of the Company and its shareholders. Roles and responsibilities of the Board of Directors and the Management are clearly separated, i.e. the Management is responsible for compiling necessary information for the Board of Directors' consideration.

- With a goal to ensure stable business with long-term sustainability and success, the Board of Director, in cooperation with the Management in reviewing and ensuring that vision and mission best address the changing environment, the business goals, business plan and budget are prepared by taking into consideration the maximum added value and long-term stability of the Company and its shareholders. The Board of Directors also directs the business and ensure that the business operation is efficiently executed by the Management.

- The Board of Directors encourages good corporate governance within the organization and formulates good corporate governance practice, code of ethics, measures and approval procedure of connected transactions between the Company and related parties or persons who may have conflict of interest, as well as clearly separates the authority of shareholders from that of the Board of Directors, also that between the Board of Directors and the executives and other committees, in order to balance the power, and each other shall be independently examined.

5.4 Conflict of interest

- The Board of Directors shall consider connected transactions that may cause conflict of interest between shareholders, directors and the Management, with best prudence, integrity, reasonableness and independence within good business ethic framework. It also discloses complete information for the best benefit of the Company. The Board of Directors shall strictly conform to the criteria and procedures or regulations set by SET whereby the Audit Committee shall provide information about the necessity and appropriateness of such transaction.

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

5.5 Business ethics

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

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

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

5.6 Power balance of non-executive directors

- The structure of the Company's Board of Directors comprises the Chairman who is an independent director, and non-executive directors totaling 6 persons (independent directors 5 persons), together with 7 executive directors forming as 13 members of the Board of Directors. The balance of power by independent directors is 46% which is over half the Board of Directors.

5.7 Integration or segregation of positions for managerial balance of power

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

5.8 Committees

- The Board of Directors appointed committees to assist it in monitoring and controlling the operations, as well as screening the assigned tasks. Roles, authorities, duties and responsibilities are clearly set. At present, there are 4 committees, each with different roles and scopes of responsibility, as specified in the Annual Report under Management Structure.

5.9 Roles and responsibilities of the Board of Directors

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

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

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

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

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

5.10 The Board of Directors' meeting

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

future reference and checking. It is the duty of the Board members to attend every meeting, except for a certain unavoidable case.

- Before the Board of Directors' each meeting in 2012, in late 2011 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, and schedule the annual general shareholders' meeting as well as set the date of the closing of the Company's registration book to suspend the share transfer, while the meetings in May, August and December are scheduled for reviewing and approving financial statements for the first, second and third quarters, then the December meeting is organized to consider budget for the following year.

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

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

5.11 Self Assessment of the Board of Directors

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

5.12 Remuneration for directors and executives

- In 2013 The Remuneration Committee resolved, in accordance with the scope of duty and responsibility assigned and at the same range as that offered to directors in listed companies of similar size and in the same industry, and also the Company's performance, business environment and economy as a whole, to propose to the Board of Directors and to the Shareholders in the Annual General Shareholders' Meeting to approve the total amount of the Directors' remuneration shall not exceed Baht 8,000,000 for the Year 2013 same as 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 so as for the continuous improvement in performing their tasks.

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

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

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

Risk Factors and Risk Management

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

Production risk

1) Risk from volatility of costs of raw material

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 on 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.

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.

Market and distribution risk

1) Risk from product price volatility during the business downturn

Since the Company's products are used by related industries such as construction, the characteristics of which include upturn and downturn cycles, therefore, demands and prices of the Company's products will vary accordingly. Since

this may affect the Company's future profit especially during the downturn, pricing volatility may affect its revenues in different periods and this could negatively affect its business, financial conditions, and operation results in future.

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.

Financial risk

1) Risk on currency exchange fluctuation

The Company is exposed to a risk on currency exchange fluctuation since most of its incomes are in Thai Baht while it needs to pay for most of the raw materials ordered from overseas. 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.

Environmental and personnel risk

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.

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.

Risk from government policies and related regulations

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

Thailand is bound by the Free Trade Agreement (FTA) relating to the steel industry which is the Japan-Thailand Economic Partnership Agreement (JTEPA). The JTEPA specifies the quota of hot-rolled coils imported from Japan being subject to import tariff elimination (exemption of import duties for quantity of goods specified by Thai Government in each year). These products comprise pickled and oiled hot-rolled steels and hot-rolled coils for cold rolling and they are required to be imported because the domestic production is insufficient to the current demand. Thus, G Steel may be affected in terms of market opportunities that can drive the development of production capacity of these quota products in competing with those imported from Japan in the long run, in future.

The FTAs between “ASEAN and China” and “ASEAN and South Korea” currently in effective specify the exemption of import duty (zero duty) for other alloy steel products excluding stainless steel, high speed steel, and silicon steel for electric works in coil and other forms (the domestic production of which is insufficient to the domestic demand) which are imported from the party countries. These FTAs have become in full force and effect since the end of 2009. In 2012 such import tariff elimination provision had been distorted by foreign manufacturers and exporters whereby the original purposes of the free trade with the privilege of import duty exemption. Consequently, the manufacturers of hot-rolled steel, including G Steel, have constantly suffered severely from the import of other alloy steels in an increasingly high volume which compete with the hot-rolled, non-alloy steel that can be locally produced in an unfair manner. Requests have been sent to the Government sector for assistance since the rise of the problem in 2010. Eventually, the manufacturers filed a request with the Ministry of Commerce for the consideration of protective measures from the increasing import of such goods that this pressing issue against the domestic industry is resolved and cased. The Ministry of Commerce then issued a notification prescribing the inquisition on the increasing imports of other alloy steels in November 2012 marking the commencement of prescription of the protective measures.

2) Risk from the government’s price control

Since 2013 until the preparation of this report, by virtue of the notification of the Ministry of Commerce, the hot-rolled steels are deemed as the controlled products. In practice, the monitoring of movement of quantity and domestic selling price has been conducted in a lenient manner and there is not any official suggested price which is used to be specified in the past. This is because the government sector has better knowledge and understanding in relation to the costs and expenses of the manufacturers; and it is apparent that the manufacturers had suffered financial issues for a long period, particularly during the time of strict control of selling prices by the government sector.

Each manufacturer has a duty to inform the Department of Domestic Trade of the quantity and selling price of the products. However, any manufacturer may change the product price with the supervision of the Department of Domestic Trade. Accordingly, G Steel may be exposed to minor risk from being prohibited from raising the price of the products where

the Ministry of Commerce enforces the price stabilization measure on any commodity for a certain period of time. In case of necessity, G Steel may declare the costs of raw materials and the costs of production which have increased to justify the price raise and the rationale for such raise. Therefore, this is a minor risk which may affect the earning ability and profitability in future.

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.

General risk

1) 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 7 meetings in 2013, 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, spouses, and children who have not yet attained manhood, and report changes in their shareholding as required by the Article 59 and Punishment Article 275 of the Securities and Stock Exchange Act B.E. 2535.

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

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

Sufficiency of internal control system assessment

The Board of Directors assessed the sufficiency of the Company's internal control system for the year 2012. 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, i.e. production and maintenance, and the other part is supporting departments allowing the management to manage the operation with highest efficiency.
- The Company reviewed in 2008 the Code of Conduct by adding ethics and related provisions covering 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 transactions, purchase and general management with carefulness so that frauds can be prevented. The purchase operation manual conforms to the ISO 9001:2000. At the end of 2009 the Company reviewed with approval from the Risk Management Committee and the Board of Directors. The review separated the policy on procurement into three parts: 1) Policy and procedure on procurement of spare parts and non-operation supplies as well as service. 2) Policy and procedure on procurement of raw materials and consumables and 3) Policy and procedure on procurement for the expansion project. As for the finance 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 continuously improved for use as anti-fraud tool.
- 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 1 Risk Management Committee meetings in 2013, 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

- In 2013, the Company clearly reviewed the regulation on approval authorization in financial and operational matters for the Management to manage the operations with utmost efficiency.
- The Company, with Work Flow provided, clearly separated the responsibilities of approving, recording accounting items and significant information, as well as assets maintenance.
- The Company stipulated measures and procedures of connected transaction approval and set as a policy on conflict of interest included in the Code of Conduct for executives and employees. The Internal Audit Department was assigned to audit and directly and consistently report to the Audit Committee. The Company also prohibits persons who may have conflict of interest to participate in approving transaction that may cause conflict of interest. In approving any transaction, the Company takes into account the long-term benefit as priority. In case of transaction that may involve conflict of interest, the matter shall be reported to the Audit Committee, or as the case may be, opinions of the Audit Committee shall be sought.
- The Company regularly monitored any execution in respect of contracts and agreements. The Company consistently monitored the operations of its subsidiaries where the Company has put an investment. The Company would appoint directors to hold directorship in the subsidiaries. For affiliate companies, the Company appointed representatives to be directors to protect its benefits.
- The Company hires a legal advisor from outside to review documents and provide consultancy in its operation. Internal Audit Department is assigned to audit the execution of the conduct to strictly conform to the rules, regulations and related laws.

4. Information and communication system

- For the Board of Directors' meeting, the 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 7 days in advance.
- The Company prepared the Board of Directors' meeting minutes by recording significant details, including recommendation, objections (if any) and asked the Board of Directors to certify and approve the meeting minutes in the next Board of Directors' meeting. The Chairman of the Board of 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 (KPI), as well as seek solution in case the Company has not yet achieved the set goals. A committee was set up, with emphasis on operation system improvement, to handle project execution to enable the Company to achieve its business goal.

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

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

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

Connected Transactions

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 2013 (Million Baht)	Outstanding as of end of 2013 (Million Baht)	Terms and conditions
<p>Sukhumvit Inter Development Co., Ltd. (“SID”)</p> <p><u>Type of business</u></p> <p>- Developer of office building, industrial estate and others</p>	There are joint shareholders with the company.	▪ Deposit in related parties	-	2	▪ Cost of raw water according to the sale agreement of raw water .
<p>Arnoma Hotel Bangkok Co., Ltd. (“Arnoma”)</p> <p><u>Type of business</u></p> <p>- Hotel</p>	A juristic person having the interlocking directorate and management with GJS and whose shares are directly and indirectly held by the Company’s directors and shareholders	▪ Other creditor and accrued expenses - other related parties	2	3	▪ Service fees for using venues for meetings and conventions for foreign business visitors of the Company. The hotel is located in a strategic area and charges standard service fees.
<p>Oriental Access Co., Ltd. (“OAC”)</p> <p><u>Type of business</u></p> <p>- Business advisor</p>	A juristic person 99.98% of whose shares are indirectly held by the Company via Siam Professional Holding Co., Ltd. and having the interlocking directorate with the Company	<p>▪ Receivable from consulting service- a subsidiary</p> <p>▪ Allowance for doubtful debts</p> <p>▪ (Reversing entry) Doubtful debts</p> <p>▪ Receivable from collateral</p>	<p>-</p> <p>76</p> <p>-</p> <p>30</p>	<p>1,142</p> <p>(1,142)</p> <p>720</p> <p>(720)</p>	<p>▪ Service fees for the Company’s consulting service provided to OA in relation to production process management and other business advices.</p> <p>▪ New shareholder pledged its shares as collateral for obligations of OA</p>

Persons with possible conflict of interest	Type of relationship	Transaction	Transaction value in 2013 (Million Baht)	Outstanding as of end of 2013 (Million Baht)	Terms and conditions
Millconsteel Industries Co., Ltd. (“MILL”) <u>Type of business</u> - Sale and/or purchase of raw materials, steel and consumables	There are directors with relations with the major shareholders of the company.	-	-	-	
Millcon Burapa Co., Ltd. (“BRP”) <u>Type of business</u> - Sale and/or purchase of raw materials and consumables	There are directors with relations with the major shareholders of the company.	-	-	-	
Great Siam Steel Works Co., Ltd. <u>Type of business</u> - Sale and/or purchase of Hot Rolled Coil Products	A juristic person having the interlocking directorate with the Company and its subsidiaries	-	-	-	

Persons with possible conflict of interest	Type of relationship	Transaction	Transaction value in 2013 (Million Baht)	Outstanding as of end of 2013 (Million Baht)	Terms and conditions
Siam Professional Holding Co., Ltd. (“SPH”)	A subsidiary 99.99% of whose shares are held by the Company, and having the interlocking directorate with the Company	<ul style="list-style-type: none"> ▪ Loan to related parties ▪ Allowance for doubtful debts ▪ Accrued interest from related parties ▪ Allowance for doubtful debts 	- - - -	6 (6) 1 (1)	<ul style="list-style-type: none"> ▪ For investment.
GS Notes Holdings Co., Ltd. (“GS Notes”)	A subsidiary 99.99% of whose shares are held by the Company, and having the interlocking directorate with the Company	-	-	-	<ul style="list-style-type: none"> ▪ A special purpose vehicle established for the Company’s debt restructuring through bond issue.
GS Securities Holding Co., Ltd. (“GS Securities”)	A subsidiary 99.99% of whose shares are held by the Company, and having the interlocking directorate with the Company	<ul style="list-style-type: none"> ▪ The creditor of related business ▪ Deferred interest- subsidiary ▪ Short-term loan- subsidiary ▪ Long-term loan- subsidiary 	- 52 - -	19 52 255 1,086	<ul style="list-style-type: none"> ▪ The business is established with the specific objective to restructure the debts of the company.

Persons with possible conflict of interest	Type of relationship	Transaction	Transaction value in 2013 (Million Baht)	Outstanding as of end of 2013 (Million Baht)	Terms and conditions
Advance Metal Fabrications Co., Ltd. (“Advance”)	A related company whose shareholders are directors of the Company	<ul style="list-style-type: none"> ▪ Trade debtors ▪ Allowance for bad debts ▪ (and the item) bad and doubtful debts ▪ Debtors from selling raw materials ▪ Write-off ▪ Debtors from selling scrap ▪ Doubtful debts ▪ Trade creditors 	<ul style="list-style-type: none"> - - - - - - - - 	<ul style="list-style-type: none"> 54 (54) (3) 1 (1) 338 (338) 19 	<ul style="list-style-type: none"> ▪ Sales of hot rolled coil at a market price with the same general business conditions as those offered to other customers with records of good financial standing and timely payment as required by the Company. ▪ Sales of scraps at the price based on the cost-plus method with the same general business conditions as those offered to other customers. ▪ Purchase of steel scraps for use in the production process at the price based on the cost-plus method with the general business conditions, which was not higher than the price paid to other suppliers.

Persons with possible conflict of interest	Type of relationship	Transaction	Transaction value in 2013 (Million Baht)	Outstanding as of end of 2013 (Million Baht)	Terms and conditions
SSP Place Co., Ltd. (“SSP”)	A related company having the interlocking directorate with the subsidiary	<ul style="list-style-type: none"> ▪ Deposit in related parties ▪ Other creditors and accrued expenses-related parties 	<p>-</p> <p>8</p>	<p>1</p> <p>18</p>	<ul style="list-style-type: none"> ▪ Rental and service fees for space used as the head office.
Asia Metal Public Co., Ltd.	A related company having the cross-holding with the Company and the interlocking directorate with the subsidiary	<ul style="list-style-type: none"> ▪ Advance received from customers-related party 	-	1	<ul style="list-style-type: none"> ▪ Sales of hotrolled steel at a market price with the same general business conditions as those offered to other customers with records of good financial standing and timely payment as required by the Company.
Asia Metal Fabrications Co., Ltd.	A subsidiary of the related company	<ul style="list-style-type: none"> ▪ Advance payment for land, buildings and equipment ▪ Allowance for asset impairment ▪ Creditor for machinery and construction works 	<p>-</p> <p>-</p> <p>-</p>	<p>8</p> <p>(8)</p> <p>1</p>	<ul style="list-style-type: none"> ▪ Construction service.

Persons with possible conflict of interest	Type of relationship	Transaction	Transaction value in 2013 (Million Baht)	Outstanding as of end of 2013 (Million Baht)	Terms and conditions
Mahachai Steel Center Co., Ltd.	A shareholder of the Company since 21 September 2012	<ul style="list-style-type: none"> Trade account receivable - other related parties Accrued interest expense – other related parties 	782 15	253 3	<ul style="list-style-type: none"> Purchase of metal scraps for use in the production process at the price based on the cost-plus method with the general business conditions, which was not higher than the price paid to other suppliers
GS Notes Holdings 2 Co., Ltd. (“GS Notes 2”)	A subsidiary 99.99% of whose shares are held by the Company, and having the interlocking directorate with the Company	<ul style="list-style-type: none"> Short-term loan- subsidiary 	-	1	<ul style="list-style-type: none"> A special purpose vehicle established for the Company’s debt restructuring
Mrs. Nangnoi Traiwut	A cousin of a director of the subsidiary	<ul style="list-style-type: none"> Accrued interest expense - other related persons Short-term loan - other related person 	4 -	6 30	<ul style="list-style-type: none"> A loan agreement executed between the Company and Mrs. Nangnoi Traiwut on 28 March 2012 for the loan amount of Baht 30 million with the annual 12% interest, whereby the Company was required to place, as collateral, 500 million shares of GJ Steel held by it with the lender

Persons with possible conflict of interest	Type of relationship	Transaction	Transaction value in 2013 (Million Baht)	Outstanding as of end of 2013 (Million Baht)	Terms and conditions
Renaissance Advisory Limited ("RA")	directorship with the Company since 1 February 2013	▪ Receivable- other related persons	7	13	▪ Financial Advisor

2. Connected Transaction between the Company and business alliances

Business alliances	Type of relationship	Transaction	Transaction value in 2013 (Million Baht)	Outstanding as of end of 2013 (Million Baht)	Terms and conditions
<p>Nara International Co., Ltd. ("Nara")</p> <p><u>Type of business</u></p> <ul style="list-style-type: none"> Steel wholesaler and retailer Supplier of other industrial products 	<p>The Company's directors and shareholders once were its directors and direct and indirect shareholders but had resigned from the directorship and had no longer held its shares since September 2004.</p>	<ul style="list-style-type: none"> Other debtors Allowance for doubtful debts Trade account payable Other creditors and accrued expenses 	<p>-</p> <p>-</p> <p>-</p> <p>5</p>	<p>30</p> <p>(30)</p> <p>1</p> <p>7</p>	<ul style="list-style-type: none"> Sales of hotrolled steel at the market price with the same general business conditions as those offered to other customer with records of good financial standing and timely payment as required by the Company Purchase of other raw materials and consumables used in the production which accounted for no more than 3% of the production cost, at the price based on the cost-plus method with the general business conditions.

Business alliances	Type of relationship	Transaction	Transaction value in 2013 (Million Baht)	Outstanding as of end of 2013 (Million Baht)	Terms and conditions
Federal Steel Industry Co., Ltd. ("Federal") <u>Type of business</u> - Steel wholesaler and retailer of steel, scraps and pig iron	The Company's executive was once its director and shareholder but had resigned from the directorship and had no longer held its shares since October 2004.	<ul style="list-style-type: none"> Trade account receivable Allowance for doubtful debts 	- -	333 (333)	<ul style="list-style-type: none"> Sales of hotrolled steel at a market price with the same general business conditions as those offered to other customers. Sales of steel scraps at the price based on the cost-plus method with the same general business condition as those offered to other customers.
Trinity Freight & Shipping Co., Ltd. ("Trinity Freight") <u>Type of business</u> - Transporter - Steel wholesaler and retailer	- Business alliances	<ul style="list-style-type: none"> Other Debtors Other creditors and accrued expenses 	- 9	1 8	<ul style="list-style-type: none"> Fees for transporting steel scraps from the port to the factory and from the factory to the customers and to the port for export based on the weight of steel scraps and steel sheets being transported, which was a market price comparative to the service fees offered by other firms in general.

Business alliances	Type of relationship	Transaction	Transaction value in 2013 (Million Baht)	Outstanding as of end of 2013 (Million Baht)	Terms and conditions
Trinity International Co., Ltd. (“Trinity Inter”) <u>Type of business</u> - Shipping service provider - Steel wholesaler and retailer	The Company’s director, shareholder and executive were once its director and shareholder but had resigned from the directorship and had no longer held its shares since 2002 and 2003, respectively.	▪ Other creditors and accrued expenses	1	10	▪ Customs Clearance cost at the market price close to the service cost of the general companies.
Millennium Metal Work Co., Ltd. (“Millennium”) <u>Type of business</u> - Steel wholesaler and retailer	A former major shareholder of Superior Overseas (Thailand) Co., Ltd. used to be a director but had resigned from the directorship since 2003.	▪ Trade account receivable ▪ Allowance for doubtful debts	- -	29 (29)	▪ Sales of hot rolled steel at a market price with the same general business conditions as those offered to other customers.

Measures or procedures for approval of connected transactions with related companies or persons with possible conflict of interest

The Company has adopted a policy to protect every shareholder by setting up the measures to strictly control connected transactions with related companies or persons with possible conflict of interest as follows:

1. To approve a transaction with any related company or person with a possible conflict of interest and business alliance (collectively referred to as “person with possible conflict of interest”), the Board of Directors and the Audit Committee must consider and specify the concrete policies as follows:

- The Board of Directors must comply with the laws on securities and exchange and rules, notifications, orders or requirements of the SEC and the SET. The Board must also comply with requirements of the SET regarding disclosure of connected transactions and acquisition or disposal of major assets of the Company or its subsidiaries and the accounting standards as determined by the Association of Accountants.

• The principles on the management approval powers of the executives at each level must be clearly determined as follows:

- If the CEO or any person with possible conflict of interest has any interest or conflict of interest with the Company, any related company or other persons with possible conflict of interest in a transaction, the CEO may not approve such transaction.
- If any executive director or person with possible conflict of interest has any interest or conflict of interest with the Company, any related company or other persons with possible conflict of interest in a transaction, the Executive Committee must present such matter to the Board of Directors for consideration and approval of the transaction.
- If any director or person with possible conflict of interest has any interest or conflict of interest with the Company, any related company or other persons with possible conflict of interest in a transaction, such director must not approve the transaction.
- Shareholder with a conflict of interest in any connected transaction may not approve such transaction.

2. In case of normal business transactions with the related companies or persons with possible conflict of interest, such as, purchase of raw materials or services, or sales of goods;

• The Internal Audit Department shall examine every of such transactions on a monthly basis to ensure the reference price which represents a market price and the general business conditions comparable to those offered to the non-related business partners for the utmost benefit of the Company, and present the examination results to the Audit Committee for consideration on a quarterly basis;

• The Audit Committee shall, for the Company's utmost benefit, consider and express its opinions with regard to the necessity and rationale behind the proposed transaction by comparing the price and business conditions with those in the transactions with the non-related business partner involving the same or equivalent products. If the Audit Committee finds that the transaction does not conform to the pre-determined principles, it shall inform the Board or CEO to find a solution together.

3. In case of other transactions, such as, loans, acquisitions or disposals of major assets or execution of agreements, the Audit Committee shall express its opinions over, among others, the suitability of the price as well as the necessity and rationale of such transaction. If the Audit Committee is not proficient to do so, it may allow an independent expert or auditor of the Company to review the matter and express opinions on such connected transaction to support the decision-making of the Board of Directors or the shareholders, as the case may be.

Policies on future connected transactions

For its utmost benefits, the Company has adopted the policies for future connected transactions which include setting conditions in line with the ordinary course of business and the price comparable to the prices and conditions offered to the other parties. However, the Company does not have any policy regarding provision of financial assistance or guarantee to any related company or person with possible conflict of interest. With respect to the execution of any future connected transaction with persons having a possible conflict of interest, the Company's Audit Committee, auditor or independent expert, as the case may be, shall review and express their opinions over the suitability of the price and the rationale behind the transaction, and shall comply with the measures or procedures for approval of connected transactions and other related transactions under the notifications of the Office of the Securities and Exchange Commission.

Corporate Social Responsibility

Overall Policy

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

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

Policy on the CSR and the Environment

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

Implementation

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

1) Supervision of the organization

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

2) Human Rights

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

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

3) Fair Competition

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

4) Relationship with its Employees

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

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

5) Relationship with the Customers

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

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

6) Relationship with the Trade Partners

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

7) Relationship with the Local Community

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

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

8) Responsibility for the Environment

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

9) A Conflict of Interest

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

10) Use of Insider Information for securities trading

It has guidelines that all of its employees have to adhere and keep the insider information as a secret, because it is an important factor that the investors have to use in making their decision. Regardless of being the information on the operation results, the plans on a business expansion or other data, which if a person receives insider information and uses it to trade on the shares of the company, but it has not been revealed to the SET, it would be unfair to other investors, who do not know that information. So the company has a policy to prohibit it from using the insider information that is not disseminated to the public for trading of its shares.

11) Anti-Corruption and Bribery

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

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

Activities for the Benefit towards the Society and the Environment

As for 2013 the company focused on helping for the public interest towards the community and the environment, by sacrificing labor without incurring an expense such as the donations of blood, cleaning of temples, planting trees, etc. with the CSR activities were implemented during the year as follows:

1. Participation in Social Development

1.1 Promotion of good health to the employees

- **Promotion of exercise**

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

- **Promotion of its employees to have a physical check-up and provide medicine and vaccinations.**

The company has organized the project physical check-ups for the employees annually with a nursing room, a doctor and a nurse station in the nursing room, as well as the medicine and an ambulance in case there is an emergency.

1.2 Promotion of culture and conservation of cultural heritage

- **The activity of abstaining from alcohol during the Buddhist Lent**

The company has organized the activity of abstaining from alcohol during the Buddhist Lent with numerous employees participated in it. The company has given a pin as a memento for the participants to be implemented during 24 July-18 October, 2013.

1.3 Promotion of education

- **The activity of G Steel to go sightseeing and harvesting knowledge for the children.**

The company provided two buses for promoting the activity of field trips to the pupils in the primary schools of Ban Map Top School, Rayong Province, on 25 March and 2 November 2013.

- The policy on the use of domestic raw materials

The company has considered the economic impact in the locality as the number one concern, so it has promoted the policy on procuring domestic raw materials such as scrap steel to promote local economics to send good results to the economy of the country overall.

- Giving special rights to the local trade partners

The company has a policy of promoting the use of products in the office and various types of equipment in the production process that can be procured from local stores. It shall consider from the local shops as the first priority, but it has participated in development of the local trade partners in parallel with the business of the company as well.

3. Participation in Economic Development

- Project promotion of creating income for the community

The company has promoted the community to have income from selling fruits grown by the farmer group of Ban Khai District, Rayong Province, to promote stronger economics in the community. It organized the activity project “G Steel Fruit Market Fair” so the villagers can sell their fruits in the season that has fruit glut on 2-3 May 2013.

- Project laundry as an occupation

The company has participated in hiring local labor, who is the group of housewives in Nong La lok Sub-district, in the laundry of the uniforms of the company. They would gather and deliver it for washing in the suitable quantities regularly to create income to the local community.]

4. Participation in the Environment

- Activity on reforestation of a mangrove forest

The company has organized the project “We Conserve the Mangrove Forest” for the five straight years. In 2013 the volunteer employees jointly repaired the rubbish partition along the mangrove forest trees and repaired the defected bridge walkway at Rayong Estuary, Muang Rayong District, Rayong Province, on 7 August 2013.

- Activity on conservation and development of the environment jointly with the community

The company joined in the activity of the project “Conservation of Water and Forest and Development of Ban Map Tong” jointly with Nong La lok Sub-district, Rayong Province, on 14 August 2013.

5. Participation in social service and public work

- Activity on blood donations

The company jointly with the office of Red Cross Club, Rayong, Thai Red Cross Society, organized the activity on blood donations inside the plant of the company for the 5th year under the project “Give Blood...Give Life,” so the management and the employees inside the plant to jointly donate blood. In 2013 the activity was held twice on 22 January and 17 September 2013.

- Activity on sharing spirit to society

The company organized the project “Share Love with the Children” by jointly with Rayong Panyanukul School, Rayong Province, giving financial support and consumer goods to the pupils on the 5 June 2013.

The company organized the project “Donation of Things to Help the Flood Victims,” by jointly with Nong La lok sub-district, Rayong Province, to be relayed to the flood victims in PrachinBuri province on 4 October 2013.

- Activity on School Development

The company organized the project “Development of Wat Koh School” jointly with Wat Koh School, Rayong Province, to build a water breaker under the school building during 20-26 June 2013.

The company organized the project “Development of Community Wat Nong Khok Moo School” jointly with the school, Rayong Province, to improve its landscape, painting, repair of the building and the school compound on 25 June 2013.

The company organized the project “The School is Beautiful, the Temple is Clean” jointly with Wat Map Tong School, Rayong Province, to improve the school landscape and clean the temple on 4 December 2013.

- Activity on construction of Petanque terrains

The company has organized the project “construction of one Petanque terrain per community” in association with the sub-district administration organization, group 5, Nong La lok Sub-district, Rayong Province, by one Petanque terrain with the sports equipment on 17-19 September 2013.

Notes and Analysis of Financial and Operational Performance Result

The total income of the Company and its subsidiaries in 2013 was less than 2012 due to the temporarily suspended of production and the reduction in the selling prices of hot-rolled coils resulting from the decreased in global steel demand. These caused the net loss for the year 2013 and the major factors were attributable to the cost of sales and administrative expenses which was allocated from the idle expense.

Operating Results

- Sales and other income

In 2013, the total income of the Company and its subsidiaries was recorded at Baht 13,651 million; reduced from Baht 15,958 in 2012. The sales revenue accounted for 71.06% of the total income or Baht 9,700 million, falling 25.99% or Baht 3,407 million from the previous year which was Baht 13,107 million resulting from the temporarily suspended production of the Company and GJ Steel in 2012 and 2013. GJ Steel resumed its production on 20 March 2013 and gradually increased its capacity to the full off-peak capacity which is the low electricity usage period, until present. Its present production capacity is at 92% of the full off-peak capacity. This together with the reduction in the selling prices of hot-rolled coils resulting from the decreased in global steel demand led to the decreased in sale volume. Other income representing 28.94% or Baht 3,951 million of the total income comprised the revenue from the reversal of provision for tax related liabilities, gain from debt restructuring, reversal of loss on devaluation of inventories, reversal of provision for loss on purchase orders for undelivered raw material and other income.

- Reversal of provision for tax related liabilities

Consolidated reversal of provision for tax related liabilities for the year 2013 of the Company and its subsidiaries amounted to Baht 1,849 million or 13.55% of total income due to the receipt of approval from the Revenue Department reducing penalty charges and providing a revised installment plan.

- Profit from debt restructuring

In 2013, the Company and its subsidiaries gained of Baht 1,539 million from the debt structuring. This profit which represented 11.27% of total income was attributable to the success of the Company and its subsidiaries' debt restructuring especially the profit Baht 1,219 million from debt restructuring by the loan repayment of OAC.

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

The Company recorded consolidated reversal of provision for loss on purchase orders for undelivered raw material for the year 2013 amount to THB 219 million or 1.61% of total income due to the forecasted economic benefit that the estimated selling price will increase compare to the conversion cost of finished product.

- Selling expenses

In 2013, the Company and its subsidiaries incurred the selling expenses of Baht 108 million which represented a decrease of 3.16% from 2012. This expense made up 0.79% of the total income. The decreased selling expenses resulted from the fall in sales volume.

- Administrative expenses

The administrative expenses of the Company and its subsidiaries in 2013 were recorded at Baht 3,169 million or 23.22% of total income, increased by Baht 137 million or 4.53% compared to Baht 3,032 million in 2012. The increase in such expenses was attributable to the allocation of idle expenses to administrative expense due to the temporarily suspended production and the increased in consulting expense.

- Net foreign exchange loss

The Company and its subsidiaries recorded loss from foreign exchange rate for the year ended 31 December 2013 at Baht 723 million due to the depreciation of Thai Baht versus the US dollar.

- Other expenses

In 2013, the Company and its subsidiaries recorded other expenses of Baht 694 million or 5.08% of total income, decrease from Baht 2,788 million in 2012 or 75.11%. The decrease was primarily attributable to the decreased of loss on sale of investment and provision for court case claim.

- Financial cost

In 2013, the financial cost of the Company and its subsidiaries was Baht 795 million or 5.83% of total income, representing the decreased of 47.35% from 2012. The decreased in this cost resulting from the success of the debt restructuring of the Company and its subsidiaries as well as the entering into the compromise agreements with several trade creditors which lead to the decreased in financial cost.

- Net profit (loss)

In 2013, the Company and its subsidiaries incurred the net loss of Baht 2,332 million which decreased by 60.21% compare to the net loss Baht 5,860 million in 2012. The net loss per share was Baht 0.04. The main factors contributable to such loss were the decreased in sale volume resulting from the temporarily suspended production of the Company and its subsidiaries together with the reduction in the selling prices of hot-rolled coils resulting from the decreased in global steel demand as well as cost of sale and administrative expense allocated from the idle expense.

In accordance with the Company's financial statements, the net loss was recorded at Baht 3,115 million which represented a decreased of 7.38% from the net loss of Baht 3,363 million in 2012, mainly attributable to the decreased of most expenses. The major factors contributable to the net loss were the decreased in sale volume resulting from the temporarily suspended production of the Company, cost of sale, administrative expense allocated from the idle expense and the increased in other expenses which mainly were consulting expense for debt restructuring and loss on sale of investment.

Financial Status

- Total Assets

As of the end of 2013, the Company and its subsidiaries recorded the total assets of Baht 37,289 million, or a decreased of Baht 766 million or 2.01% from Baht 38,055 million in 2012. The total assets comprised the current assets of Baht 2,470 million, increased Baht 800 million from 2012, and the non-current assets of Baht 34,819 million, decreased Baht 1,566 million from 2012.

- Cash and Cash Equivalents

As of the end of 2013, the Company and its subsidiaries possessed cash and cash equivalents of Baht 216 million which represented an increased of Baht 163 million or 304.37% from 2012. This came from net cash flows provided by financing activities Baht 2,227 million which mainly were the cash received from issue ordinary shares of subsidiary to non-controlling interests and net cash flows provided by investing activities Baht 43 million while net cash flows used in operating activities was Baht 2,107 million. (Details as in the cash flow statement)

- Accounts Receivable

As of the end of 2013, the Company and its subsidiaries had accounts receivable of Baht 1,292 million. After the deduction of the allowance for doubtful debts of Baht 1,083 million, the net accounts receivable was Baht 209 million. This figure represented the increased of Baht 17 million compare to 2012. Receivable from related parties of the Company and its subsidiaries decreased while receivable from other parties increased. The increased came from the transferred of the debt claims from receivable – related parties to be receivable – other parties by its subsidiaries, and the increased in receivable – other parties during the year. With respect to the outstanding debt balance, the Company had been closely monitoring and expediting the collection of such debts.

With respect to the policy on reserve for allowance for doubtful debts, the determination of such allowance was based on the amount of doubtful debts. As of the end of 2013, the reserve for allowance for doubtful debts was Baht 1,083 million, representing the increased of Baht 4 million from 2012.

Audit Committee Report

To the Shareholders of G Steel Public Company Limited

The Audit Committee of G Steel Public Company Limited was appointed by the Board of Directors with the consent of the 2013 Annual General Meeting of Shareholders on 29 April 2013. The term of office of the committee member shall be 3 years commencing from 29 April 2010 to 29 April 2013. The Audit Committee comprises the independent directors as follows:

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

On 21 January 2013, following the corporate restructuring, the new Audit Committee was appointed with the members as follows:

- | | | |
|-------------------|---------------------|---------------------------------|
| 1. Prof. Paichitr | Roajnavanich | Chairman of the Audit Committee |
| 2. Mr. Chainarong | Monthienvichienchai | Audit Committee Member |
| 3. Mr. Teerapol | Pussadet | Audit Committee Member. |

Ms. Sophit Changaroon, the Internal Audit Department Manager, was appointed by the Audit Committee as secretary to the Audit Committee.

The duties of the Audit Committee are to review the internal audit report, approve the report or disclose information of the internal audit department, present matters to the Board of Directors for acknowledgement, consent or approval, coordinate with the accounting department or the management in case of trouble or hindrance, coordinate with the certified public accountant for acknowledgement of the audit results, notes and recommendations of such certified public accountant, then present to the Board of Directors for rectification and improvement of the business for the purpose of transparency and internal control system according to the international standard, and the business operations to be in accordance with the applicable laws and regulations, including to suggest the shareholders as to the appointment and the remuneration of the certified public accountant.

In the financial cycle ended 31 December 2013 the Company still faced with the lack of financial liquidity, it had to close the factory temporarily and the auditors refused to comment on its financial statement due to their opinion and observation on the capability to implement the continuity of G Steel. However, the Board of Directors has tried successfully to remedy the various problems. Until early 2014 it has changed the licensed auditor to A.M.T. & ASSOCIATES to audit its financial year ended 31 December 2013, and in the end the licensed auditor has certified the financial year ended 2013 successfully.

The audit committee did not find any essential shortcomings in the internal audit with impact on the financial statement significantly, and it has reported the results on the audit to the Board of Directors Meeting for acknowledgement already.

Audit Committee



(Prof. Paichitr Rojanavanich)

Chairman of the Audit Committee



(Mr. Chainarong Monthienvichienchai)

Audit Committee Member



(Mr. Teerapol Pussadet)

Audit Committee Member

Report on Board of Directors' Responsibility towards Financial

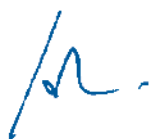
The Company's Board of Directors is responsible for Financial Statements of the Company and its subsidiaries including financial information appearing in the Annual Financial Report. Such Financial Statements are prepared in accordance with the generally accepted accounting standards with the selection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

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

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

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

Yet, the Company's Risk Management Committee had assessed the sufficiency of the internal control system and the connected transactions on 21 March 2014 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 2013 were reliable and adhered to the generally accepted accounting standard and practiced properly in accordance with related law and regulations.



(General Lertrat Ratanavanich)
Chairman of the Board of Directors



(Ryuzo Ogino)
Director

Independent Auditor's Report

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

- (1) I have audited the accompanying consolidated financial statements of G Steel Public Company Limited and its subsidiaries, which comprise the consolidated statements of financial position as of 31 December 2013, the related consolidated statements of changes in shareholders' equity, income, comprehensive income and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, and I have also audited the separate financial statements for the same year of G Steel Public Company Limited.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

- (4) In my opinion, the financial statements present fairly, in all material respects, the consolidated financial position of G Steel Public Company Limited and its subsidiaries as of 31 December 2013, and the result of their operations and their cash flows for the year then ended and the financial position of G Steel Public Company Limited as of 31 December 2013, the results of its operations and its cash flows for the year then ended in accordance with Financial Reporting Standards.

Emphasis of Matters

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

- (5) As mentioned in the Notes 1.2 to financial statements regarding going concern that as of 31 December 2013 and 2012 part of financial position of the Group and the Company are as follows;

Risk effected to the going concern	Million (Baht)			
	Group of Companies		Company	
	As of 31 December		As of 31 December	
	2013	2012	2013	2012
(1) Loss for the years	2,332	5,860	3,115	3,363
(2) Deficit	16,336	15,898	18,488	15,389
(3) Current liabilities exceed current assets	12,323	20,850	10,255	11,779

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

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

a) Negotiation with default creditors

The Group and the Company had reached agreement with various major default creditors, resulted in the liabilities as of 31 December 2013 of the Group and the Company decreased from 31 December 2012 amounting to Baht 4,623 million and Baht 421 million respectively. And since January 1, 2014 to present, the Group and the Company have been in process of negotiation with the creditors regarding the debt repayment (principal and interest) request.

b) The production

In 2012, the Company and GJ Steel have temporarily suspended their production. The Company and G J Steel have take this opportunity to conduct the annual maintenance of machineries and equipments. And in 2013 to present, the Company and G J Steel have resumed their production as follow;

1. G J Steel has resumed its production on 20 March 2013 and gradually increased its capacity to the full off-peak capacity which is the low electric usage period, until present. Its present production capacity is at 92% of the full off-peak capacity.
2. The Company resumed its production on 3 April 2014 and continues increase its capacity until present, which its production capacity is at 73% of the full off-peak capacity

c) Source of funding

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

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

d) The Governmental support

The Group and the Company has cooperated with the domestic manufacturers and steel traders to provide information to the government authority regarding the dumping of steel products from foreign countries as well as the information on the significant increase of steel import which has great impact on Thai economy. Finally, the government authority, the Department of Foreign Trade, Ministry of Commerce, has imposed the trade measures as followings.

1. Safeguard measures to curb the surge of import of alloy hot rolled coil and hot rolled sheet implemented on 15 September 2013
2. Provisional safeguard to curb the surge of import of non-alloy hot rolled coil and hot rolled sheet implemented on 7 June 2014
3. Anti-dumping measures implemented hot rolled steel and hot rolled coil originated from 14 countries by imposing countervailing duties implemented 23 May 2014

The measures above have brought back the situation to normalcy.

The Information from the Steel and Iron Institute has disclosed as followings;

- The information and domestic demand of hot rolled coil of the year 2013 was at 6.36 million tons or 530,000 tons per month
- The information and domestic demand of imported hot rolled coil during January to June 2013 was at 2.16 million tons while the year 2014 is at 1.52 million tons or decrease of 110,000 tons per month.

e) Cooperation with trading partners

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

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

- (6) As mentioned in the Notes 16 to financial statements that in determination of assets impairment, the management of the Company and G J Steel has verified various factors and concluded that there is no factor indicated the value of land, buildings and equipments as of 31 December 2013 may be impaired. However, for the sake of certainty, during the 2nd Quarter of 2014, the management of the Company and G J Steel have retained 2 independent appraisers to evaluate the value of the land, buildings and equipments as of 31 December 2013 of both of the Company and G J Steel. Together with the valuation of the assets of the management, and concluded that as of 31 December 2013 there are no factor indicated that the book value of the land, buildings and equipment may be impaired.

Other matter

- (7) The consolidated and separate financial statements for the year ended December 31, 2012, presented herein for comparison, were audited in accordance with Standards on Auditing by another auditor and issued disclaimer report dated March 1, 2013, which is attached in this report.

(CHAIYUTH ANGSIWITTHAYA)

Certified Public Accountant

Registration No. 3885

A.M.T. & ASSOCIATES

Bangkok, Thailand

August 25, 2014

INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED DECEMBER 31, 2012



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Independent Auditor's Report

To the Shareholders of G Steel Public Company Limited

I was engaged to audit the accompanying consolidated and separate financial statements of G Steel Public Company Limited and its subsidiaries (the "Group"), and of G Steel Public Company Limited (the "Company"), respectively, which comprise the consolidated and separate statement of financial position as at 31 December 2012, the consolidated and separate statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Consolidated and Separate Financial Statements

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

Auditor's Responsibility

My responsibility is to issue a report on these consolidated and separate financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Because of the matters described in the Basis for Disclaimer of Opinion paragraph, however, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

As described in Note 1.2 to the accompanying financial statements, certain circumstances give rise to substantial uncertainties over the Group and the Company's ability to continue as a going concern and to realise the carrying amounts of its assets. The Group and Company needs to generate sufficient cash flows to meet both its working capital requirements and its operating obligations. The Group and the Company has sought to meet these requirements and obligations by issuing new capital, seeking new financing and restructuring its debts owed to creditors as part of a turnaround plan which was developed by an outside consulting firm. Notes 1.2 and 48 to the accompanying financial statements describe the Group and the Company's progress with these initiatives, including a rights issue of the Company which has raised Baht 543 million and a rights issue and private placement of G J Steel Public Company Limited ("G J Steel")'s shares which have raised Baht 2,940 million and Baht 152 million, respectively, Baht 684 million of which has been used to repay the debt to a guarantor of the Company, whose shares in the Company were forced sold to repay debts on behalf of the Company, for the forced sale of its shares. The accompanying financial statements do not include any adjustments that would be required (including any which may be required in relation to the valuation of the Group and Company's assets) should the Group and the Company be unable to generate sufficient cash flows and/or raise additional financing from other sources.

The outcome of the various initiatives taken to raise sufficient finance for the Group and Company to continue as going concerns are inherently uncertain and I was, accordingly, unable to satisfy myself as to whether and to what extent that the Group and the Company are able to continue as going concerns.

As disclosed in Note 11 to the accompanying financial statements, the Company and G J Steel's property, plant and equipment were evaluated for potential impairment as at 31 December 2012. The evaluation was based on assumptions and estimates for potential impairment by the Company and G J steel and the result of this analysis did not indicate any additional impairment in the carrying value of these assets as at 31 December 2012. However, during the year 2012, the Company and G J Steel halted the operations at their plants and, as the date of this report, have not resumed operations. In view of the significant uncertainties over the Group and the Company operations, there are pervasive uncertainties concerning the validity of the assumptions underlying the impairment analysis.

I was, accordingly, unable to satisfy myself as to whether and to what extent the carrying value of the Company and G J Steel's property, plant and equipment, which as at 31 December 2012 amounted to Baht 35,699 million in the consolidated financial statements and Baht 16,489 million in the separate financial statements and the Company's investments in subsidiaries amounting to Baht 3,758 million, may have been impaired.

Disclaimer of Opinion

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraph, 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.



(Nirand Lilamethwat)
Certified Public Accountant
Registration No. 2316

KPMG Phoomchai Audit Ltd.
Bangkok
1 March 2013

Statement of financial position

G Steel Public Company Limited and its Subsidiary

Assets	Note	Consolidated financial statements		Separate financial statements	
		31 December		31 December	
		2013	2012	2013	2012
		(in Baht)			
Current assets					
Cash and cash equivalents	7, 46	216,359,866	53,505,991	12,642,583	19,375,827
Trade accounts receivable	5, 6, 8	209,400,196	192,509,381	-	5,294,768
Amounts receivable from related parties	5	-	-	173,721	127,764,137
Receivable from related party for offsetting transaction	5	-	-	-	946,187,395
Inventories	9	1,480,470,994	902,930,887	586,622,559	528,415,085
Receivables from scrap sales	5, 10	-	-	-	-
Other current assets	5, 6, 11	563,279,769	520,503,242	153,912,706	281,408,046
Total current assets		2,469,510,825	1,669,449,501	753,351,569	1,908,445,258
Non-current assets					
Restricted deposits at financial institutions	12, 46	714,883	24,714,883	-	24,000,000
Investments in subsidiaries	13	-	-	4,627,211,272	3,562,127,885
Long-term loans to and receivables from others	20	38,895	70,506,489	-	-
Cash guarantee for the utility usage	14	252,000,000	20,000,000	-	-
Advance payment for purchases of property, plant and equipment	15	210,000,000	210,000,000	-	-
Property, plant and equipment	16	33,952,496,277	35,698,622,513	15,658,953,953	16,488,965,470
Intangible assets	17	39,916,666	45,780,266	11,602,642	13,280,690
Other non-current assets	5, 6, 19	364,160,808	315,663,916	150,128,589	133,531,448
Total non-current assets		34,819,327,529	36,385,288,067	20,447,896,456	20,221,905,493
Total assets		37,288,838,354	38,054,737,568	21,201,248,025	22,130,350,751

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

Statement of financial position

G Steel Public Company Limited and its Subsidiary

Liabilities and equity	Note	Consolidated financial statements		Separate financial statements	
		31 December		31 December	
		2013	2012	2013	2012
(in Baht)					
<i>Current liabilities</i>					
Short-term loans from financial institution	20, 46	435,078,210	423,656,385	435,078,210	423,656,385
Trade accounts payable	5, 6, 21, 46	6,126,215,405	7,653,496,056	4,879,049,366	5,557,433,965
Amount due to related parties	5	-	-	18,954,304	-
Current portion of liabilities under rehabilitation plan	27	560,593,085	614,669,369	291,723,887	297,409,079
Current portion of long-term loan from financial institutions	20	-	914,452,006	-	-
Current portion of long-term loan from other party	20	-	212,400,000	-	-
Current portion of bonds	20, 46	511,124,273	477,432,891	511,124,273	477,432,891
Short-term loan from other parties	20	117,255,757	190,701,714	55,000,000	17,350,000
Loan from shareholder	1.3(d), 20	223,933,609	937,583,609	36,350,000	750,000,000
Advances received from customers	5, 23	370,446,342	681,011,379	45,354,649	108,402,651
Other payables and accrued expenses	5, 6, 22	2,528,726,337	1,926,342,645	1,264,309,584	810,255,266
Accrued interest expenses	24	2,453,799,502	3,375,340,294	2,004,378,512	1,805,156,921
Provisions	25	1,157,951,200	3,131,348,785	1,105,369,197	2,196,949,790
Other current liabilities	5, 20, 26	308,130,105	1,980,598,516	360,838,553	1,243,572,509
Total current liabilities		14,793,253,825	22,519,033,649	11,007,530,535	13,687,619,457
<i>Non-current liabilities</i>					
Liabilities under rehabilitation plan - net of current portion	27	230,671,273	232,293,814	230,671,273	232,293,814
Trade accounts payable	21, 46	1,233,430,964	259,378,525	283,781,713	259,378,525
Long-term loan from related party	5, 20	-	-	1,086,448,332	-
Long term loan from other party	20	-	147,600,000	-	-
Other payables and accrued expenses	22	1,397,150,285	1,033,044	689,125,525	1,033,044
Accrued interest expenses	24	23,220,830	280,477,156	23,220,830	280,477,156
Finance lease liabilities	20	-	148,880	-	148,880
Provision	25	1,680,933,143	549,450,449	1,269,407,905	549,450,449
Employee benefit obligations	28	55,312,010	47,820,094	27,289,426	28,939,959
Total non-current liabilities		4,620,718,505	1,518,201,962	3,609,945,004	1,351,721,827
Total liabilities		19,413,972,330	24,037,235,611	14,617,475,539	15,039,341,284

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

Statement of financial position

G Steel Public Company Limited and its Subsidiary

Liabilities and equity	Note	Consolidated financial statements 31 December		Separate financial statements 31 December	
		2013	2012	2013	2012
		(in Baht)			
Equity					
Share capital	29				
Authorised share capital		54,573,625,657	54,573,625,657	54,573,625,657	54,573,625,657
Issued and paid-up share capital		34,250,904,817	26,923,127,559	34,250,904,817	26,923,127,559
Warrants	31	14,049,679	11,352,373	14,049,679	11,352,373
Additional paid in capital:					
Share discount	29	(10,163,275,674)	(5,424,906,308)	(10,163,275,674)	(5,424,906,308)
Premium on capital reduction		206,307,094	206,307,094	206,307,094	206,307,094
Retained earnings (deficit)					
Appropriated:					
Legal reserve	30	763,976,886	763,976,886	763,976,886	763,976,886
Unappropriated		(16,336,207,644)	(15,897,978,878)	(18,488,190,316)	(15,388,848,137)
Own shares held by a subsidiary	32	(115,136,600)	(162,800,000)	-	-
Equity attributable to owners of the Company		8,620,618,558	6,419,078,726	6,583,772,486	7,091,009,467
Non-controlling interests		9,254,247,466	7,598,423,231	-	-
Total equity		17,874,866,024	14,017,501,957	6,583,772,486	7,091,009,467
Total liabilities and equity		37,288,838,354	38,054,737,568	21,201,248,025	22,130,350,751

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

Statement of financial position

G Steel Public Company Limited and its Subsidiary

	Note	Consolidated		Separate	
		financial statements		financial statements	
		For the year ended 31 December		For the year ended 31 December	
		2013	2012	2013	2012
		(in Baht)			
Income					
Revenue from sale of goods	5, 6, 33	9,699,661,821	13,106,648,655	16,105,461	5,357,088,927
Reversal of bad and doubtful debts expense	38	-	22,904,169	-	-
Reversal of loss on devaluation of inventories	9	82,313,460	323,013,503	889,713	332,128,381
Reversal of provision for tax related liabilities	25	1,849,035,739	-	1,180,288,949	-
Reversal of provision for loss on purchase orders for undelivered raw material	25	219,299,975	-	32,428,573	-
Reversal of provision for loss on contract termination		-	746,250	-	746,250
Gain from debt restructuring	21, 34	1,539,028,785	1,725,117,017	26,436,850	1,139,338,962
Net foreign exchange gain		-	538,602,361	-	326,461,934
Other income		261,215,800	240,859,872	144,291,323	202,161,689
Total income		13,650,555,580	15,957,891,827	1,400,440,869	7,357,926,143
Expenses					
Cost of sale of goods	4, 9	10,385,948,582	14,206,619,513	27,008,935	6,020,135,629
Selling expenses	35	108,012,161	111,538,213	235,641	36,537,252
Administrative expenses	5, 36	3,169,397,564	3,032,107,572	1,902,370,922	1,730,985,214
Loss on devaluation of inventories	9	-	-	-	-
Loss on confirmed purchase orders for undelivered raw materials	25	-	163,117,587	-	122,405,696
Bad and doubtful debts expense	38	3,958,542	-	27,471,547	275,801,428
Loss on impairment of assets	39	86,623,972	-	425,856,886	455,078,252
Net foreign exchange loss		723,294,988	-	410,848,675	-
Other expenses	40	693,890,700	2,788,369,633	1,147,205,801	1,395,619,451
Finance costs	42	795,214,634	1,510,464,950	574,740,589	684,712,546
Total expenses		15,966,341,143	21,812,217,468	4,515,738,996	10,721,275,468
Loss before income tax expense		(2,315,785,563)	(5,854,325,641)	(3,115,298,127)	(3,363,349,325)
Income tax expense	43	15,719,030	5,463,201	-	-
Loss for the year		(2,331,504,593)	(5,859,788,842)	(3,115,298,127)	(3,363,349,325)
Loss attributable to :					
Owners of the Company		(1,250,841,426)	(4,612,494,838)	(3,115,298,127)	(3,363,349,325)
Non-controlling interests		(1,080,663,167)	(1,247,294,004)	-	-
Loss for the year		(2,331,504,593)	(5,859,788,842)	(3,115,298,127)	(3,363,349,325)
Loss per share	45				
Basic loss per share		(0.04)	(0.23)	(0.10)	(0.16)

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

Statement of financial position

G Steel Public Company Limited and its Subsidiary

	<i>Note</i>	Consolidated financial statements		Separate financial statements	
		For the year ended 31 December		For the year ended 31 December	
		2013	2012	2013	2012
		<i>(in Baht)</i>			
Profit (loss) for the years		(2,331,504,593)	(5,859,788,842)	(3,115,298,127)	(3,363,349,325)
Other comprehensive income (loss) :					
Actuarial gains (losses) on defined employee benefit plans	28	15,955,948	-	15,955,948	-
Other comprehensive income (loss) for the years		15,955,948	-	15,955,948	-
Total comprehensive income (loss) for the year		(2,315,548,645)	(5,859,788,842)	(3,099,342,179)	(3,363,349,325)
Profit (loss) attributable to :					
Equity holders of the parent		(1,234,885,478)	(4,612,494,838)	(3,099,342,179)	(3,363,349,325)
Non - controlling interests		(1,080,663,167)	(1,247,294,004)	-	-
Total comprehensive income (loss) for the year		(2,315,548,645)	(5,859,788,842)	(3,099,342,179)	(3,363,349,325)

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

Statement of changes in equity

G Steel Public Company Limited and its Subsidiary

Consolidated financial statements

	Note	Issued and paid-up share capital	Warrants	Surplus on ordinary shares		Retained earnings (deficit)	Other Components of equity		Equity attributable to owners of the Company	Non-controlling interests	Total equity		
				Share premium (discount)	Premium on capital reduction		Legal reserve	Unappropriated				Actuarial gains (losses) on defined employee benefit plans	Own shares held by the subsidiary
Year ended 31 December 2013													
Balance as at 1 January 2013													
Transactions with owners, recorded directly in equity													
Contributions by and distributions to owners of the Company													
Issue of warrants	31	-	2,697,306	-	-	-	-	-	2,697,306	-	2,697,306		
Issue of ordinary shares	29	7,327,777,258	-	(4,738,369,366)	-	-	-	-	2,589,407,892	-	2,589,407,892		
Payment of debts by the own shares held by the subsidiary	32	-	-	-	-	-	-	-	47,663,400	-	47,663,400		
Total contributions by and distributions to owners of the Company		7,327,777,258	2,697,306	(4,738,369,366)	-	-	-	-	2,639,768,598	-	2,639,768,598		
Changes in ownership interests in subsidiaries													
Issue of ordinary shares of subsidiary to non-controlling interests	13	-	-	-	-	-	-	-	-	3,079,178,746	3,079,178,746		
Acquisition of non-controlling interests without a change in control		-	-	-	-	972,189,467	-	-	972,189,467	(972,189,467)	-		
Sale of shares in subsidiary to non-controlling interests	13	-	-	-	-	(175,532,755)	-	-	(175,532,755)	629,498,123	453,965,368		
Total changes in ownership interests in subsidiaries		-	-	-	-	796,656,712	-	-	796,656,712	2,736,487,402	3,533,144,114.00		
Total transactions with owners, recorded directly in equity		7,327,777,258	2,697,306	(4,738,369,366)	-	796,656,712	-	-	3,436,425,310	2,736,487,402	6,172,912,712		
Comprehensive income for the year													
Loss for the year		-	-	-	-	(1,250,841,426)	-	-	(1,250,841,426)	(1,080,663,167)	(2,331,504,593)		
Other comprehensive income		-	-	-	-	-	15,955,948	-	15,955,948.00	-	15,955,948		
Transfer to retained earnings (deficit)		-	-	-	-	15,955,948	(15,955,948)	-	-	-	-		
Total comprehensive income for the year		-	-	-	-	(1,234,885,478)	-	-	(1,234,885,478)	(1,080,663,167)	(2,315,548,645)		
Balance as at 31 December 2013													
		34,250,904,817	14,049,679	(10,163,275,674)	206,307,094	763,976,886	(16,336,207,644)	-	8,620,618,558	9,254,247,466	17,874,866,024		

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

Statement of changes in equity

G Steel Public Company Limited and its Subsidiary

Year ended 31 December 2012											
Balance as at 1 January 2012											
Transactions with owners, recorded directly in equity											
Contributions by and distributions to owners of the Company											
31	Issue of warrants	17,028,557,473	-	795,133,358	206,307,094	763,976,886	(11,285,484,040)	-	7,508,490,771	7,198,447,291	14,706,938,062
29	Conversion of debts to share capital	9,894,570,086	-	(6,220,039,666)	-	-	-	(162,800,000)	3,511,730,420	-	3,511,730,420
Total contributions by and distributions to owners of the Company		9,894,570,086	11,352,373	(6,220,039,666)	-	-	-	(162,800,000)	3,523,082,793	-	3,523,082,793
Changes in ownership interests in subsidiaries											
13	Sale of shares in subsidiary to non-controlling interests	-	-	-	-	-	-	-	-	1,647,269,944	1,647,269,944
Total changes in ownership interests in subsidiaries		9,894,570,086	11,352,373	(6,220,039,666)	-	-	-	(162,800,000)	3,523,082,793	1,647,269,944	5,170,352,737
Comprehensive income for the year											
	Loss for the year	-	-	-	-	-	(4,612,494,838)	-	(4,612,494,838)	(1,247,294,004)	(5,859,788,842)
	Other comprehensive income	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the year		-	-	-	-	-	(4,612,494,838)	-	(4,612,494,838)	(1,247,294,004)	(5,859,788,842)
Balance as at 31 December 2012		26,923,127,559	11,352,373	(5,424,906,308)	206,307,094	763,976,886	(15,897,978,878)	(162,800,000)	6,419,078,726	7,598,423,231	14,017,501,957

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

Statement of changes in equity

G Steel Public Company Limited and its Subsidiary

Separate financial statements

	Note	Issued and paid-up share capital	Warrants	Share premium (discount)	Premium on capital reduction	Legal reserve	Unappropriated	Other components of equity	Total equity
								Actuarial gains (losses) on defined employee benefit plans	
Year ended 31 December 2013		26,923,127,559	11,352,373	(5,424,906,308)	206,307,094	763,976,886	(15,388,848,137)	-	7,091,009,467
Balance at 1 January 2013									
Transactions with owners, recorded directly in equity									
<i>Contributions by and distributions to owners of the Company</i>									
Issue of warrants	31	-	2,697,306	-	-	-	-	-	2,697,306
Conversion of debts to share capital	29	7,327,777,258	-	(4,738,369,366)	-	-	-	-	2,589,407,892
<i>Total contributions by and distributions to owners of the Company</i>		7,327,777,258	2,697,306	(4,738,369,366)	-	-	-	-	2,592,105,198
Total transactions with owners, recorded directly in equity		7,327,777,258	2,697,306	(4,738,369,366)	-	-	-	-	2,592,105,198
Comprehensive income for the year									
Loss for the year		-	-	-	-	-	(3,115,298,127)	-	(3,115,298,127)
Other comprehensive income		-	-	-	-	-	-	15,955,948	15,955,948
Transfer to retained earnings (deficit)		-	-	-	-	-	15,955,948	(15,955,948)	-
Total comprehensive income for the year		-	-	-	-	-	(3,099,342,179)	-	(3,099,342,179)
Balance at 31 December 2013		34,250,904,817	14,049,679	(10,163,275,674)	206,307,094	763,976,886	(18,488,190,316)	-	6,583,772,486

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

Statement of changes in equity

G Steel Public Company Limited and its Subsidiary

	Note	Issued and paid-up share capital	Warrants	Separate financial statements			Total equity
				Share premium (discount)	Premium on capital reduction (in Baht)	Retained earnings (deficit)	
Year ended 31 December 2012							
Balance at 1 January 2012		17,028,557,473	-	795,133,358	206,307,094	(12,025,498,812)	6,768,475,999
Transactions with owners, recorded directly in equity							
<i>Contributions by and distributions to owners of the Company</i>							
Issue of warrants	31	-	11,352,373	-	-	-	11,352,373
Conversion of debits to share capital	29	9,894,570,086	-	(6,220,039,666)	-	-	3,674,530,420
Total contributions by and distributions to owners of the Company		9,894,570,086	11,352,373	(6,220,039,666)	-	-	3,685,882,793
Total transactions with owners, recorded directly in equity		9,894,570,086	11,352,373	(6,220,039,666)	-	-	3,685,882,793
Comprehensive income for the year							
Loss for the year		-	-	-	-	(3,363,349,325)	(3,363,349,325)
Other comprehensive income		-	-	-	-	-	-
Total comprehensive income for the year		-	-	-	-	(3,363,349,325)	(3,363,349,325)
Balance at 31 December 2012		26,923,127,559	11,352,373	(5,424,906,308)	206,307,094	763,976,886	7,091,009,467

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

Statement of cash flows

G Steel Public Company Limited and its Subsidiary

	Note	Consolidated		Separate	
		financial statements		financial statements	
		For the year ended 31 December		For the year ended 31 December	
		2013	2012	2013	2012
(in Baht)					
Cash flows from operating activities					
Loss for the year		(2,331,504,593)	(5,859,788,842)	(3,115,298,127)	(3,363,349,325)
Adjustments for					
Depreciation and amortisation		1,884,362,360	1,942,364,612	891,563,186	961,183,230
Unrealised (gain) loss on exchange		739,836,344	(447,642,519)	409,583,849	(284,019,854)
(Reversal of) loss on devaluation of inventories		(82,313,460)	(323,013,503)	(889,713)	(332,128,381)
(Reversal of) loss on confirmed purchase orders for raw material		(219,299,975)	163,117,586	(32,428,573)	122,405,696
Loss on written off inventories		75,000,000	-	-	-
Gain from debt restructuring	34	(1,539,028,785)	(1,725,124,717)	(26,436,850)	(1,139,338,962)
Gain from offsetting transaction		(12,327,498)	-	-	-
(Reversal of) bad and doubtful debts expense		3,958,542	(22,904,165)	27,471,514	275,801,428
Write-off advance payment for purchase goods		2,081,163	-	2,081,163	-
Loss on impairment of assets	39	86,623,972	-	425,856,886	455,078,252
Advisory fee for debt restructuring paid by shares	40	487,100,967	196,178,800	367,911,872	196,178,800
Loss on sale of investment in subsidiaries	40	-	1,032,058,918	433,753,918	-
Loss on shareholder claims	40	-	473,909,238	-	-
Provision for court case claim	25	94,278,742	733,246,258	-	243,099,867
Provision for tax - related liabilities	25	101,710,992	352,976,418	61,436,630	175,877,857
Reversal of provision for tax - related liabilities	25	(1,849,035,739)	-	(1,180,288,949)	-
Provision for a gurantee of subsidiary	25	-	-	273,303,381	780,462,927
Loss on guarantee of shares market value	40	10,800,000	-	10,800,000	-
Finance costs	40	795,214,634	1,510,464,950	574,740,589	684,712,546
Interest income		(3,157,164)	(5,355,394)	(713,727)	(77,725,295)
Reversal of provision for loss on contract termination		-	(746,250)	-	(746,250)
(Gain) loss from disposal of assets		(423,133)	3,382,180	(438,025)	3,375,372
Employee benefit obligations		23,447,863	23,783,485	14,305,415	14,147,784
Income tax expense		15,719,030	-	-	-
Income from insurance claim		(133,490,150)	-	(133,490,150)	-
		(1,850,445,888)	(1,953,092,945)	(997,175,711)	(1,284,984,308)
Changes in operating assets and liabilities					
Trade accounts receivable		(21,182,233)	4,976,285	-	24,681,404
Amount due from related parties		-	-	(173,688)	12,713,489
Inventories		(570,226,648)	3,995,892,554	(57,317,762)	2,358,912,662
Receivables from scrap sales		80,033	655,094	80,033	655,094
Other current assets		(82,425,165)	(3,122,592)	(24,971,858)	99,889,218
Cash guarantee for the utility usage		(232,000,000)	(20,000,000)	-	-
Other non-current assets		(108,383,510)	(51,101,978)	(16,463,488)	(21,690,472)
Trade accounts payable		458,607,303	(3,142,132,337)	144,462,894	(1,870,993,926)
Advances received from customers		90,882,768	214,072,805	(4,089,733)	64,575,879
Other payable accrued expenses		393,457,662	309,206,778	168,355,154	456,589,854
Other current liabilities		(303,429,294)	62,489,738	(2,511,941)	34,764,062
Cash received from insurance claim		133,490,150	-	133,490,150	-
Provision for tax-related liabilities paid		(1,269,950)	-	-	-
Income tax paid		(14,447,987)	(125,604)	(1,326,597)	(125,604)
Net cash flows used in operating activities		(2,107,292,759)	(582,282,202)	(657,642,547)	(125,012,648)

Statement of cash flows

G Steel Public Company Limited and its Subsidiary

	Note	Consolidated financial statements		Separate financial statements	
		For the year ended 31 December		For the year ended 31 December	
		2013	2012	2013	2012
(in Baht)					
Cash flows from investing activities					
Interest received		4,475,732	5,422,699	9,113,568	1,019,174
Decrease in current investment		-	7,284,501	-	-
Decrease in restricted deposits					
at financial institutions		24,000,000	176,000,000	24,000,000	-
Purchase of property, plant and equipment		(54,383,603)	(6,954,455)	(41,890,088)	(7,396,459)
Proceeds from sales of property, plant and equipment		438,056	11,082,192	438,056	11,082,192
Proceeds from long-term loan to and receivables					
from former related parties		16,000,000	-	-	-
Payment to loans to and interest receivable					
from related parties		-	-	(424,321,532)	(11,058,706)
Proceeds from loans to and interest receivable					
from related parties		-	-	45,963,000	-
Cash payment for investment in subsidiaries		-	-	(152,866,350)	(1,999,945)
Proceed from disposal of investment in subsidiary		52,000,000	-	52,000,000	-
Net cash flows provided by (used in) investing activities		42,530,185	192,834,937	(487,563,346)	(8,353,744)
Cash flows from financing activities					
Finance costs paid		(130,540,467)	(134,755,808)	(77,013,725)	(29,364,372)
Payment of liabilities under rehabilitation plan		(12,693,122)	(24,484,798)	(7,307,733)	(4,099,303)
Decrease in short-term loans from financial institution		-	(4,036,275)	-	(4,036,275)
Repayment of loans from financial institution		(386,815,000)	-	-	-
Proceeds from short-term loans from related parties		-	30,000,000	256,257,442	71,990,000
Repayment of short-term loans from related parties		-	-	(18,083,787)	(13,289,603)
Proceeds from short-term loans from other parties		59,077,518	159,000,000	40,000,000	159,000,000
Repayment of short-term loans from other parties		(81,277,140)	(45,167,078)	-	(96,650,000)
Proceeds from long-term loans from related party		-	-	1,086,448,332	-
Proceeds from long-term loans from other party		-	360,000,000	-	-
Repayment of long-term loans from other party		(18,000,000)	-	-	-
Repayment of finance lease liabilities		(578,845)	-	(578,845)	(553,056)
Repayment of loan from shareholder		(683,650,000)	-	(683,650,000)	-
Proceeds from issue ordinary shares	29	539,703,659	-	539,703,659	-
Proceeds from warrants issued		2,697,306	11,352,373	2,697,306	11,352,372
Proceeds from issue ordinary shares of subsidiary					
to non-controlling interests		2,939,543,733	-	-	-
Net cash flows provided by financing activities		2,227,467,642	351,908,414	1,138,472,649	94,349,763
Net increase (decrease) in cash and cash equivalents		162,705,068	(37,538,851)	(6,733,244)	(39,016,629)
Cash and cash equivalents at 1 January	7	53,505,991	91,315,638	19,375,827	58,392,456
Effect from exchange rate changes on balances					
held in foreign currencies		148,807	(270,796)	-	-
Cash and cash equivalents at 31 December	7	216,359,866	53,505,991	12,642,583	19,375,827

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

Statement of cash flows

G Steel Public Company Limited and its Subsidiary

	Note	Consolidated financial statements		Separate financial statements	
		For the year ended 31 December		For the year ended 31 December	
		2013	2012	2013	2012
		(in Baht)			
Non-cash transactions					
Offset of trade accounts receivable and due from related party with short-term loan from other parties, advances received from customers, accrued interest expense, other current liabilities and trade accounts payable	5, 6, 8	-	314,337,639	12,676,246	230,760,463
Conversion of amount receivable from related parties, receivable from offsetting transactions, advance to supplier and interest receivable to investment in subsidiaries	5 (a)	-	-	1,200,416,132	-
Offset of enforced sale of investment in subsidiary with liability from financial institution , trade accounts payable and accrued interest expense		402,006,372	615,211,025	144,449,064	-
Transfer other current liabilities to other payable and accrued expense	22	1,598,080,415	-	1,056,365,357	-
Transfer short-term loans from other parties, trade accounts payable, accrued interest expenses and other current liabilities to provisions	25	1,726,140,746	549,450,448	1,275,402,147	549,450,448
Transfer provisions to trade accounts payable and other account payable and accrued expense	25	910,857,453	-	409,565,771	-
Transfer provisions to allowance for doubtful accounts	25	-	-	400,107,500	-
Conversion of G J Steel’s debts to equity	29	750,228,000	871,381,946	-	-
Issue share capital to purchase investment in subsidiary	29	-	-	750,228,000	1,241,381,946
Conversion of the Company debts to equity					
- debt restructuring program	1.2, 29	937,654,073	1,916,166,074	937,654,073	1,916,166,074
Issue of ordinary shares to pay financial advisors		361,822,160	196,178,800	361,822,160	196,178,800
Conversion of the Company debts to equity					
- the Company’s Bond Exchange Program No. 2	29	-	320,803,600	-	320,803,600
Issue of subsidiary’s ordinary shares					
to pay financial advisors		139,635,013	-	-	-
Transfer other payable and accrued expense to loan from financial institution	20	-	237,801,000	-	237,801,000
Transfer current portion of long-term loan from financial institution to loan from shareholders		-	238,251,695	-	-
Offset of amount receivable from related parties with loan from shareholder	1.3 (d)	-	-	30,000,000	-
Repayment of loan from shareholder, advance receive from customer and other payable and accrued expense by own shares held by the subsidiary	32	47,663,400	-	-	-
Offset of long-term loans to and receivables from others with current portion of liability under rehabilitation plan		69,210,076	-	-	-
Payable on purchase of property, plant and equipment		-	-	17,980,752	-
Transfer advance receive from customer to trade account payable		-	-	33,958,844	-

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

Notes of the financial statements

G Steel Public Company Limited and its Subsidiary

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

The financial statements were approved and authorised for issue by the Board of Directors on 25 August 2014.

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
 Factory : 55 Moo 5, SSP Industrial Estate, Tambol Nonglalog, Amphur Bankhai, Rayong

The Company was listed on the Stock Exchange of Thailand (the “SET”) on 25 January 2006

As at 31 December 2013, the Company’s major shareholders were Superior Overseas (Thailand) Co., Ltd. (5.76% shareholding) (“Superior”), incorporated in Thailand, Mr. Nirum Narmcharmanrit (5.20% shareholding), Khunying Patama Leeswadtrakul Group (4.58% shareholding) and Ms. Ladda Jiraphongtakul (3.98% shareholding).

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 2013 and 2012 were as follows:

Name of the entity	Type of business	Country of incorporation	The Group Ownership interest (%)	
			2013	2012
<i>Direct subsidiaries</i>				
Siam Professional Holdings Co., Ltd. (“SPH”)	Investment holdings company	Thailand	99.99	99.99
GS Notes Holding Co., Ltd. (“GS Notes Co”)	Special-purpose restructuring entity	Thailand	99.99	99.99
GS Securities Holdings Co., Ltd. (“GS Securities”)	Special-purpose restructuring entity	Thailand	99.99	99.99
GS Notes Holdings 2 Co., Ltd. (“GS Notes 2”)	Special-purpose restructuring entity	Thailand	99.99	99.99
GST CD 2013 Co., Ltd. (“GST CD”) (registered incorporation on 9 April 2013 and has been liquidated on 23 December 2013. Presently is in liquidating process)	Special-purpose restructuring entity	Thailand	99.99	-

Name of the entity	Type of business	Country of incorporation	The Group Ownership interest (%)	
			2013	2012
G J Steel Public Co., Ltd. (“G J Steel”) (held by the Company 22.20% (2012 : 22.33%), Oriental Access Co., Ltd. 3.90 % (2012 : 5.55%) and GS Securities 6.15%)	Manufacture and distribution of hot rolled coil steel products	Thailand	32.25	27.88
Indirect subsidiaries				
Oriental Access Co., Ltd. (“OAC”) (held by SPH 99.98%)	Consulting service and investing	Thailand	99.97	99.97
GJS Notes Holding Co., Ltd. (“GJS Notes”) (held by G J Steel 99.99%) (registered incorporation on 25 January 2013)	Special-purpose restructuring entity	Thailand	99.99	-

The Company and its subsidiaries shareholding in G J Steel as at 31 December 2013 was 32.25% (2012: 27.88% Shareholding), and the Company consolidates G J Steel because the Company retains the power to govern G J Steel through its appointed representatives.

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

1.2 Going concern

As of 31 December 2013 and 2012 part of financial position of the Group and the Company are as follows;

Risk effected to the going concern	Million (Baht)			
	Group of Companies		Company	
	As of 31 December		As of 31 December	
	2013	2012	2013	2012
(1) Loss for the years	2,332	5,860	3,115	3,363
(2) Deficit	16,336	15,898	18,488	15,389
(3) Current liabilities exceed current assets	12,323	20,850	10,255	11,779

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

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

a) Negotiation with default creditors

The Group and the Company had reached agreement with various major default creditors, resulted in the liabilities as of 31 December 2013 of the Group and the Company decreased from 31 December 2012 amounting to Baht 4,623 million and Baht 421 million respectively. And since January 1, 2014 to present, the Group and the Company have been in process of negotiation with the creditors regarding the debt repayment (principal and interest) request.

b) The production

In 2012, the Company and GJ Steel have temporarily suspended their production. The Company and G J Steel have take this opportunity to conduct the annual maintenance of machineries and equipments. And in 2013 to present, the Company and G J Steel have resumed their production as follow;

1. G J Steel has resumed its production on 20 March 2013 and gradually increased its capacity to the full off-peak capacity which is the low electric usage period, until present. Its present production capacity is at 92% of the full off-peak capacity.
2. The Company resumed its production on 3 April 2014 and continues increase its capacity until present, which its production capacity is at 73% of the full off-peak capacity

c) Source of funding

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

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

d) The Governmental support

The Group and the Company has cooperated with the domestic manufacturers and steel traders to provide information to the government authority regarding the dumping of steel products from foreign countries as well as the information on the significant increase of steel import which has great impact on Thai economy. Finally, the government authority, the Department of Foreign Trade, Ministry of Commerce, has imposed the trade measures as followings.

1. Safeguard measures to curb the surge of import of alloy hot rolled coil and hot rolled sheet implemented on 15 September 2013
2. Provisional safeguard to curb the surge of import of non-alloy hot rolled coil and hot rolled sheet implemented on 7 June 2014
3. Anti-dumping measures implemented hot rolled steel and hot rolled coil originated from 14 countries by imposing countervailing duties implemented 23 May 2014

The measures above have brought back the situation to normalcy.

The Information from the Steel and Iron Institute has disclosed as followings;

- The information and domestic demand of hot rolled coil of the year 2013 was at 6.36 million tons or 530,000 tons per month
- The information and domestic demand of imported hot rolled coil during January to June 2013 was at 2.16 million tons while the year 2014 is at 1.52 million tons or decrease of 110,000 tons per month.

e) Cooperation with trading partners

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

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

1.3 Refinancing and restructuring

1.3 (a) Creditors Restructuring

Major Trade Creditors Restructuring

The Company has five Major Trade Creditors with aggregated claims of USD 187 million (*Baht 6,155 million*) as at 31 December 2013 (*2012: USD 196 million (Baht 6,026 million)*).

G J Steel has three Major Trade Creditors with aggregated claims of USD 71 million (*Baht 2,344 million*) as at 31 December 2013 (*2012: USD 68 million (Baht 2,103 million)*).

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

The progress of debt restructuring with Major Trade Creditors for the year ended 31 December 2013 and 2012 is described as follows:

Debt Conversion

The Company

During the year ended 31 December 2012, fifteen creditors agreed to convert their net outstanding receivables of Baht 2,915 million to exchange with the Company's ordinary shares of 5,179 million shares at a par value of Baht 1 per share.

Under the terms of the compromise agreement one of the fifteen creditors, which is also one of the five Major Trade Creditors ("Major Trade Creditors 2"), agreed to extend the debts repayment schedule amounting to USD 15.44 million (equivalent to Baht 475 million) in accordance with the following repayment schedule;

- USD 1.54 million in four equal quarterly installments starting from 30 September 2013
- USD 3.09 million in four equal quarterly installments starting from 30 September 2014
- USD 3.09 million in four equal quarterly installments starting from 30 September 2015
- USD 3.86 million in four equal quarterly installments starting from 30 September 2016
- USD 3.86 million in four equal quarterly installments starting from 30 September 2017

This compromise agreement has a condition that in case of events of default, an amount of USD 11 million (equivalent to Baht 340 million) which the creditor forgave will be reversed and become immediately due.

Later, on 11 October 2013, Major Trade Creditor 2 sent letter to the Company involving an event of default under a Compromise Agreement. According to the agreements, first payment was due on 30 September 2013. The creditor demand immediate payment. The Company has reversed the recognition of the Compromise Agreement by reclassifying various amounts in total of USD 21.8 million (equivalent to Baht 764 million) from non-current trade payables and accrued interest of USD 10.8 million (equivalent to Baht 401 million) and the provision for deferred difference from debt restructuring of USD 11 million (equivalent to Baht 363 million) to current trade payables.

During the fourth quarter 2013, the Company has negotiated with Major Trade Creditor 2 to extend and waive payment under compromise agreement. The Company achieved to repayment of USD 0.16 million (equivalent to Baht 5.34 million).

The Company received a letter dated 12 February 2014 from Major Trade Creditor 2, referring to the Notice of Default dated 11 October 2013, informing the Company that the major trade creditor confirms that the default has been revoked in the meantime and is not continuing as of 12 February 2014. Therefore in the first quarter 2014 the Company has reversed the transaction by reclassify the current liabilities to non-current liabilities and recognized the provision for deferred deference from debt restructuring.

During year 2014, the Company enters into summary indicative term sheet with Major Trade Creditor 2. There will be no scheduled repayments of principal for the first 12 months with the condition that the Company has to pay the Initial payment amounting USD 300,000 as follows;

- 3 equal installments of USD 10,000 each month from 31 July through 30 September 2014
- 3 equal installments of USD 15,000 each month from 31 October to 31 December 2014
- 6 equal installments of USD 37,500 each month from 31 January through 30 June 2015

Thereafter, the Company will pay the Restructured Debt (around USD 15 million) minus the Initial payment as follows (expressed in % of the Restructured Debt minus Initial payment) ;

- 1.75% equal quarterly installments starting from 30 September 2015
- 2.25% equal quarterly installments starting from 31 March 2016
- 3.00% equal quarterly installments starting from 31 March 2017
- 3.625% equal quarterly installments starting from 31 March 2018
- 4.375% equal quarterly installments starting from 31 March 2019
- 5.125% equal quarterly installments starting from 31 March 2020
- 5.75% equal quarterly installments starting from 31 March 2021

During the year ended 31 December 2013, the Company entered into the compromise agreement which has remaining amount USD 71.29 million (equivalent to Baht 2,299.5 million) with one of the five Major Trade Creditors (“Major Trade Creditor 1”). Under the terms of the compromise agreement, the creditor agreed to convert their net outstanding receivables of USD 45.6 million (equivalent to Baht 1,345.5 million) into the Company’s ordinary shares of 2,691 million shares at a par value of Baht 1 per share based on conversion price per share of Baht 0.50.

Under the terms of the compromise agreement, Major Trade Creditor 1 agreed to extend the debts repayment schedule amounting to USD 7.87 million (equivalent to Baht 263 million) as follows;

- USD 0.79 million payable in equally quarterly installment starting from 31 March 2014
- USD 1.57 million payable in equally quarterly installment starting from 31 March 2015
- USD 1.57 million payable in equally quarterly installment starting from 31 March 2016
- USD 1.97 million payable in equally quarterly installment starting from 31 March 2017
- USD 1.97 million payable in equally quarterly installment starting from 31 March 2018

Moreover, the Company’s lead shareholder agreed to provide a personal guarantee to this Major Trade Creditor 1 for a maximum amount of USD 10 million to guarantee the obligations of the Company under the compromise agreement.

This compromise agreement has a condition that in case of events of default, an amount of USD 17.82 million (equivalent to Baht 691 million) which the creditor forgave under terms of the compromise agreement, will be reversed and become immediately due and payable.

On 6 May 2014, Major Trade Creditor 1 sent a letter to inform the Company that the Company is in default under the terms of the Compromise Agreement in that the installment due on 31 March 2014 has not been paid. The creditor is able to demand the Company to pay all debts immediately.

During the year ended 31 December 2013, five other creditors had aggregate outstanding balance of Baht 54 million. They agreed to convert their net outstanding receivables of Baht 47 million into 94 million shares at a par value of Baht 1 per share (Market price amounting to Baht 28 million). The Company achieved a gain from debt restructuring amounting to Baht 26 million.

Compromise Agreement

The Company

The Company entered into compromise agreements with two Other Creditors, and agreed to extend the debt repayment schedule amounting to USD 3 million (equivalent to Baht 133 million) and Baht 2 million, respectively.

The compromise agreements have a condition that in case of events of default, an amount of USD 1 million (equivalent to Baht 33 million) and Baht 1 million respectively which the creditors forgave under the terms of the compromise agreement, will be reversed and become immediately due and payable.

On 31 December 2013, the Company failed to pay interest to Creditors causing the Company to face events of default on compromise agreements. The remaining debt has been reversed and become immediately due, an amount of USD 1 million (equivalent to Baht 33 million) and Baht 1 million respectively.

On 31 December 2013, the Company did not pay the debt as per the Compromise agreement done in the court with one creditor. The creditor then informed the enforcement officer to issue notice dated 18 February 2014 to hold 2,000 million of GJS shares held by the Company in order to sale to public for debt settlement. Currently, the said shares have not been enforced yet because the Company has continuously negotiated with the creditor and nearly to conclude the compromise agreement. In addition, if these are agreeable, the creditor will withdraw the above share held for the Company.

Refer to Note 29, Share capital, for the details of shares issued under the Company's debt restructuring program and Note 34, Gain from debt restructuring.

Compromise Agreement

G J Steel

On 11 June 2013, G J Steel re-entered into a compromise agreement with Major Trade Creditors 1 amounting to USD 44.51 million (equivalent to Baht 1,467 million). Under the terms of the compromise agreement, the creditor agreed to extend the debts repayment schedule amounting to USD 32.02 million (equivalent to Baht 1,055 million) in accordance with the following repayment schedule;

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

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

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

Moreover, the Company's lead shareholder agreed to provide a personal guarantee to Major Trade Creditor 1 in the maximum amount of USD 5 million to guarantee the obligations of G J Steel under the compromise agreement.

This compromise agreement has a condition that in case of events of default, an amount of USD 12.49 million (equivalent to Baht 412 million) which the creditor forgave under terms of the compromise agreement, will be reversed and become immediately due and payable.

Other Creditors Restructuring

GJ Steel

GJ Steel has negotiated repayment schedules for overdue debt owed to other creditors as details below;

<i>Year ended 31 December</i>	2013	2012
	<i>(in million Baht)</i>	
Balance – beginning of the years	78	1,107
Additional repayment schedules	1,268	12
<i>Deduct</i> Repayment during the year	(123)	-
Exchange with debenture	(1,043)	(1,041)
Transfer to provision for deferred difference from debt restructuring	(39)	-
Effect of exchange rate	3	-
Balance owed to other creditors as at 31 December	144	78

Under the terms of compromise agreement with Other Creditors, interest accrues during the repayment period at 2% per annum and is repaid on the last business day of June and December each year.

For two Other Creditors of G J Steel, the compromise agreements have a condition that in case of events of default, an amount of USD 1.03 million (equivalent to Baht 34 million) and Baht 5 million which the creditors forgave under terms of the respective compromise agreements, will be reversed and become immediately due and payable.

Because the restructuring of debt owed by the Group and the Company to Major Trade Creditor 1 and Other Creditors has not yet become irrevocable, potential gains from debt restructuring of Baht 1,658 million and 1,207 million respectively, (*G J Steel : Baht 451 million*) have been recognized as provision deferred difference from debt restructuring in the Statement of Financial Position.

As a result, as at 31 December 2013 the Group and the Company had total provision for deferred difference from debt restructuring balances in the consolidated and separate financial statements of Baht 1,896 million and Baht 1,445 million, respectively (*2012: Baht 549 million and Baht 549 million, respectively*).

During the year ended 31 December 2013, the Company and G J Steel entered into compromise agreements with trade accounts payable to extend the debts repayment schedule amounting to Baht 408 and Baht 1,120 million, respectively. Accordingly, as at 31 December 2013 the Group and the Company reclassified outstanding balance of trade accounts payable of Baht 1,233 million and Baht 284 million to

present as non-current liabilities in the consolidated and separate statement of financial position, respectively.

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

	<i>Note</i>	Consolidated financial statements <i>(in million Baht)</i>	Separate financial statements
Carrying value of the debts obligation before creditors restructuring			
• Trade accounts payable			
- Major Trade Creditor		2,683	1,587
- Other Creditors		289	132
• Accrued interest expenses			
- Major Trade Creditor		1,010	639
- Other Creditors		1	1
		<u>3,983</u>	<u>2,359</u>
<i>Less</i>			
• Trade and other payable converted to equity			
- Major Trade Creditor		(756)	(756)
- Other Creditors		-	-
		<u>(756)</u>	<u>(756)</u>
<i>Less</i> Payment during year		(73)	(20)
<i>Less</i> Future Cash Payments			
• Trade accounts payable			
- Current		(239)	(68)
- Non-current	21	(1,233)	(284)
• Accrued interest expenses			
- Current		(1)	(1)
- Non-current	24	(23)	(23)
		<u>(1,496)</u>	<u>(376)</u>
Transfer to provision for deferred difference from debt restructuring	25	<u>1,658</u>	<u>1,207</u>

1.3 (b) Bonds

The Company's Bonds Exchange Program No.2

The Company launched Bonds Exchange Program No.2 for the outstanding bonds of the Company amounting to USD 34 million on 16 July 2012. The offer can be summarized as follows;

- Accrued interest on the Bonds is waved
- Bond holders would be entitled to receive shares in the Company using a ratio of 50 Company shares for each USD 1 of Bond face value redeemed

Under the Company's Bond Exchange Program No. 2, on 28 September 2012, GS Notes 2 allocated and issued 94 million ordinary shares with a par value of Baht 5 per share to the Company's Bondholders in exchange for the Company's Bonds of USD 18.9 million (equivalent to Baht 584 million) and waived accrued interest of Baht 59 million and at the same date the Bondholders swapped 94 million ordinary shares of GS Notes 2 with 943 million shares of the Company.

Refer to Note 29, Share capital, for the details of shares issued to the Bondholders and Note 34, Gain from the Company's Bonds Exchange Program No.2.

1.3(c) G J Steel's debentures issued and debt restructuring program

During the year ended 31 December 2013, G J Steel entered into various compromise agreements with nine creditors (2012: *seventeen creditors*) to exchange its outstanding receivables from the Company amounting to Baht 1,043 million (2012: *Baht 1,843 million*) for debentures amounting to Baht 1,043 million (2012: *1,616 million*).

Subsequently, GS Securities issued 104.3 million ordinary shares (2012: *168.95 million ordinary shares*) with a par value of Baht 10 per share, totaling Baht 1,043 million (2012: *Baht 1,690.4 million*) to exchange for those debentures.

After that, the Company issued 2,086 million ordinary shares (2012: *3,379.8 million ordinary shares*) with par value Baht 1 per share, at an offering price of Baht 0.50 per share, totaling Baht 1,043 million (2012: *Baht 1,690.4 million*) in exchange for the 104.3 million ordinary shares (2012: *1,586.85 million shares*) with a par value of Baht 10 per share of GS Securities.

Refer to Note 29, Share capital, for the details of shares issued under G J Steel's debt restructuring program and Note 34, Gain from G J Steel's debt restructuring program.

1.3(d) Shareholder's pledges and loans

The outstanding balance of loans from shareholders as at 31 December 2013 and 2012 were as follows:

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	<i>(in million Baht)</i>			
Loans from Shareholder 1	36	750	36	750
Loans from Shareholder 2	188	188	-	-
Total	224	938	36	750

Movements of loans from shareholders for the years ended at 31 December 2013 and 2012 were as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
	<i>(in million Baht)</i>			
<i>Loans from shareholders</i>				
As at 1 January	938	433	750	433
Increase from				
forced sale transaction				
Shareholder 1	-	50	-	50
Shareholder 2	-	188	-	-
	-	238	-	50
Additional recorded based on				
claim from Shareholder 1	-	474	-	474
	938	1,145	750	957
Decrease	(714)	(207)	(714)	(207)
As at 31 December	224	938	36	750

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

2013

Redemption of G J Steel's debentures and indemnification of the Company's Shareholder 1

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

On 30 January 2013, OAC paid to Shareholder 1 by the Company's shares another 60 million shares valued at Baht 30 million; hence, the total shares provided to Shareholder 1 is 620 million shares.

On 7 February 2013, G J Steel redeemed part of its outstanding debentures with GS Securities including accrued interest, for an amount of Baht 684 million (principal amount of Baht 672 million) as part of the approval of G J Steel's EGM 1/2013. GS Securities and the Company instructed G J Steel to pay directly to the account of Ban Chang in its capacity of agent of the Company's shareholder.

Accordingly, G J Steel transferred Baht 684 million from G J Steel's accounts to Ban Chang.

As a result of the above, the outstanding balance of the loan from shareholders amounts to Baht 224 million and Baht 36 million in the consolidated and separate statements as at 31 December 2013, respectively (2012: Baht 938 million and Baht 750 million, respectively).

2012

During the year ended 31 December 2012, the Group recognized additional loans from shareholder an amount of Baht 238 million as a result of the additional liquidated pledged shares.

On 17 July 2012, Shareholder 1 filed a case with the South Bangkok Civil Court to demand that OAC and/or the Company pay the debt on guarantee obligation. The case was negotiated and the Court ruled the compromise reached as binding on the date of 25 October 2012. OAC agreed to pay a final compensation for total amount of Baht 1,030 million, being the market value of the shares when they were pledged in 2006, by two installments:

- The first installment Baht 200 million was to be paid by the Company's shares at the amount 400 million shares (based on the Company's share price at Baht 0.50 per share under the compromise reached at the Court) before 30 November 2012.
- The second installment Baht 830 million was paid by the Company's shares at the amount 1,660 million or cash before 30 April 2013.

As the result in above, the Group and the Company recognised as additional loans from shareholder an amount of Baht 474 million as a result of Shareholder 1 claim.

Later on 26 November 2012, OAC paid to Shareholder 1 by the Company's shares in the amount of 560 million shares valued at Baht 207 million.

As a result of the above the outstanding balance of the loan from shareholders amounts to Baht 938 million in the consolidated and separate statement as at 31 December 2012.

1.3(e) Change of directors and turnaround plan

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

The Company

1. General Lertrat Ratanavanich
2. Mr. Ivo Naumann
3. Mr. William Anthony Gloyne
4. Mr. Flemming Jensen
5. Mr. Paniti Junhasavasdikul
6. Mr. Michael Wyer
7. Mr. Teerapol Pussadet

G J Steel

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

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

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

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

G J Steel resumed operation of its plant since 20 March 2013, and started to produce during off-peak period (which has lower demand for electricity and hence lower tariff rate) until the operation level was running at full capacity utilization for off-peak period from July 2013 onwards. To expand its production level, G J Steel is well supported by working capital credit lines in the form of Collateral Management Agreements (“CMA”) from various raw material trade suppliers, both local and foreign. Such CMA working capital lines have been utilised by G J Steel for many years and enable it to finance the import and use of scrap and pig iron, which are the main raw material in its production.

During the year ended 31 December 2013, the Company has not been resumed to operate the production. However, has arranged for GJ Steel to begin production in year 2013 to over see the production of hot- rolled coil to meet with the consumption demand during the time and to keep in line with the quantity of raw material of the country in order to maintenance at the proper level to stable the raw material price.

The Company has resumed the production on 3 April 2014 by utilized the off-peak period (which has lower demand for electricity and hence lower tariff rate) and in 4 quarter 2014 the Company anticipate to increase the production to full capacity for off-peak period and has the plan to operate 24 hours production in April 2014, contingent to the market conditions, in order to improve the production efficiency and reduce the production unit cost.

The Company received financial support from its customers for providing credit line to issue the letter of guarantee to banks and working capital credit line for production’s raw material and spare part. To reciprocate the support, the Company has appointed the supported customer to be the distributor of the Company hot-roll coil products. Also, there are a group of customers who have agree to purchase all the products that the Company be able to produce for a period of 2 years. Refer to note 52, Events after the reporting date

From April 2014 to current month of July 2014, the Company has consistently better operating outcome. These due to the increase the sales price, the stability in raw material price and the better production efficiency, resulting the assurance to the Company better business performance and to overcome the business crisis situation in the near future.

The Company and GJ Steel expects the domestic market price for hot-rolled coil product to increase in the near future from the international trade measures imposed by the Thai government in its wider protection of the domestic industry by means of safeguards and antidumping tariff measures on imported hot-rolled steel flat products during 2013. Such safeguards and tariff measures have been taken following full investigation procedures by the government with results showing that the domestic hot-rolled steel industry was actually injured by such imports. These measures will benefit and support the business of the Company and G J Steel to perform better in the future.

G J Steel has made significant progress in its debt restructuring programs. Total liabilities have been reduced considerably from the financial statements as at 31 December 2012. As at 31 December 2012 G J Steel liabilities have been reduced considerably from the domestic hot-rolled steel industry 31 December 2013 G J Steel December 2012. As at 31 December 2012 1 times. The management is confident that it can continue to reduce its liabilities through continued negotiation with further major trade creditors in order to reduce the debt levels as much as possible, while at the same time improve the operational liquidity of the Company and G J Steel to be used for working capital in its production processes.

1.4 Lead Shareholder guarantee

On 17 May 2010 the Company's Board of Directors approved the execution of an agreement negotiated between the Company's management and the Company's lead shareholder (the "Lead Shareholder") covering the following salient points:

- From time to time and in the ordinary course of business operations, the Company and G J Steel sold goods to certain customers. As a result of the financial crisis and the unprecedented volatility in commodity prices which occurred in late 2008, the customers have not yet paid the Company and G J Steel for such goods.
- The receivables from these customers have been outstanding and overdue and, as such, the Company and G J Steel have made allowance in full for the unpaid receivables. The Company and G J Steel are entitled to receive payment in full from the customers for the previously provisioned receivables and intend to vigorously pursue all legal remedies and rights available under the laws of the Kingdom of Thailand. As at 31 December 2013, the gross receivables due to the Company was Baht 563 million (2012: Baht 563 million) and due to G J Steel was Baht 417 million (2012: Baht 417 million).
- In order to enhance the Group's equity value as it embarks on a recapitalization program, the Lead Shareholder has entered into an agreement with the Company and G J Steel which provided for a three-year irrevocable guarantee in favour of the Company and G J Steel covering full recovery of the aforementioned unpaid receivables. This guarantee expired on 17 May 2013. On 14 May 2013, the Company's Board of Directors approved to extend the personal guarantee provided by the Lead Shareholder until 17 May 2015 on the same terms and conditions.

The Lead Shareholder procured for Shareholder 1 and another Company shareholder ("Shareholder 2") to deposit 210 million and 760 million of their shares, respectively, in the Company as collateral with a custodian designated by the Company (the "Agent") as approved by the Board of Directors of the Company and G J Steel. The Shareholder 2 shares were deposited for the benefit of G J Steel. The Shareholder 1 shares were deposited for the benefit of the Company.

The Board of Directors of the Company and G J Steel agreed to accept the collateral package in support of the previously entered guarantee. The above-outlined collateral package was confirmed deposited in its entirety with the Agent on 10 September 2010. The Company's and G J Steel's management has not attributed any value in the financial statements in respect of this guarantee and pledge. Upon the earlier of the repayment by those accounts receivable or the execution of the guarantee or pledge, the Company and G J Steel will reverse the allowances held in respect of these doubtful debts in full or in part.

2 Basis of preparation of the financial statements

2 (a) *Statement of compliance*

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

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

TFRS	Topic
TAS 12	Income Taxes
TAS 21 (revised 2009)	The Effects of Changes in Foreign Exchange Rates
TFRS 8	Operating Segments

The adoption of these new and revised TFRS has resulted in changes in the Group’s / Company’s accounting policies.

The effects of these changes are disclosed in Note 3. Management has determined that the adoption of new TAS and revised TFRS from 1 January 2013 will not have a material impact on the Group’s / Company’s reported asset liabilities or retained earnings.

In addition to the above new and revised TFRS, as at 31 December 2013 the FAP had issued a number of new and revised which are effective for financial statements beginning on or after 1 January 2014 and have not been adopted in the preparation of these financial statements. Those new and revised TFRS that are relevant to the Group’s operations are disclosed in Note 50 Thai Financial Reporting Standards (TFRS) not yet adopted.

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

2 (b) *Basis of measurement*

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

2 (c) *Functional and presentation currency*

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

2 (d) *Use of estimates and judgments*

The preparation of financial statements in conformity with TFRS requires management to make judgments, estimates and assumptions that affect the application of accounting 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 8	Allowance for doubtful accounts
Note 9	Allowance for devaluation of inventories
Note 16	Appraisal valuations and allowance for impairment of property, plant and equipment
Note 19	Appraisal valuations and allowance for impairment of suspended construction in progress
Note 28	Measurement of defined employee benefit obligations
Notes 25, 48 & 49	Provisions, Litigations and Contingent liabilities
Note 46	Valuation of financial instruments

3 Changes in accounting policies

3 (a) Overview

From 1 January 2013, consequent to the adoption of new and revised TFRS as set out in Note 2, the Group and the Company has changed its accounting policies in the following areas:

- Accounting for income tax
- Accounting for the effects of changes in foreign exchange rates
- Presentation of information on operating segments

Details of the new accounting policies adopted by the Group and the Company are included in Notes 3(b) to 3(d) below. Other new and revised TFRS did not have any impact on the accounting policies, financial position or performance of the Group/Company.

3 (b) Accounting for income tax

The principal change introduced by TAS 12 is the requirement to account for deferred tax liabilities and assets in the financial statements. Deferred tax liabilities and assets are the amounts of income taxes payable and recoverable, respectively, in future periods in respect of temporary differences between the carrying amount of the liability or asset in the statement of financial position and the amount attributed to that liability or asset for tax purposes; and the carry forward of unused tax losses. The accounting policy for deferred tax is described in note 4(r).

The Group and the Company adopted TAS 12 with effect from 1 January 2013. The changes do not materially impact the financial statements.

3 (c) Accounting for the effects of changes in foreign exchange rates

From 1 January 2013, the Group and the Company has adopted TAS 21 (revised 2009) Accounting for the effects of changes in foreign exchange rates.

The principal change introduced by TAS 21 (revised 2009) is the introduction of the concept of functional currency, which is defined as the currency of the primary economic environment in which the entity operates. TAS 21 (revised 2009) requires the entity to determine its functional currency and translate foreign currency items into its functional currency, reporting the effects of such translation in accordance with the provisions of TAS 21 (revised 2009). Foreign currencies are defined by TAS 21 (revised 2009) as all currencies other than the entity's functional currency.

Management has determined that the functional currency of the Company is Thai Baht and that the adoption of TAS 21 (revised 2009) from 1 January 2013 has not had a significant impact on the Group's and the Company's reported assets, liabilities or retained earnings.

3 (d) Presentation of information on operating segments

From 1 January 2013, the Group and the Company has adopted TFRS 8 Operating Segments. The new policy for presentation of information on operating segments, together with information on the previous policy, is given below. The new policy has been applied retrospectively and segment information included in the financial statements for the year ended 31 December 2012, which are included in the Group's and the Company's 2013 financial statements for comparative purposes, has been re-presented accordingly. The change in policy only impacts presentational aspects and has no impact on the Group's and the Company's reported assets, liabilities, results or earnings per share.

TFRS 8 introduces the "management approach" to segment reporting. It requires a change in the presentation and disclosure of segment information based on the internal reports regularly reviewed by the Group's and the Company's Chief Operating Decision Maker in order to assess each segment's performance and to allocate resources to those segments. Previously the Group and the Company presented segment information in respect of its business and geographical segments in accordance with TAS 14 Segment Reporting.

The change in basis of presentation and disclosure of segment information has had no significant effect on the segment information reported in the Group's and the Company's financial statements.

4 Significant accounting policies

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

4 (a) Basis of consolidation

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

Business combinations

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

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable. The acquisition date is the date on which control is transferred to the acquirer. Judgment is applied in determining the acquisition date and determining whether control is transferred from one party to another.

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

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

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

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

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

Subsidiaries

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

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

Loss of control

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

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 and jointly-controlled entities 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.

4 (b) Foreign currencies

Foreign currency transactions

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

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

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

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

4 (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.

4 (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.

4 (e) Inventories

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 overhead 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 makes allowance for deteriorated, damaged, obsolete and slow-moving inventories.

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

4 (f) Investments

Investments in subsidiaries

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

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 is recognised in profit or loss.

4 (g) Property, plant and equipment

Owned assets

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

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

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

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

Leased assets

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

constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the profit or loss.

Subsequent costs

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

Depreciation

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

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

Land improvements	20 years
Buildings and improvements	5 - 50 years
Machinery and equipment	5 - 30 years
Office equipment, furniture and fixtures	5 years
Vehicles	5 years

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

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

4 (h) Intangible assets

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

Subsequent expenditure

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

Amortisation

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

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

Computer software licence	10 years
Production licence	25 years

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

4 (i) *Deferred costs of rolls*

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

4 (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 assets' recoverable amounts are estimated.

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

Calculation of recoverable amount

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

Reversals of impairment

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

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

4 (k) *Interest-bearing liabilities*

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

4 (l) *Trade and other accounts payable*

Trade and other accounts payable are stated at cost.

4 (m) *Employee benefits*

Defined contribution plans

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

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value.

Any unrecognised past service costs and the fair value of any plan assets are deducted. The discount rate is the yield at the reporting date on AA credit-rated bonds that have maturity dates approximating the terms of the Group's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

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

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

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

4 (n) Provisions

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

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.

4 (o) Revenue

Revenue excludes value added taxes and is calculated following the deduction of trade discounts.

Sale of goods

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

Interest income

Interest income is recognised in profit or loss as it accrues.

4 (p) Finance costs

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

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

4 (q) Lease payments

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

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

Determining whether an arrangement contains a lease

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

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

4 (r) Income tax

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

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

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

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

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

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

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same

taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

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

4 (s) Loss per share

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

4 (t) Segment reporting

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

5 Related parties

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

Relationships with related parties were as follows:

Name of entities	Country of incorporation/ nationality	Type of business	Nature of relationships
SPH	Thailand	Investment holdings company	Subsidiary, 99.99% shareholding, common directors
G J Steel	Thailand	Manufacture and sale of hot rolled coil steel products	Subsidiary, 32.25% (2012: 27.88%) shareholding by the Company and its subsidiaries, common directors
OAC	Thailand	Consulting service and investing	Indirect subsidiary, common directors
GS Notes Co	Thailand	Special-purpose restructuring entity	Subsidiary, 99.99% shareholding, common directors
GS Securities	Thailand	Special-purpose restructuring entity	Subsidiary, 99.99% shareholding, common directors
GS Notes 2	Thailand	Special-purpose restructuring entity	Subsidiary, 99.99% shareholding, common directors
GST CD	Thailand	Special-purpose	Subsidiary, 99.99%

Name of entities	Country of incorporation/ nationality	Type of business	Nature of relationships
		restructuring entity	shareholding, common directors
GJS Notes	Thailand	Special-purpose restructuring entity	Subsidiary of G J Steel
Sukhumvit Inter Development Co.,Ltd.	Thailand	Trading of raw water	Common shareholder with the Company
Mill Con Steel Industries PCL.	Thailand	Manufacture and sale of steel	Director related to major shareholder of the Company
Millcon Burapa Co., Ltd.	Thailand	Manufacture and sale of steel bar	Director related to major shareholder of the Company
Millcon Miles Co., Ltd.	Thailand	Transportation	Director related to major shareholder of the Company
Great Siam Steel Works Co., Ltd.	Thailand	Trading of rolled steel	Common directors with G J Steel
Advance Metal Fabrications Co., Ltd.	Thailand	Trading of steel	Director related to major shareholder of the Company
SSP Place Co., Ltd.	Thailand	Office rental	Common director with G J Steel
Asia Metal PCL.	Thailand	Manufacture and sale of steel	Common shareholder with Company and common directors with G J Steel
Asia Metal Fabrication Co., Ltd.	Thailand	Factory construction service	Subsidiary of related party with whom the Company has transacted
Ocean Profit Cp., Ltd.	Thailand	Manufacture and sale of steel	Director related to major shareholder of the Company
Arnoma Hotel Bangkok Co., Ltd.	Thailand	Hotel, food and beverage	Common directors with the Company and common Executive with G J Steel
Thailand Iron Works PCL.	Thailand	Manufacture and sale of galvanised steel	Common directors with G J Steel
Intelligent System Network Co., Ltd.	Thailand	Sale of computer hardware, software and system installation	Common directors with the Company and G J Steel
Felix River Kwai Resort (Kanchanaburi) Co.,Ltd.	Thailand	Hotel, food and beverage	Common directors with G J Steel
AlixPartners	U.S.A	Financial Advisory	Common director from 16 January 2013 until 28 June 2013
Renaissance Advisory Limited (“RA”)	Hong Kong	Financial Advisory	Common director since 1 February 2013
Mahachai Steel Center	Thailand	Sale of steel	Related party of the

Name of entities	Country of incorporation/ nationality	Type of business	Nature of relationships
Co., Ltd.			shareholder of the Company since 21 September 2012
Mahachai Steel Inter Co., Ltd.	Thailand	Sale of steel	Related party of the shareholder of the Company since 21 September 2012
Metal Inter Co., Ltd.	Thailand	Sale of steel	Related party of the shareholder of the Company since 21 September 2012
Kim Huad Steel Co., Ltd.	Thailand	Sale of steel	Related party of the shareholder of the Company since 21 September 2012
M & L Steel Co., Ltd.	Thailand	Sale of steel	Related party of the shareholder of the Company since 21 September 2012
M Steel Co., Ltd.	Thailand	Sale of steel	Related party of the shareholder of the Company since 21 September 2012
S Steel Co., Ltd.	Thailand	Sale of steel	Related party of the shareholder of the Company since 21 September 2012
Kim Steel Co., Ltd.	Thailand	Sale of steel	Related party of the shareholder of the Company since 21 September 2012
Mrs. Naengnoi Trivuth	Thailand	-	Relative of subsidiary's common director
Key management personnel	Thailand	-	Persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the Group

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

Transactions	Pricing policies
Interest income	Contractual rate
Purchase of finished goods	Agreed-upon basis based on market price
Sale of finished goods	Agreed-upon basis based on market price
Sales of raw material and other	Cost plus margin
Operating service income	Contractual prices based on contract rate and actual hours
Purchase of raw material	Cost plus margin
Purchase of raw water	Contractual prices
Rental and service expenses	Contractual prices
Finance costs	Contractual rate
Finance advisory service fee	Contractual prices

Significant transactions for the years ended 31 December 2013 and 2012 with related parties were as follows:

<i>Year ended 31 December</i>	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	<i>(in million Baht)</i>			
Subsidiaries				
Interest income	-	-	-	77
Purchase of finished goods	-	-	-	55
Financial costs	-	-	53	-
Sales of raw material and other (presented in other income net of related cost)	-	-	14	3
Operating service income	-	-	4	-
Key management personnel				
Key management personnel compensation				
Salary and bonus	81	84	35	55
Meeting allowance and other benefits	11	13	4	10
Total key management personal compensation	<u>92</u>	<u>97</u>	<u>39</u>	<u>65</u>
Other related parties				
Sale of finished goods	669	1,717	-	180
Sales of raw material and other (presented in other income net of related cost)	-	35	-	-
Purchase of raw water	-	4	-	-
Purchase of raw material	993	1,178	782	449
Finance advisory service fee	104	-	42	-
Rental and service expenses	16	15	10	10
Finance costs	19	5	19	5

Balances as at 31 December 2013 and 2012 with related parties were as follows:

	<i>Note</i>	Consolidated financial statements		Separate financial statements	
		2013	2012	2013	2012
		<i>(in million Baht)</i>			
Trade accounts receivable	8				
Other related parties					
Advance Metal Fabrication Co., Ltd.		54	54	54	54
Mahachai Steel Inter Co., Ltd.		-	172	-	-
Mahachai Steel Center Co., Ltd.		-	8	-	8
Kim Huad Steel Co., Ltd.		-	1	-	-
		<u>54</u>	<u>235</u>	<u>54</u>	<u>62</u>
Less allowance for doubtful accounts		<u>(54)</u>	<u>(57)</u>	<u>(54)</u>	<u>(57)</u>
Net		<u>-</u>	<u>178</u>	<u>-</u>	<u>5</u>
 (Reversal of) bad and doubtful debts expense for the year		<u>(3)</u>	<u>3</u>	<u>(3)</u>	<u>3</u>

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	(in million Baht)			
<i>Amount receivable from related parties</i>				
<i>Receivable from sales of raw materials and other</i>				
Subsidiary				
G J Steel	-	-	-	128
Other related party				
Advance Metal Fabrication Co., Ltd.	1	1	1	1
Less allowance for doubtful account	(1)	(1)	(1)	(1)
Net	<u>-</u>	<u>-</u>	<u>-</u>	<u>128</u>
<i>Receivable from operating service income</i>				
Subsidiary				
OAC	-	-	1,142	1,067
Less allowance for doubtful account	-	-	(1,142)	(1,067)
Net	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Receivable from guarantee obligation</i>				
Subsidiary				
OAC	-	-	720	750
Less allowance for doubtful account	-	-	(720)	(750)
Net	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>128</u>
Bad and doubtful debts expense for the year	<u>-</u>	<u>-</u>	<u>45</u>	<u>280</u>

	Consolidated and Separate financial statements	
	2013	2012
	(in million Baht)	
<i>Receivables from scrap sales</i>		
Other related party		
Advance Metal Fabrication Co., Ltd.	338	338
Less allowance for doubtful account	(338)	(338)
Net	<u>-</u>	<u>-</u>

Note
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		Consolidated financial statements		Separate financial statements	
	Note	2013	2012	2013	2012
		(in million Baht)			
Receivable from offsetting transactions					
Subsidiary					
G J Steel					
(MLR +1%, 90 days grace period)	5(c)	-	-	-	946
Other current assets					
Interest receivable					
Subsidiary					
G J Steel		-	-	-	130
Advance to supplier					
Subsidiary					
G J Steel	5(a), 5(d)	-	-	-	28
Other receivable					
Other related parties					
RA		26	-	13	-
Total		26	-	13	158

Movements for the year ended 31 December 2013 and 2012 of receivable to a related party from offsetting of machinery purchase were as follows:

	Separate financial statements	
	2013	2012
	(in million Baht)	
As 1 January	946	946
Decrease	(946)	-
As at 31 December	-	946
	Consolidated and Separate financial statements	
	2013	2012
	(in million Baht)	
Advance payment for purchases of property, plant and equipment		
Other related party		
Asia Metal Fabrication Co., Ltd.	8	8
Less allowance for impairment asset	(8)	(8)
Net	-	-

Other non - current assets

Loans to and interest receivable from related parties

Subsidiaries

Loans to related parties

OAC	2,540	2,163
SPH	6	6
Others	1	-
	<u>2,547</u>	<u>2,169</u>
Less allowance for doubtful accounts	<u>(2,547)</u>	<u>(2,169)</u>
Net	<u>-</u>	<u>-</u>

Interest receivable from related parties

OAC	209	209
SPH	1	1
	<u>210</u>	<u>210</u>
Less allowance for doubtful accounts	<u>(210)</u>	<u>(210)</u>
Net	<u>-</u>	<u>-</u>

(Reversal of) bad and doubtful debts
expense for the year

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Movements of loans to related parties for the year ended 31 December 2013 and 2012 were as follows:

**Separate
financial statements**
2013 2012
(in million Baht)

Loans to related parties

As at 1 January	2,169	2,157
Increase	400	12
Decrease	<u>(22)</u>	<u>-</u>
As at 31 December	<u>2,547</u>	<u>2,169</u>

		Consolidated financial statements		Separate financial statements	
	Note	2013	2012	2013	2012
		(in million Baht)			
Deposit - other related parties					
Sukhumvit Inter Development Co., Ltd.		2	2	2	2
SSP Place Co., Ltd.		2	2	1	1
Total		4	4	3	3
Trade accounts payable	21				
Other related parties					
Sukhumvit Inter Development Co., Ltd.		-	2	-	2
Advance Metal Fabrication Co., Ltd.		19	19	19	19
Mahachai Steel Center Co., Ltd.		253	52	253	52
Total		272	73	272	73
Advances received from customers	23				
Other related parties					
Mill Con Steel Industries PCL.		-	201	-	-
Asia Metal PCL.		1	106	1	20
Kim Huad Steel Co., Ltd.		-	11	-	-
Total		1	318	1	20
Other payables and accrued expenses	22				
Other related parties					
Arnoma Hotel Bangkok Co., Ltd.		5	3	3	2
SSP Place Co., Ltd.		23	12	18	10
Total		28	15	21	12
Amount due to related party					
Subsidiary					
GS Securities		-	-	19	196
Accrued interest expense	24				
Subsidiary					
GS Securities		-	-	52	-
Other related parties					
Mrs. Naengnoi Trivuth		6	3	6	3
Mahachai Steel Center Co., Ltd.		3	2	3	2
Total		9	5	9	5
Other current liabilities	26				
Short-term loan					
Subsidiaries					
G J Steel		-	-	-	28
GS Notes 2		-	-	1	1
GS Securities		-	-	255	-
		-	-	256	29
Other related party					
Mrs. Naengnoi Trivuth		30	30	30	30
		30	30	286	59
Machinery and construction payables					
Other related party					
Asia Metal Fabrication Co., Ltd.		1	1	1	1
Total		31	31	287	60

Movements of short-term loans from related parties for the year ended 31 December 2013 and 2012 were as follows:

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	<i>(in million Baht)</i>			
<i>Short-term loans from related parties</i>				
As at 1 January	30	30	59	1
Increase	-	-	255	71
Decrease	-	-	(28)	(13)
As at 31 December	30	30	286	59

Other current liabilities - Short-term loan from related parties

On 28 March 2012, the Company entered into a loan agreement with Mrs. Naengnoi Trivuth in the amount of Baht 30 million, which bears interest at 12% per annum. Under the terms of this loan, the Company pledged 500 million shares of G J Steel held by the Company as collateral for the benefit of the lender.

During May to December 2013, the Company entered into loan agreement with GS Securities in the total amount of Baht 255 million, which bears interest at the rate of 8% per annum. These loans will be due in 30 days after received notification letter.

Other non-current liabilities- Long-term loan from related party

	Separate financial statements	
	2013	2012
	<i>(in million Baht)</i>	
<i>Long-term loan</i>		
<i>Subsidiary</i>		
GS Securities (See Note 5(f) and 5(g))	1,086	-
Total	1,086	-

Movements of long-term loans from related parties for the years ended 31 December 2013 and 2012 were as follows:

	Separate financial statements	
	2013	2012
	<i>(in million Baht)</i>	
<i>Long-term loans from related parties</i>		
<i>Subsidiary</i>		
As at 1 January	-	-
Increase	1,086	-
As at 31 December	1,086	-

Other significant agreements with related parties

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

(in million Baht)

The Company	
Amount receivable from related parties	128
Receivable from offsetting transactions (see Note 5(c))	946
Advances to customers (see Note 5(d))	28
Part of interest receivable (see Note 5(c))	99
	<hr/> 1,201
OAC	
Part of other payables and accrued expenses of G J Steel (see Note 5(b))	330
GS Securities	
Current portion of long - term loan from a related party (see Note 5(e))	521
Total	<hr/> 2,052 <hr/>

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

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

Refer to Note 5(a), on 14 November 2012, G J Steel entered into a compromise agreement with OAC to convert Overdue Service Balances amounting to Baht 340 million (Baht 330 million after deduction of withholding taxes) to G J Steel's ordinary shares which were settled on 13 February 2013.

As the result, G J Steel had total Overdue Service Balances of USD 1.20 million (Baht 37 million). As at 31 December 2013, there is no outstanding balance with OAC due to offsetting transaction with G J Steel

- 5 (c) On 11 August 2010, G J Steel's Board of Directors passed a resolution concerning the terms of payment of the Company's subrogation right from Counterparty A. The repayment period was 3 years from 16 August 2010 to 15 August 2013. Interest is payable on the outstanding amount at MLR+1% with a grace period of 90 days. Payments made by G J Steel shall be deducted first from outstanding interest payable with any remaining balance deducted from outstanding principal. The amounts owed by G J Steel to the Company (the "Company Loan") as at 31 December 2012 were Baht 946 million. Refer to Note 5(a), on 14 November 2012, G J Steel entered into a compromise agreement with the Company to convert this balances to G J Steel's ordinary shares which was settled on 13 February 2013.

- 5 (d) During the year ended 31 December 2011, G J Steel entered into a memorandum of understanding to offset an advance received from a customer amounting to Baht 28 million with an amount payable to the same customer by the Company. Refer to Note 5(a), on 14 November 2012, G J Steel entered into a compromise agreement with the company to convert this advance received from a customer to G J Steel's ordinary shares which was settled on 13 February 2013.
- 5 (e) On 5 November 2012, G J Steel borrowed from GS Securities amounting to Baht 521 million to convert debentures to loan from a related party which bear interest at 3% per annum and due in 2014. Refer to Note 5(a), on 14 November 2012, G J Steel entered into a compromise agreement with GS Securities to convert this loan to G J Steel's ordinary shares which were settled on 13 February 2013.
- 5 (f) On 15 January 2013, the Company borrowed an amount of Baht 683 million, bearing interest at 3% per annum, by entering into a loan agreement with GS Securities for the purpose of the partial settlement of a claim of Shareholder 1 against the Company and OAC. Previously, Shareholder 1 had assigned all its rights, title and interests in and over a Partial Settlement of its claims as ordered by the Bangkok South Civil Court on 25 October 2012, to World Access International Holdings Limited, Hong Kong, ("World Access"). World Access appointed Ban Chang Group Public Company Limited ("Ban Chang") as its agent.
- 5 (g) On 21 February 2013, G J Steel partially redeemed its debentures from GS Securities for a net amount of Baht 403 million and in the meantime the Company borrowed from GS Securities amounting to Baht 403 million and then provided a loan to OAC for an amount of Baht 403 million in order for OAC to repay debt to its financial institution creditor, with interest at 8% per annum with the first repayment on 30 December 2013 and will pay every last working day of each year until the principal is repaid in full. The principal is scheduled to be repaid within 30 December 2017. During May to December 2013, G J Steel redeemed a part of its outstanding debentures with GS Securities including accrued interest, for an aggregate amount of Baht 281 million (principal of Baht 268 million). The Company borrowed an amount of Baht 256 million, bearing interest at 8% per annum, by entering into a loan agreement with GS Securities.
- 5 (h) In addition, the Company and G J Steel entered into an agreement on 16 January 2013 with AlixPartners, which was scheduled to operate through 31 January 2014. Under the 16 January 2013 agreement, AlixPartners agreed to conduct an international search to assist the Company with identifying potential candidates to fill interim management and other key positions and to provide offshore consulting services to the Company in connection with the organisation change required by the turnaround plan. AlixPartners was remunerated on a monthly basis in the total amount of USD 2.26 million and issued to AlixPartners in the amount of 98.9 million shares of the Company (*G J Steel paid for the remuneration on monthly basis in total amount of USD 1.13 million*). Following fulfillment of terms of the AlixPartners agreement at its first review date, a permanent Chief Executive Officer was identified through an international search process, and engaged from 1 July 2013, to continue the turnaround project from the AlixPartners team, and along with the re-assignment of several other key management positions, provides a permanent managerial basis for completing the implementation of the turnaround plan, and achieving the long-term growth and profitability objectives of the Company.

- 5 (i) In addition, the Company and G J Steel entered into an agreement on 1 February 2013 with RA. Under the 1 February 2013 agreement, RA has agreed to provide executive personnel to be appointed to the Board of directors and be engaged for consultant services. RA is remunerated on a monthly basis at Baht 1.2 million per month (subject to amendment with further financial and legal consulting experts added to RA) and in the form of 47.5 million shares of the Company. The agreement is effective from 1 February 2013 for a period of 2 years and is automatically extended for 1 year unless either party terminates by notifying the other party 30 days in advance. *(G J Steel paid for the remuneration on a monthly basis at Baht 1.2 million per month and in the form of 216 million shares of G J Steel)*
- 5 (j) During the year 2013, G J Steel entered into offsetting transactions to offset the G J Steel's outstanding receivables with the Company and OAC of Baht 13 million and Baht 17 million respectively with outstanding payable with the Company and OAC of Baht 21 million and Baht 37 million respectively and paid in cash of Baht 28 million.
- 5 (k) During 2013, G J Steel entered into an agreement with OAC in which OAC accepts liabilities arising from the compromise agreement with Master Steel Company Limited amounting to Baht 17.91 million in exchange for the transfer of 35.82 million shares of the Company held by OAC at the agreed price of Baht 0.50 per share to Master Steel Company Limited.

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

Therefore, G J Steel entered into an agreement with OAC which OAC accept liabilities arising from the compromise agreement with the employee in amounting to Baht 32.76 million. This payable will be due within 30 June 2014.

On 13 January 2014, OAC deposited 102.3 million shares of the Company with Deposit Office, Legal Execution Department.

Later on 13 January 2014, G J Steel entered into an agreement with OAC to accept additional liabilities of Baht 10.23 million with OAC as guarantor under the compromise agreement referred to above and to transfer additional 102.3 million shares of the Company at Baht 0.10 per share (the market price at the end of guarantee period) to the employee. This obligation will be due within 30 June 2014. At the present, it is in the process of extension of due date

Terminate agreement with AlixPartners

The Company and G J Steel's Board of Directors approved the release of AlixPartners from its agreement with the Company and G J Steel effective 5 July 2013, following fulfillment of terms of the AlixPartners agreement at its first review date. In parallel to this action, a permanent Chief Executive Officer was identified through an international search process, and engaged from 1 July 2013, to transition the turnaround project from the AlixPartners team, and along with the re-assignment of several other key management positions, provides a permanent managerial basis for completing implementation of the turnaround plan, and achieving long-term growth and profitability objectives of the Company and G J Steel.

On 1 July 2013, the Company and G J Steel's Board of Directors approved the appointment of Mr. Michael R Loefer as Chief Executive Officer in replacement of Mr. Eric E Thompson from the post as Chief Executive Officer (interim CEO) after completion of his tenure under the first phase of the turnaround plan, effective from 1 July 2013 onwards.

On 1 July 2013, the Company and G J Steel's Board of Directors approved the appointment of Mr. Paul Smith as a Director in replacement of Mr. Ivo Naumann of AlixPartners, effective from 1 July 2013 onwards.

6 Transactions with business alliances

Since its inception, the Group has had significant business transactions with its business alliances. Business alliances are companies with whom the Company formerly had shareholders and/or directors in common or had directors who have relationships with the Company's directors. The business transactions are conducted on an arm's length basis with commercial terms agreed upon in the ordinary course of business between the Group and the business alliances. Below is a summary of those transactions.

Transactions	Pricing policies
Purchase of raw material	Agreed-upon basis based on market price
Transportation expenses and other services	Agreed-upon basis and contractual price
Rental and service expenses	Contractual prices
Finance costs	Contractual prices

Significant transactions for the years ended 31 December 2013 and 2012 with business alliances were as follows:

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	(in million Baht)			
Year ended 31 December				
Purchase of raw material	70	216	-	171
Transportation expenses and other services	76	156	9	52
Rental and Service expenses	5	5	5	5
Finance Cost	-	2	-	2

Balances as at 31 December 2013 and 2012 with business alliances were as follows:

	Note	Consolidated financial statements		Separate financial statements	
		2013	2012	2013	2012
		(in million Baht)			
Trade accounts receivable	8				
Federal Steel Industry Co., Ltd.		333	333	333	333
Millenium Metal Work Co., Ltd.		29	29	29	29
		362	362	362	362
Less allowance for doubtful account		(362)	(362)	(362)	(362)
Net		-	-	-	-
Other current assets - other receivables					
Trinity Freight and Shipping Co., Ltd.		1	1	1	1
Nara International Co., Ltd.		30	30	30	30
		31	31	31	31
Less allowance for doubtful account		(30)	(30)	(30)	(30)
Net		1	1	1	1

		Consolidated financial statements		Separate financial statements	
	Note	2013	2012	2013	2012
		(in million Baht)			
Trade accounts payable	21				
Nara International Co., Ltd.		21	64	1	53
Total		21	64	1	53
Other payable and accrued expenses					
Trinity International Co., Ltd.	22	10	10	10	10
Trinity Freight and Shipping Co., Ltd.		15	19	8	11
Nara International Co., Ltd.		7	2	7	2
Total		32	31	25	23

Significant matter with business alliances

On 12 November 2012, one of the business alliances filed a case with the South Bangkok Civil Court to demand that the Company pay the debt. The case was negotiated and the Court ruled the compromise reached as binding on the date of 30 November 2012. The Company agreed to pay a final compensation for total amount of Baht 51 million, repayable in eleven installments starting from 3 December 2012 and ending on 29 March 2013. The amount of the installments ranges from Baht 2 million to Baht 8 million.

The Company's Board of Directors' meeting on 14 December 2012 approved the Company to pledge additional 1,000 million G J Steel shares which the Company held to the said business alliances as additional collateral for overdue debt owed to them. During the first quarter 2013, the said business alliances enforced the sale of the pledged shares totaling 505 million shares for debt settlement. The business alliances have already returned the remaining 495 million G J Steel shares to the Company on 27 March 2013.

7 Cash and cash equivalents

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
<i>(in million Baht)</i>				
Cash at bank - current accounts	33	7	3	2
Cash at bank - saving accounts	183	46	10	17
Total	216	53	13	19

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

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
<i>(in million Baht)</i>				
Thai Baht (THB)	211	43	10	17
United States Dollar (USD)	5	10	3	2
Total	216	53	13	19

8 Trade account receivable

		Consolidated financial statements		Separate financial statements	
	Note	2013	2012	2013	2012
		<i>(in million Baht)</i>			
Related parties	5	54	235	54	62
Business alliances	6	362	362	362	362
Other parties		876	674	249	242
		<u>1,292</u>	<u>1,271</u>	<u>665</u>	<u>666</u>
Less allowance for doubtful accounts		<u>(1,083)</u>	<u>(1,079)</u>	<u>(665)</u>	<u>(661)</u>
Net		<u>209</u>	<u>192</u>	<u>-</u>	<u>5</u>
(Reversal of) bad and doubtful debts expense for the year	38	<u>4</u>	<u>(19)</u>	<u>4</u>	<u>(12)</u>

Aging analyses for trade accounts receivable were as follows:

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	(in million Baht)			
Related parties				
Overdue:				
3-6 months	-	9	-	8
Over 12 months	54	226	54	54
	<u>54</u>	<u>235</u>	<u>54</u>	<u>62</u>
Less allowance for doubtful account	(54)	(57)	(54)	(57)
Net	<u>-</u>	<u>178</u>	<u>-</u>	<u>5</u>
Business alliances				
Overdue:				
Over 12 months	362	362	362	362
	<u>362</u>	<u>362</u>	<u>362</u>	<u>362</u>
Less allowance for doubtful accounts	(362)	(362)	(362)	(362)
Net	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other parties				
Overdue:				
Less than 3 months	22	-	-	-
Over 12 months	854	674	249	242
	<u>876</u>	<u>674</u>	<u>249</u>	<u>242</u>
Less allowance for doubtful accounts	(667)	(660)	(249)	(242)
Net	<u>209</u>	<u>14</u>	<u>-</u>	<u>-</u>
Total	<u>209</u>	<u>192</u>	<u>-</u>	<u>5</u>

Customary credit terms

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

Account receivable offsets

Trade account receivables are stated net, after offset of payables and short-term loans from other parties, accrued interest expenses and transfer to receivable from related party for offsetting transaction are shown as follow:

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	<i>(in million Baht)</i>			
Balance before offset transactions	1,300	1,758	673	1,096
Offset transactions	(8)	(487)	(8)	(430)
Net after offset transactions	1,292	1,271	665	666

During the year ended 31 December 2013, the Company entered into an arrangement with one supplier to offset trade accounts receivable from against trade accounts payable in the amount of Baht 8 million (*during the year ended 31 December 2012 : Baht 430 million (include G J Steel in the amount of Baht 16 million)*).

During the year ended 31 December, G J Steel entered in to an agreement with a debtor to transfer its receivable with a creditor to G J Steel amounting to Baht 171 million to offset this receivable against trade account payable with such creditor, in the same amount.

The gross and net balances due from customers with whom the Group and the Company have set aside provisions but are still engaged in business as a means of debt collection are shown in the following table:

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	<i>(in million Baht)</i>			
Related parties	54	54	54	54
Business alliances	362	362	362	362
Other parties	565	565	147	147
	981	981	563	563
<i>Less allowance for doubtful account</i>	<i>(981)</i>	<i>(981)</i>	<i>(563)</i>	<i>(563)</i>
Net	-	-	-	-

According to Red Case No. 940/2556, the Company filed a complaint against a domestic customer (the “Non-Performing Customer”) for the alleged breach of dis-honoured cheque. Currently, the Civil Court made its final award and ordered that the Non-Performing Customer pay Baht 147 million with interest at the rate of 7.5% per annum. Under the repayment agreement, the Non-Performing Customer was due to make the 1st installment payments to the Company through July 2015.

In July 2013, G J Steel filed complaints against the G J Steel Non-Performing Customer with Civil Court for breach of sale and purchase agreements. Presently these case are pending in the Civil Court.

The Non-Performing Customer’s accounts receivable balances have been previously fully-provisioned by the Company.

On 27 February 2014, the Company entered into an installment agreement payments with a customer. The repayment of the principal shall not be late than Baht 500,000 per month beginning the 1st installment in March 2014, the interest shall be 7.5% per annum from the day default and shall be paid together with the final principle payment. Until the reporting date, the customer has made consistently payment.

Sales transactions for the years ended 31 December 2013 and 2012 with the customers with whom the Group and the Company have set aside provisions but are still engaged in business as a means of debt collection are shown in the below table:

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	<i>(in million Baht)</i>			
Year ended 31 December				
Related parties	-	174	-	174
Total	-	174	-	174

The currency denomination of accounts receivable as at 31 December 2013 and 2012 was as follows:

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	<i>(in million Baht)</i>			
Thai Baht (THB)	1,175	1,162	563	572
United States Dollar (USD)	117	109	102	94
Total	1,292	1,271	665	666

9 Inventories

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	<i>(in million Baht)</i>			
Finished goods	466	42	1	28
Raw materials	316	220	176	36
Spare parts	567	500	385	374
Consumables	201	169	44	70
Others	47	171	4	44
	<u>1,597</u>	<u>1,102</u>	<u>610</u>	<u>552</u>
Less Allowance for devaluation of inventories	<u>(131)</u>	<u>(199)</u>	<u>(37)</u>	<u>(24)</u>
Net	<u>1,466</u>	<u>903</u>	<u>573</u>	<u>528</u>
Carrying value of inventories pledged to secure liabilities	<u>378</u>	<u>107</u>	<u>129</u>	<u>18</u>

Year ended 31 December

Inventories recognised as cost of sales and expenses (revenues)				
- Cost	10,386	14,207	27	6,020
- Loss from written off inventories				
- (Reversal of) loss on devaluation of inventories	75 (82)	- (323)	- (1)	- (332)
Net	<u>10,379</u>	<u>13,884</u>	<u>26</u>	<u>5,688</u>

On 6 January 2014, the Company entered into the guarantee agreement with the supporter by pledging the machinery spare parts which owned by the Company in the amount of Baht 80 million to secure the amount of Baht 80 million loan.

On 6 January 2014, the Company entered into the guarantee agreement with a loan debtor by pledging the machinery spare parts which owned by the Company in the amount of Baht 35 million to secure the amount of Baht 35 million loan.

10 Receivables from scrap sales

		Consolidate and Separate financial statements	
	Note	2013	2012
		<i>(in million Baht)</i>	
Related party	5	338	338
Other parties		-	-
		<u>338</u>	<u>338</u>
Less allowance for doubtful accounts		<u>(338)</u>	<u>(338)</u>
Net		<u>-</u>	<u>-</u>
Reversal of bad and doubtful debts expense for the year	38	<u>-</u>	<u>(1)</u>

Receivables from scrap sales offsets

Receivables from scrap sales are stated net, after offset transaction for machinery purchase, collection and other offsets are shown as follow:

	Consolidate and Separate financial statements	
	2013	2012
	<i>(in million Baht)</i>	
Balance - beginning of the year	338	339
Collection and other offset	-	(1)
Balance - end of the year	338	338

11 Other current assets

	Consolidated financial statements		Separate financial statements	
<i>Note</i>	2013	2012	2013	2012
	<i>(in million Baht)</i>			
Other receivables	35	91	35	34
<i>Less</i> allowance for doubtful accounts	(30)	(84)	(30)	(30)
	<u>5</u>	<u>7</u>	<u>5</u>	<u>4</u>
Advance for purchases of goods and service	368	155	26	57
<i>Less</i> allowance for impairment	(115)	(28)	(17)	-
	<u>253</u>	<u>127</u>	<u>9</u>	<u>57</u>
Refundable value added tax	158	159	80	5
Suspense value added tax	46	114	23	66
Others	101	114	37	149
Net	<u>563</u>	<u>521</u>	<u>154</u>	<u>281</u>
(Reversal) of bad and doubtful debts expense for the year	38 <u>3</u>	<u>(3)</u>	<u>-</u>	<u>(3)</u>
Loss on impairment of assets	39 <u>87</u>	<u>-</u>	<u>18</u>	<u>-</u>

The currency denomination of other current assets as at 31 December 2013 and 2012 was as follows:

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	<i>(in million Baht)</i>			
Thai Baht (THB)	394	480	170	282
United States Dollar (USD)	267	122	24	19
Others	47	31	7	10
	<u>708</u>	<u>633</u>	<u>201</u>	<u>311</u>
<i>Less</i> allowance for doubtful accounts	(145)	(112)	(47)	(30)
Total	<u>563</u>	<u>521</u>	<u>154</u>	<u>281</u>

12 Restricted deposits at financial institutions

As at 31 December 2013 and 2012, the Group and the Company had pledged certain deposits at financial institutions to secure credit facilities from those financial institutions as follows:

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	<i>(in million Baht)</i>			
Guarantee for utility supplies and services	1	25	-	24
Total	1	25	-	24

Cancellation of the bank guarantee

The Company

During the year 2013, a financial institution cancelled the bank guarantee for the Company's utility usage amounting to Baht 24 million. The result of this cancellation would reduce the restricted deposits with this financial institution in the amount of Baht 24 million.

13 Investments in subsidiaries

Investments in subsidiaries as at 31 December 2013 and 2012 were as follows:

Separate financial statements

	Ownership interest		Paid-up capital		Cost		Impairment		At cost - net	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
	(in million Baht)									
	(in million Baht)									
Subsidiaries										
Ordinary shares:										
SPH	99.99	99.99	341	341	341	341	(341)	(341)	-	-
G J Steel	22.20	22.33	73,039	27,533	4,225	3,503	(1,143)	(1,226)	3,082	2,277
GS Notes Co	99.99	99.99	2,722	2,722	1	1	-	-	1	1
GS Securities	99.99	99.99	3,292	1,887	1,993	1,243	(491)	-	1,502	1,243
GS Notes 2	99.99	99.99	473	473	1	1	-	-	1	1
GST CD	99.99	-	1	-	1	-	-	-	1	-
			6,562		5,089		(1,975)	(1,567)	4,587	3,522
Warrants:										
G J Steel			40		40		-	-	40	40
Total			6,602		5,129		(1,975)	(1,567)	4,627	3,562

The movement of investments in subsidiaries during the year ended 31 December 2013 is as follow;

	Separate financial statements (in million Baht)
<i>Cost method</i>	
At 1 January 2013	5,129
<i>Additions</i>	
G J Steel	
- Conversion of receivables	1,200
- Cash payment	152
GS Securities	
- Issued share capital	750
GST CD	
- Cash payment	1
	<u>2,103</u>
<i>Deductions</i>	
- Forced sale of G J Steel shares	(473)
- Disposal of G J Steel shares in exchange with loans with right of redemption	(157)
At 31 December 2013	<u>6,602</u>
<i>Impairment</i>	
At 1 January 2013	(1,567)
Increase	(408)
At 31 December 2013	<u>(1,975)</u>
Net	<u>4,627</u>

G J Steel

As at 31 December 2013, the market price of ordinary shares of G J Steel was Baht 0.06 per share(2012: Baht 0.08 per share), equivalent to a valuation of the investment of Baht 1,410 million (2012: Baht 713 million).

As at 31 December 2013,the Company's investment in G J Steel at cost amounted to Baht 4,225 million (2012: Baht 3,503 million) whereas the book value of G J Steel shareholders' equity proportion in the percentage that the Company held according to its financial statement as at 31 December 2013 amounted to Baht 3,042 million compared to Baht 2,277 million as at 31 December 2012.

For the year ended 31 December 2013

Additional investment in G J Steel

During the year ended 31 December 2013, the Company converted its outstanding receivables with G J Steel of Baht 1,200 million to exchange with G J Steel's ordinary shares of 15,006 million shares at conversion price of Baht 0.08 per share and purchase investment in cash of Baht 152 million. These transactions were entered into under the private placement allocation of newly issued ordinary shares of G J Steel.

Forced sale of G J Steel's shares held by the Company and OAC by the creditors of the Company and OAC

During the year ended 31 December 2013, the creditors of the Company and OAC enforced the sale of part of G J Steel's shares which were pledged as collateral for the benefit of certain creditors in the amount of 4,526 million shares as detailed below:

	Number of shares (in million shares)
<i>G J Steel's shares held by the Company</i>	
Forced sale by a major trade creditor	806
Forced sale by a business alliance	505
Forced sale by Supporting Customer 3	125
Forced sale by third party	875
Total	<hr/> 2,311
<i>G J Steel's shares held by OAC</i>	
Forced sale by a Lender of OAC	<hr/> 2,215
Total	<hr/> 4,526 <hr/>

Moreover, G J Steel's Warrants held by OAC were forced sold by OAC's lender in the amount of 805 million units.

For the year ended 31 December 2013, the Company has recorded losses from sale of investments of Baht 328 million in the separate financial statements in this case.

On 7 May 2014 OAC enter into agreement with second shareholder to transfer ownership of assets to make partial payment of debts in the amount of Baht 300 million comprised of GJ Steel 4,125 million shares, warrant's right to buy GS Steel second issued ordinary shares of 274 million shares, warrants' right to buy GJ Steel fourth issued ordinary shares of 413 million shares and the Company ordinary shares of 209 million shares, OAC had transferred the assets for payment of the above debts with the second shareholder on 18 June 2014.

G J Steel shares sale with right of redemption

On 21 January 2013, the Company entered into G J Steel shares sale with right of redemption with a third party ("Buyer") amounting to 475 million shares valued at Baht 32 million. The Buyer will allow the Company to redeem the shares over the period from 28 February 2013 to 30 December 2013 by payment of Baht 32 million together with interest at 15% per annum starting from the contract date.

On 23 September 2013, the Company entered into G J Steel shares sale with right of redemption with the above Buyer amounting to 400 million shares valued at Baht 20 million. The Buyer will allow the Company to redeem the shares within 31 October 2013, automatically extend to 30 November 2013 if not redeemed within 31 October 2013, by payment of Baht 20 million together with interest at 15% per annum starting from the contract date.

Subsequently, the Company defaulted to redemption the shares within due date under the agreement. Thus, the Buyer has rights to entitle over G J Steel's shares in amount of 875 million shares from the Company.

As results, the Company recorded the disposal of G J Steel's shares in amount of Baht 157 million, reduced loan from other parties of Baht 52 million and incurred loss from disposal of investment in subsidiaries of Baht 105 million in these case.

As at 31 December 2013, the Company pledged its G J Steel's shares and G J Steel's warrants as collateral for the benefit of creditors as follows:

	<i>Number of shares (in million share)</i>
<i>G J Steel's shares</i>	
Short-term loan from other party	875
Short-term loan from related party	500
Working capital lines of credit with related party	3,000
Working capital lines of credit with a Supporting customer 3	175
Total	4,550
<i>G J Steel's warrants</i>	<i>(in million unit)</i>
Short-term loan from other party	500
Short-term loan from financial institution	120
Total	620

On 1 April 2014, the Company entered in to a loan agreement in the amount of Baht 36 million with a supporter to replace the financial support agreement dated 16 January 2013, the interest shall be at 12% per annum from the signing date. The principal together with the interest shall be paid monthly and to be completed within 2 years. And for securing of the loan, the Company had pledged 120 million of the GS Steel share as collateral for the repayment of the loan.

GS Securities

GS Securities has been registered with the Ministry of Commerce on 27 April 2012. GS Securities has authorised share capital of Baht 1 million. GS Securities was established as part of the restructuring of the debts of the Company and the Group.

During the year ended 31 December 2013

The summary of movements of the Company's investment in GS Securities shares during the year ended 31 December 2013 is as follows:

	Separate financial statement	
	Number of GS Securities shares (million shares)	Cost Method (in million Baht)
<i>For the year ended 31 December 2013</i>		
As at 1 January 2013	169.10	1,243
Increase from:		
Exchange for G J Steel's debentures on 19 March 2013	55.46	432
Exchange for G J Steel's debentures on 19 April 2013	20.50	148
Exchange for G J Steel's debentures on 14 May 2013	28.34	170
As at 31 December 2013	273.40	1,993
Compensation to financial advisor for:		
G J Steel's debt restructuring program		
on 19 March 2013	25.74	257
G J Steel's debt restructuring program		
on 19 April 2013	7.60	76
G J Steel's Bond Exchange Program No.2		
on 14 May 2013	2.84	28
Total	36.18	361

G J Steel entered into various compromise agreements with nine creditors to exchange its outstanding receivables from the G J Steel amounting to Baht 1,043 million for debentures amounting to Baht 1,043 million. The Company issued 2,086 million ordinary shares with a par value of Baht 1 per share to G J Steel's creditor in exchange for GS Securities' shares of 104.3 million ordinary shares with a par value of Baht 10 per share. Accordingly, shares of GS Securities are recognised in the statement of financial position of the Company, resulting in the Company held G J Steel's debentures directly.

The details of G J Steel's debenture are as follows:

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

The debentures issue and debt restructuring program as described above, resulting in nine creditors exchanging their outstanding receivables from G J Steel amounting to Baht 1,043 million are shown in the table below:

	<i>(in million Baht)</i>
Short-term loan from other parties	53
Long-term loan from other parties	342
Trade accounts payable	237
Advance from customers	325
Other payables and accrued expenses	14
Liabilities under rehabilitation plan	17
Accrued interest expenses	55
Total converse to debenture	<u>1,043</u>

During the year ended 31 December 2013, GS Securities issued 104.30 million shares with a par value of Baht 10 per share to support the transaction of the Group's and the Company's debt restructuring program to exchange with G J Steel's debenture.

Under G J Steel's debt restructuring program, the Company issued 2,086 million ordinary shares with par value of Baht 1 per share to G J Steel's creditors in exchange for 104.3 million ordinary shares of GS Securities with par value of Baht 10 per share, totally of Baht 750.23 million to support G J Steel's debt restructuring program.

During the year ended 31 December 2013, GS Securities issued 36.18 million shares with a par value of Baht 10 per shares to pay for advisory fee to the financial advisors.

After that, the Company issued 723.64 million shares to the financial advisors in exchange for GS Securities' shares of 36.18 million shares, totally of Baht 361.82 million as compensation for advisory services resulting in the successful execution of the Group and the Company's debt restructuring and compensation for consulting fee for debt restructuring, financing, commercial and legal counsel.

On 30 October 2013, the Company entered into a loan agreement with GS Securities for an amount of Baht 20 million, bearing interest at the rate of 8% per annum. The loan is due within 30 days after receive notice from its subsidiary.

Refer to Note 34, Gain from debt restructuring for details of “G J Steel’s debentures issued”

During the year ended 31 December 2012

The summary of movements of the Company’s investment in GS Securities shares during the year ended 31 December 2012 is as follows:

	Separate financial statement	
	Number of GS Securities shares (million shares)	Cost method (in million Baht)
<i>For the year ended 31 December 2012</i>		
As at 1 January 2012	-	-
Increase from:		
Registration of GS Securities on 27 April 2012	0.1	1
Exchange for G J Steel’s debentures on 2 July 2012	157.5	1,166
Exchange for G J Steel’s debentures on 8 November 2012	11.5	76
As at 31 December 2012	169.1	1,243
Compensation to financial advisor for:		
G J Steel’s debt restructuring program on 2 July 2012	4.4	44
The Company’s debt restructuring program on 21 September 2012	11.9	119
The Company’s Bond Exchange Program No.2 on 28 September 2012	3.1	31
G J Steel’s debt restructuring program on 8 November 2012	0.2	2
Total	19.6	196

On 28 June 2012, GS Securities’ EGM passed the resolutions to approve the increase of authorised share capital by 161.98 million shares with a par value of Baht 10 per share to support the transaction of G J Steel’s debt restructuring program to exchange with G J Steel’s debentures and pay for advisory fee to the financial advisor. Refer to Note 1.2 (c) for the detail of G J Steel’s debt restructuring program. GS Securities registered the increase of share capital with the Ministry of Commerce on 2 July 2012.

Under G J Steel’s debt restructuring program, on 2 July 2012, the Company issued 3,150.8 million ordinary shares with a par value of Baht 1 per share to G J Steel’s creditor in exchange for GS Securities’ shares of 158 million ordinary shares with a par value of Baht 10 per share at the cost of Baht 1,166 million (the exchange price was Baht 0.37 per share based on market price of the Company shares on 2 July 2012). Accordingly, 158 million shares of GS Securities are recognised in the statement of financial position as if the Company held G J Steel’s debentures directly.

The details of G J Steel's debentures are as follows:

No. of debentures	: 161,613 units
Face value per unit	: Baht 10,000
Total value of debentures	: Baht 1,616 million
Maturity	: 2 years
Interest rate	: 3% p.a.
Issuance Date	: 2 July 2012
Maturity Date	: 2 July 2014

On 2 November 2012, G J Steel entered into a compromise agreement with a creditor to exchange their outstanding receivables from G J Steel amounting to Baht 115 million for debentures amounting to Baht 115 million which bears interest at 3% per annum. The draw down principal is repayable in two years.

The details are as follow:

No. of debentures	: 11,451 units
Face value per unit	: Baht 10,000
Total value of debentures	: Baht 115 million
Maturity	: 2 years
Interest rate	: 3% p.a.
Issuance Date	: 8 November 2012
Maturity Date	: 8 November 2014

Later on 9 November 2012, GS Securities Holdings Co., Ltd. issued 11.45 million ordinary shares with a par value of Baht 10 per share, totaling Baht 115 million to exchange with those debentures.

After that, The Company issued 229 million ordinary shares with par value Baht 1 per share, at an offering price of Baht 0.33 per share, totaling Baht 76 million in exchange for the 11.45 million ordinary shares with a par value of Baht 10 per share of GS Securities Holdings Co., Ltd.

On 2 July, 21 September, 28 September and 8 November 2012 the Company issued a total of 392 million ordinary shares to the financial advisor in exchange for GS Securities' shares of 19.6 million shares as compensation for advisory services resulting in the successful execution of G J Steel's debt restructuring program, the Company's restructuring program and the Company's Bond Exchange program No. 2.

Refer to Note 29, Share capital, for the details of shares issued to the financial advisor for compensation of advisory fee.

GST CD

GST CD 2013 Co., Ltd. ("GST CD") was registered with the Ministry of Commerce on 9 April 2013. GST CD has an authorized share capital of Baht 1 million. GST CD was established as part of the recapitalization and restructuring of the debts of the Company and the Group.

GST CD has been registered for the dissolution with the Ministry of Commerce on 23 December 2013, and is currently in the process of liquidation.

Indirect subsidiary

GJS Notes

GJS Notes Holding Company Limited (“GJS Notes”) was registered with the Ministry of Commerce on 25 January 2013. GJS Notes has authorized share capital of Baht 200,000. GJS Notes was established as part of the debt restructuring program of G J Steel.

On 19 March 2013, GJS Notes’ EGM passed the resolution to approve the increase of authorized share capital of 17.45 million shares at Baht 8 each to support the transaction of G J Steel’s debt restructuring program to the financial advisor for compensation of advisory fee. GJS Notes registered the increase of share capital with the Ministry of Commerce on 20 March 2013.

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

During the year ended 31 December 2013, the Group recorded an advisory expense charge in connection with the services provided by G J Steel’s advisors. GJS Notes registered the increase of share capital with the Ministry of Commerce outstanding balance of prepaid expense as at 31 December 2013 of Baht 13 million) in the consolidated financial statements based on the fair value of the advisory services.

14 Cash guarantee for the utility usage

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	<i>(in million Baht)</i>			
Guarantee for electricity usage	212	-	-	-
Guarantee for natural gas usage	40	20	-	-
Total	252	20	-	-

15 Advance payment for purchases of property, plant and equipment

	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
	(in million Baht)			
Advance payment for:				
Land	210	210	-	-
Hot rolled coil expansion project	1,357	1,514	1,357	1,514
Coil conditioning line project	692	692	692	692
Others	55	66	-	-
	<u>2,314</u>	<u>2,482</u>	<u>2,049</u>	<u>2,206</u>
Less allowance for loss on impairment	(2,104)	(2,272)	(2,049)	(2,206)
Net	<u>210</u>	<u>210</u>	<u>-</u>	<u>-</u>

The Company

On 17 November 2012, the Company entered into a compromise agreement with one supplier for conversion of Debt to Equity. Therefore, the Company has to offset advance payment for purchase property, plant and equipment with liabilities related to this supplier and issue shares at conversion price of Baht 0.5 for the remaining amount after offset. The Company has successfully issued shares on 21 February 2013.

G J Steel

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

16 Property, plant and equipment

Consolidated financial statements

	Land and land improvements	Building and improvement	Machinery and equipment	Office equipment furniture and fixtures (in million Baht)	Vehicles	Assets under construction and installation	Total
Cost							
At 1 January 2012	1,592	9,482	39,249	405	12	15,417	66,157
Additions	1	-	-	-	-	1	2
Disposals	-	-	(104)	(17)	-	(15)	(136)
Transfers	1	-	-	-	-	(1)	-
At 31 December 2012 and 1 January 2013	1,594	9,482	39,145	388	12	15,402	66,023
Additions	-	1	59	1	-	12	73
Disposals	-	-	(11)	(2)	-	-	(13)
Transfers	-	-	10	2	-	(12)	-
At 31 December 2013	1,594	9,483	39,203	389	12	15,402	66,083
Accumulated depreciation							
At 1 January 2012	15	4,655	10,078	371	10	-	15,129
Depreciation charge for the year	3	150	1,706	13	-	-	1,872
Disposals	-	-	(104)	(17)	-	-	(121)
At 31 December 2012 and 1 January 2013	18	4,805	11,680	367	10	-	16,880
Depreciation charge for the year	5	88	1,716	10	1	-	1,820
Disposals	-	-	(11)	(2)	-	-	(13)
At 31 December 2013	23	4,893	13,385	375	11	-	18,687

Consolidated financial statements

Allowance for loss on impairment

	Land and land improvements	Building and improvement	Machinery and equipment	Office equipment furniture and fixtures (in million Baht)	Vehicles	Assets under construction and installation	Total
At 1 January 2012	329	1,147	3,076	5	-	8,887	13,444
At 31 December 2012 and 1 January 2013	329	1,147	3,076	5	-	8,887	13,444
At 31 December 2013	329	1,147	3,076	5	-	8,887	13,444

Net book value

	Land and land improvements	Building and improvement	Machinery and equipment	Office equipment furniture and fixtures (in million Baht)	Vehicles	Assets under construction and installation	Total
At 1 January 2012	1,248	3,680	26,095	29	2	6,530	37,584
At 31 December 2012 and 1 January 2013	1,247	3,530	24,389	16	2	6,515	35,699
At 31 December 2013	1,242	3,443	22,742	9	1	6,515	33,952

Separate financial statements

	Land and land improvements	Building and improvement	Machinery and equipment	Office equipment furniture and fixtures <i>(in million Baht)</i>	Vehicles	Assets under construction and installation	Total
Cost							
At 1 January 2012	735	3,237	21,332	150	9	8,642	34,105
Additions	1	-	-	-	-	-	1
Disposals	-	-	(104)	-	-	(15)	(119)
At 31 December 2012 and 1 January 2013	736	3,237	21,228	150	9	8,627	33,987
Additions	-	1	59	-	-	-	60
Disposals	-	-	(11)	-	-	-	(11)
At 31 December 2013	736	3,238	21,276	150	9	8,627	34,036
Accumulated depreciation							
At 1 January 2012	-	1,081	5,602	140	7	-	6,830
Depreciation charge for the year	-	49	889	3	-	-	941
Disposals	-	-	(104)	-	-	-	(104)
At 31 December 2012 and 1 January 2013	-	1,130	6,387	143	7	-	7,667
Depreciation charge (adjustment) for the year	-	(12)	900	1	1	-	890
Disposals	-	-	(11)	-	-	-	(11)
At 31 December 2013	-	1,118	7,276	144	8	-	8,546

Separate financial statements

	Land and land improvements	Building and improvement	Machinery and equipment	Office equipment furniture and fixtures (in million Baht)	Vehicles	Assets under construction and installation	Total
<i>Allowance for loss on impairment</i>							
At 1 January 2012	306	1,071	2,685	5	-	5,764	9,831
At 31 December 2012 and 1 January 2013	306	1,071	2,685	5	-	5,764	9,831
At 31 December 2013	306	1,071	2,685	5	-	5,764	9,831
<i>Net book value</i>							
At 1 January 2012	429	1,085	13,045	5	2	2,878	17,444
At 31 December 2012 and 1 January 2013	430	1,036	12,156	2	2	2,863	16,489
At 31 December 2013	430	1,049	11,315	1	1	2,863	15,659

Assets under construction and installation

Details of assets under construction and installation (gross) as at 31 December 2013 and 2012 were as follows:

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
		<i>(in million Baht)</i>		
Hot rolled coil expansion	1,552	1,552	1,552	1,552
Coil conditioning line	6,273	6,273	6,273	6,273
Galvanizing line	5,038	5,038	-	-
Reversing Mill line	1,525	1,525	-	-
Others	1,014	1,014	802	802
Total	15,402	15,402	8,627	8,627

Impairment evaluation

The Company and G J Steel

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

Mortgage transaction of the Company

Security for electricity payable

The Company mortgaged two machineries which are Shearing and Slitting with a net book value of Baht 670 million as at 31 December 2013 (2012: Baht 706 million) to the Provincial Electricity Authority as the collateral for electricity payment of the Company.

On 28 February 2012, the Company' Board of directors approve the collateral for its electricity payment with the Provincial Electricity Authority which are mortgaged the machineries with Central Office for Machinery Registration Department of Industrial Work.

Security for short-term loan from a financial institution

On 14 November 2012, the Company institute on approve the collateral for electricity payment of the Company. . Under this mortgage machinery for the amount baht 238 million which are Skinspass Mill with a net book value of Baht 1,191 million as at 31 December 2013 (2012: Baht 1,254 million) were mortgaged as security for the On 16 November 2012, the Company registered this mortgage transaction with Central Office for Machinery Registration, Department of Industrial Works. Refer to Note 20, Interest bearing liabilities, the detail of short-term loan from a financial institution.

Security for tax liabilities

On 12 September 2013, the board of directors approved to mortgage machinery (Pickle and Oil Line) which book value as of 31 December 2013 is Baht 3,870 million as security for tax liabilities in the amount of Baht 1,056 million with Revenue Department and on 28 October 2013, the machinery (Pickle and Oil Line) are mortgaged with the Revenue Department to secure tax liabilities amounting to Baht 1,056 million, with repayment within 5 years from March 2013 to February 2018.

Mortgage transaction of G J Steel

Under the rehabilitation plan

As at 31 December 2013, G J Steel's property, plant and equipment, with a net book value of Baht 11,708 million, were mortgaged under the rehabilitation plan (2012: Baht 12,523 million).

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

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

Security for G J Steel's long overdue electricity

On 11 May 2012, G J Steel's Board of Directors approved a mortgage transaction with the Provincial Electricity Authority in the amount of Baht 250 million. Under this mortgage, a portion of G J Steel's skin pass machineries with a net book value of Baht 635 million as at 31 December 2013 (2012 : Baht 669 million) were mortgaged as security for G J Steel's long-overdue electricity expenses in an amount not exceeding Baht 250 million. On 14 June 2012, G J Steel registered this mortgage transaction with the Central Office for Machinery Registration, Department of Industrial Works and at the end of July 2014, G J Steel had completed repayment of the overdue electricity. At present G J Steel is in the process of redemption the collateral.

Security for G J Steel's long-term loan from other party

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

Security for tax liabilities

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

17 Intangible assets

	Consolidated financial statements		
	Computer software licence	Production licence	Total
	<i>(in million Baht)</i>		
Cost			
At 1 January 2012	228	41	269
At 31 December 2012 and 1 January 2013	228	41	269
At 31 December 2013	228	41	269
Accumulated amortisation			
At 1 January 2012	195	23	218
Amortisation charge for the year	4	2	6
At 31 December 2012 and 1 January 2013	199	25	224
Amortisation charge for the year	3	2	5
At 31 December 2013	202	27	229
Net book value			
At 1 January 2012	33	18	51
At 31 December 2012 and 1 January 2013	29	16	45
At 31 December 2013	26	14	40

	Separate financial statements Software <i>(in million Baht)</i>
Cost	
At 1 January 2012	17
At 31 December 2012 and 1 January 2013	17
At 31 December 2013	17
Accumulated amortisation	
At 1 January 2012	2
Amortisation charge for the year	2
At 31 December 2012 and 1 January 2013	4
Amortisation charge for the year	1
At 31 December 2013	5
Net book value	
At 1 January 2012	15
At 31 December 2012 and 1 January 2013	13
At 31 December 2013	12

18 Deferred tax

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

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	<i>(in million Baht)</i>			
Deductible temporary differences				
• Allowance for doubtful accounts				
- trade accounts receivable	217	216	50	132
• Allowance for doubtful account				
- devaluation of inventories	26	41	7	6
• Allowance for doubtful accounts				
- other current assets	1,319	1,331	379	1,312
• Allowance for impairment losses on				
Investment	420	315	403	313
• Allowance impairment losses on				
property, plant and equipment	2,217	2,232	1,494	1,509
• Allowance for doubtful account				
- amount receivable from				
related party	115	39	83	-
• Allowance for doubtful account				
- loan to related parties	268	-	509	-
• Allowance impairment				
- other non-current assets	557	557	410	-
• Depreciation gap	298	235	130	124
• Provision for loss on termination				
Contracts	14	12	14	12
• Provision for guarantee subsidiary	131	156	131	156
• Provision for court case	158	147	42	49
• Provision for deferred difference				
from debt restructuring	379	110	289	42
• Provision for purchase orders for				
undelivered raw material	-	68	-	37
• Employee benefits obligations	11	9	5	6
	<u>6,130</u>	<u>5,468</u>	<u>3,946</u>	<u>3,698</u>
Loss carry forward	<u>4,457</u>	<u>3,465</u>	<u>1,161</u>	<u>1,004</u>
Total	<u>10,587</u>	<u>8,933</u>	<u>5,107</u>	<u>4,702</u>

The tax losses expire in year 2013 to year 2017. The deductible temporary differences do not expire under current tax legislation. Deferred tax assets have not been recognised in the financial statements of the Group and the Company in respect of these items because it is not certain that future taxable profit will be generated against which the Group and the Company can utilise the benefits there from.

19 Other non-current assets

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	<i>(in million Baht)</i>			
Suspended construction in progress	2,086	2,086	-	-
Less allowance for impairment	(2,042)	(2,042)	-	-
	<u>44</u>	<u>44</u>	<u>-</u>	<u>-</u>
Advance to suppliers	202	202	-	-
Less allowance for impairment	(202)	(202)	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Promissory notes	143	143	-	-
Less allowance for doubtful accounts	(143)	(143)	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deposit-related party	4	3	3	3
Other deposits	30	26	4	4
Deferred cost of rolls	260	208	126	108
Others	26	34	17	18
Total	<u>364</u>	<u>315</u>	<u>150</u>	<u>133</u>

Suspended construction in progress

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

Advances to suppliers

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

G J Steel accounted for the charge made against G J Steel’s account by the Defendant (Baht 202 million) within “Advance to Suppliers”. A full provision was made against this balance during 2008.

Promissory notes

As at 31 December 2013 and 2012, promissory notes issued by closed finance companies were pledged as collateral for loans of certain related parties from those closed finance companies. G J Steel has fully provision for these promissory notes.

20 Interest-bearing liabilities

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	(in million Baht)			
Current				
Short-term loans from financial institutions				
Secured	238	238	238	238
Unsecured	197	186	197	186
	<u>435</u>	<u>424</u>	<u>435</u>	<u>424</u>
Current portion of long-term loan from financial institutions (secured)	-	914	-	-
Bonds (unsecured)	<u>511</u>	<u>477</u>	<u>511</u>	<u>477</u>
Trade account payable				
Secured	703	198	202	133
Unsecured	4,528	6,516	4,497	4,968
	<u>5,231</u>	<u>6,714</u>	<u>4,699</u>	<u>5,101</u>
Other payables and accrued expenses				
Secured	232	291	13	83
Unsecured	643	643	55	55
	<u>875</u>	<u>934</u>	<u>68</u>	<u>138</u>
Other current liabilities (Short-term loans from related parties) (see Note 26)				
Secured	30	30	30	30
Unsecured	-	-	256	29
	<u>30</u>	<u>30</u>	<u>286</u>	<u>59</u>
Current portion of long - term loan from other party (secured)	-	212	-	-
Short-term loans from other parties				
Secured	55	17	55	17
Unsecured	62	173	-	-
	<u>117</u>	<u>190</u>	<u>55</u>	<u>17</u>
	<u>7,199</u>	<u>9,895</u>	<u>6,054</u>	<u>6,216</u>
Non-current				
Long-term loan from other party (secured)	-	148	-	-
Long-term loan from related party (unsecured)	-	-	1,086	-
Trade account payable (unsecured)	70	258	70	258
	<u>70</u>	<u>406</u>	<u>1,156</u>	<u>258</u>
Total	<u>7,269</u>	<u>10,301</u>	<u>7,210</u>	<u>6,474</u>

The periods to maturity of interest-bearing liabilities as at 31 December 2013 and 2012 were as follows:

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	<i>(in million Baht)</i>			
Within one year	7,199	9,895	6,054	6,216
After one year but within five years	70	403	1,156	255
After five years	-	3	-	3
Total	7,269	10,301	7,210	6,474

Secured interest-bearing liabilities as at 31 December 2013 and 2012 were secured by the following assets:

		Consolidated financial statements		Separate financial statements	
	<i>Note</i>	2013	2012	2013	2012
		<i>(in million Baht)</i>			
Inventories	9	336	106	129	18
Warrants	31	15	47	15	15
Investments in a subsidiary	13	2,070	2,069	2,070	1,095
Advances for purchase of property, plant and equipment	15	-	210	-	-
Property, plant and equipment	16	3,552	3,538	2,918	1,960
Total		5,973	5,970	5,132	3,088

Short-term loans from financial institution

Liabilities under trust receipts

As at 31 December 2013, the Company had short-term loans from financial institutions, representing liabilities under trust receipts amounting to Baht 197 million (2012: Baht 186 million), which bear interest at from 8.25% to 15% per annum (2012: 8.25% to 15% per annum).

Liabilities from bank guarantee of the electronic capacity charge

During the year 2013, an electricity provider of the Company has requested full payment from the bank guarantee, for the Company's electricity usage, issued by a financial institution amounting to Baht 238 million. This payment reduces the Company's liability to the electricity provider by Baht 238 million and increases short term loan with a financial institution by Baht 238 million, which bears interest at 15% per annum. The Company has not made repayment to the financial institution.

Refer to Note 16, Property, plant and equipment for detail of mortgage transaction with electricity payable.

Short-term loan from other parties

Loan from an individual

As at 31 December 2013, the Company had loan from an individual in the amount of Baht 15 million (2012: Baht 15 million), which bears interest at 15% per annum. Under the terms of this loan, the Company pledged 500 million units of its G J Steel second tranche of warrants as collateral for the benefit of the lender. The Company will repay the principal and interest to the said individual within 30 June 2014.

Loan from the Supporter

On 16 January 2013, the Company entered into a financial assistance agreement with a company (“the Supporter”). The Supporter agreed to provide financial assistance for an amount not more than Baht 50 million as an advance from customers. The Company agreed that after the Company resumes the production, the Company will provide a discount of Baht 300 per ton of HRC by deducting this discount from the advance amount until the full amount is repaid. The Company agreed to provide 800 million shares of G J Steel as collateral for this first advance. During the year ended 31 December 2013, the Supporter has already made the first advance of Baht 36 million. On 6 January 2014, the Company entered into the guarantee agreement with a loan debtor by pledging the machinery spare parts which owned by the Company in the amount of Baht 35 million to secure the amount of Baht 35 million loan.

On 28 January 2013 and 4 February 2013, the Company entered into two loan agreements with a company (“the Supporter”) in total amount of Baht 40 million, interest at 7% per annum until 30 December 2013 and will be at least 10% per annum thereafter. The Company will provide 363.6 million shares of G J Steel as collateral for each agreement, totaling 727.2 million shares for two agreements. Moreover, the Company will repay the principal and interest to the Supporter within 30 June 2014. On 1 April 2014, the Company enters into a loan agreement amounting Baht 36 million with the Supporter in order to replace the financial support agreement dated 16 January 2013. Interest rate is 12% per annum calculate from the date of the loan agreement. Principal and interest will be paid to the lender every month until full and finish within 2 years and the Company pledges 101,999,359 GJS’ share as the collateral to the lender.

Working capital lines of credit

On 20 March 2013, the Company entered into working capital support facilities with the Supporting Customer 1 to which the Company can pledge an equivalent value of shares it holds in G J Steel (up to a maximum of 3,000 million shares). The agreement with the Supporting Customer 1 was executed on 21 March 2013.

During the year ended 31 December 2013, the Company has received significant support from the Supporting Customer 1 in the form of;

- 1 access to the Supporting Customer 1’s letter of credit capacity and
- 2 extended payment terms with respect to accounts payable amounts owed to the Supporting Customer 1.

As at 31 December 2013, the total amount outstanding on the Supporting Customer 1’s letters of credit on the Company’s behalf, advance payments made to the Company and accounts payable (including accrued finance costs) owed to the Supporting Customer 1 less accounts receivable is Baht 256 million (2012: Baht 47 million).

In conjunction with this working capital support, the Company pays the Supporting Customer 1’s letter of credit fees upon opening of the letter of credit to the respective lender, in the amount of;

- 1 a fixed fee for each transaction of Baht 100,000 to the Supporting Customer 1, and
- 2 1.52 – 1.72% of the letter of credit rate per transaction directly to the respective lender. Furthermore, to the extent the Supporting Customer 1 is required to refinance the letters of credit with other credit facilities upon expiration of the letters of credit (due to delayed consumption of the raw materials procured with the aforementioned letters of credit), then the Company is required to reimburse the Supporting Customer 1 for interest charges of 12% per annum which accrued from the date of expiration of the respective letter of credit until the amounts are repaid.

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Short-term loans from other parties

Short-term loans from other parties are unsecured and bear interest (including other fees) at 5.87% per annum in 2013 (2012: 6.79% to 30.00% per annum).

During the year ended 31 December 2013, a lender exchanged its outstanding receivables from G J Steel amounting to Baht 53 million for G J Steel's debentures.

Long-term loans from other party

On 1 November 2012, G J Steel obtained a credit facility from a Supporting Customer for a total amount of Baht 360 million which bears interest at 8% per annum, payable monthly. The draw down principal was originally scheduled for repayment in fifteen monthly instalments starting from 7 March 2013. The amount of the instalments ranges from Baht 18 million to Baht 32.4 million. During the year ended 31 December 2013, G J Steel entered into a compromise agreement with the Supporting Customer to exchange their outstanding receivables from G J Steel amounting to Baht 342 million for the debentures of G J Steel under the G J Steel's debt restructuring program which bears interest at 3% per annum for two years period.

OAC

Current portion of long-term loan from financial institution

As at 31 December 2012, the outstanding balance of current portion of long term loan was Baht 914 million (equivalent to USD 29.7 million).

Forced sale of G J Steel's shares held by the Company and OAC by the creditors of the Company and OAC

As described in Note 13, during the year period ended 31 December 2013, the lenders of OAC's loan enforced the sale of the Company's shares owned by the Company's shareholders and G J Steel shares and warrants owned by OAC which were pledged as collateral for OAC's loan in total amounting to Baht 258 million.

OAC recorded forced sale of share transactions by reducing the outstanding balance of the loan, accrued interest expenses and other fees for the overseas loan of OAC amounting to Baht 258 million.

The payment to the Lenders of OAC's loan by the Company

On 21 February 2013, G J Steel partially redeemed its debentures from GS Securities for a net amount of Baht 403 million and in the meantime the Company borrowed from GS Securities amounting to Baht 403 million and then provided a loan to OAC for an amount of Baht 403 million in order for OAC to repay debt to its financial institution creditor. The loan to OAC carries interest at 8% per annum with the first repayment scheduled on 30 December 2013 and subsequently on every last working day of each year until the principal is repaid in full. The principal is scheduled to be repaid within 30 December 2017.

Bonds

As at 31 December 2013 and 2012, the Company had the following bonds on issue (the “Bonds”):

	Consolidated and Separate financial statements	
	2013	2012
	<i>(in million Baht)</i>	
Balance - beginning of the year	477	1,095
Conversion of bonds to equity	-	(760)
Effect of exchange rate	34	142
Balance - end of the year	511	477
Less Current portion of bonds	(511)	(477)
Total of bonds - net of current portion	-	-

On 9 January 2012, the Company received a letter from the Bonds trustee informing the Company of an event of default as the Company had failed to pay Bonds interest of Baht 134 million (USD 4 million) which fell due on 30 December 2011. The Company was unable to make such payment due to its constrained liquidity position. Accordingly, the Company reclassified the total outstanding Bonds as at 31 December 2013 and 2012 which are redeemed in October 2015 as a current liability on the Company’s consolidated and separate statements of financial position.

Refer to Note 1.3(b), for the detail of the Bonds Exchange Program No.2 and Note 34, Gain from debt restructuring under the Bonds Exchange Program No.2.

During the year ended 31 December 2012, GS Notes Co wrote-off the Company’s bonds, which were previously cancelled and fully provided for the Bonds Exchange Program No.2, with a nominal value of Baht 2,521 million. The write-off had no impact on reported loss for the year ended 31 December 2012.

Currency denomination of interest-bearing liabilities

The currency denomination of interest-bearing liabilities as at 31 December 2013 and 2012 was as follows:

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	<i>(in million Baht)</i>			
Thai Baht (THB)	1,226	1,768	2,239	723
United States Dollars (USD)	5,984	8,525	4,912	5,743
Other	59	8	59	8
Total	7,269	10,301	7,210	6,474

21 Trade accounts payable

		Consolidated financial statements		Separate financial statements	
	Note	2013	2012	2013	2012
		(in million Baht)			
Current					
Related parties	5	272	73	272	73
Business alliances	6	21	64	1	53
Other parties		5,833	7,516	4,606	5,431
		<u>6,126</u>	<u>7,653</u>	<u>4,879</u>	<u>5,557</u>
Non-Current					
Long-term payable	1.3(a)	<u>1,233</u>	<u>259</u>	<u>284</u>	<u>259</u>
Total		7,359	7,912	5,163	5,816

The Company had no agreements to purchase raw materials from overseas suppliers as at 31 December 2013.

G J Steel had agreements to purchase raw materials from various overseas suppliers. G J Steel had taken delivery of raw materials under consignment agreements totaling Baht 531 million as at 31 December 2013 and pays interest from 1.60% to 6.80% per annum on the payables balance (2012: Baht 1,547 million, interest rate at 6.40% to 6.79% per annum).

The currency denomination of trade accounts payable as at 31 December 2013 and 2012 was as follows:

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
<i>(in million Baht)</i>				
Thai Baht (THB)	1,056	983	561	350
United States Dollars (USD)	6,196	6,809	4,522	5,374
Others	107	120	80	92
Total	<u>7,359</u>	<u>7,912</u>	<u>5,163</u>	<u>5,816</u>

22 Other payables and accrued expenses

		Consolidated		Separate	
		financial statements		financial statements	
	Note	2013	2012	2013	2012
		(in million Baht)			
Current					
Related parties	5	29	15	21	12
Business alliances	6	32	31	25	23
Performance guarantee payable		571	533	-	-
Tax installments payable		421	-	221	-
Electricity payable		231	291	12	83
Energy service payable		592	310	592	310
Others		653	746	393	382
		<u>2,529</u>	<u>1,926</u>	<u>1,264</u>	<u>810</u>
Non-Current					
Tax installments payable		1,397	-	689	-
Long-term payable		-	1	-	1
		<u>1,397</u>	<u>1</u>	<u>689</u>	<u>1</u>
Total		<u>3,926</u>	<u>1,927</u>	<u>1,953</u>	<u>811</u>

The performance guarantee payable

G J Steel provided a performance guarantee to an Intermediary for two End Use Customers. These two End Use Customers are also Major Trade Creditors of G J Steel. The Group has recognized liabilities as other payables and accrued expenses amounting to USD 17 million equivalent to Baht 571 million as at 31 December 2013 (2012: USD 17 million equivalent to Baht 533 million) under the performance guarantee.

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

As at 31 December 2013, G J Steel has outstanding balance of accrued interest expense amounting to Baht 307 million (2555 : Baht 277 million).

Tax installments payable

On 10 September 2013, the Company received approval from the Revenue Department to pay its tax obligations amounting to Baht 1,056 million since March 2013 in sixty monthly installments over a period of five years as follows:

- Baht 3 million in equal monthly installments from 26 March 2013 until 26 August 2013
- Baht 6 million in equal monthly installments from 26 September 2013 until 26 February 2014
- Baht 20.88 million in equal monthly installments from 26 March 2014 until 26 February 2018

On 12 September 2013, G J Steel has requested the Revenue Department for extension to pay its tax obligations amounting to Baht 867 million (exclude the additional surcharge of Baht 175 million) in sixty monthly installments over a period of five years as follows:

- Baht 3 million in equal monthly installments from 15 April 2013 until 15 September 2013
- Baht 6 million in equal monthly installments from 15 October 2013 until 15 March 2014
- Baht 20.23 million in equal monthly installments from 15 April 2014 until 15 March 2018

The Group and the Company recognized the tax payable of Baht 1,727 million and Baht 860 million respectively, in other payables and accrued expenses by reclassifying Baht 1,402 million and Baht 860 million respectively and the Group's other current liabilities Baht 325 million from provision for tax-related liabilities.

During the year 2013, the Group and the Company have paid tax installment payable amounting to 78 million and Baht 42 million, respectively. As of 31 December 2013, the Group and the Company have outstanding balance of tax instalment payable amounting to Baht 1,818 million and Baht 910 million, respectively (exclude the additional surcharge up to 31 December 2013 of Baht 168 million and Baht 91 million, respectively) which are presented as other current liabilities of Baht 421 million and Baht 221 million, respectively and non-current liabilities of Baht 1,397 million and Baht 689 million, respectively.

Under this repayment schedule, the Company and G J Steel mortgaged their Pickle and Oil line as security. The Company and G J Steel registered the mortgage transaction on 28 October 2013 and 10 October 2013, respectively.

On 18 March 2014, the Company and G J Steel has issued a requested letter to the Revenue Department for extending the tax payment to 60 instalments in 5 years as follow:

The Company

- 1st – 12th instalment of Baht 6,000,000 per instalment
- 12th – 24th instalment of Baht 10,000,000 per instalment
- 25th – 36th instalment of Baht 15,000,000 per instalment
- 37th – 60th instalment of Baht 24 per instalments amount has been calculated by the Revenue Department.

The above request is under consideration of the Revenue Department. Should the request not being approved, the Company shall pay the total amount due at the reporting date for the amount of Baht 89 million and has to make the monthly payment of Baht 20.88 million until the completion.

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- Baht 6 million in equal monthly instalment from 15 April 2014 until 15 March 2015
- Baht 10 million in equal monthly instalment from 15 April 2015 until 15 March 2016
- Baht 15 million in equal monthly instalment from 15 April 2016 until 15 March 2017
- Equal monthly instalments for the remaining obligation from 15 April 2017 until 15 March 2020

Electricity payable

As at 31 December 2013, the Group and the Company have outstanding debts in the amount of Baht 231 million (2012: Baht 291 million). The Group and the Company have to pay for penalty charge which interest at the rate of 15% per annum (2012: 15% per annum). Refer to Note 16 Property, plant and equipment for Mortgaged as security for the Group's and the Company's long overdue electricity.

Debt restructuring program

During the year ended 31 December 2013, the Group and the Company's other creditors agreed to convert its net outstanding receivables in the consolidated financial statements of Baht 18 million and in the separate financial statements of Baht 4 million to exchange with the Company's ordinary shares. Refer to Note 1.3(b), for details of G J Steel's 2013 debenture issued and debt restructuring program. During the year ended 31 December 2013, other creditors exchanged their outstanding receivables from G J Steel amounting to Baht 14 million for G J Steel's debentures.

23 Advances received from customers

		Consolidated financial statements		Separate financial statements	
	Note	2013	2012	2013	2012
		(in million Baht)			
Related parties	5	1	318	1	20
Other parties		369	363	44	88
Total		370	681	45	108

Advances received from customers of the Group and the Company as at 31 December 2013 and 2012 were denominated entirely in Thai Baht.

24 Accrued interest expenses

		Consolidated financial statements		Separate financial statements	
	Note	2013	2012	2013	2012
		(in million Baht)			
Current					
Bonds		91	85	87	81
Consigned inventories		150	167	6	56
Financial institutions		86	855	86	21
Performance guarantee payable	22	307	227	-	-
Compromise agreement		1,728	1,937	1,728	1,618
Others		92	104	97	29
		<u>2,454</u>	<u>3,375</u>	<u>2,004</u>	<u>1,805</u>
Non-Current					
Others	1.3(a)	<u>23</u>	<u>280</u>	<u>23</u>	<u>280</u>
Total		<u>2,477</u>	<u>3,655</u>	<u>2,027</u>	<u>2,085</u>

The currency denomination of accrued interest expenses as at 31 December 2013 and 2012 was as follows:

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
<i>(in million Baht)</i>				
Thai Baht (THB)	95	112	98	34
United States Dollars (USD)	2,376	3,541	1,923	2,049
Others	6	2	6	2
Total	2,477	3,655	2,027	2,085

25 Provisions

Consolidated financial statements

	Purchase orders for undelivered raw material	Termination contracts	Tax- related liabilities (See Note 22)	Court case claim	Deferred difference from debt restructuring (See Note 1.3)	Total
			(in million Baht)			
At 1 January 2012	209	63	1,957	-	-	2,229
Provisions made	163	-	353	733	-	1,249
Provisions transferred	-	-	(346)	-	549	203
Provisions reversed	-	(1)	-	-	-	(1)
Effect on exchange rate	-	-	-	-	-	-
At 31 December 2012 and 1 January 2013	372	62	1,964	733	549	3,680
Provisions made	-	-	101	94	-	195
Provisions transferred in	-	-	193	-	1,658	1,851
Provisions transferred out	(219)	-	(325)	(35)	(374)	(953)
Provisions paid	-	-	(2)	-	-	(2)
Provisions reversed	(153)	-	(1,849)	-	-	(2,002)
Effect of exchange rate	-	7	-	-	63	70
At 31 December 2013	-	69	82	792	1,896	2,839
At 31 December 2012 and 1 January 2013	372	62	1,964	733	-	3,131
Current	-	-	-	-	549	549
Non-current	-	-	-	-	-	-
Total	372	62	1,964	733	549	3,680
At 31 December 2013	-	69	82	792	215	1,158
Current	-	-	-	-	1,681	1,681
Non-current	-	-	-	-	-	-
Total	-	69	82	792	1,896	2,839

Separate financial statements

	Purchase orders for undelivered raw material	Termination contracts	Tax- related liabilities (See Note 22)	Court case claim (in million Baht)	Deferred difference from debt restructuring (See Note 1.3)	Guarantee subsidiary	Total
At 1 January 2012	63	63	1,096	-	-	-	1,222
Provisions made	122	-	176	243	-	780	1,321
Provisions transferred	-	-	(346)	-	549	-	203
Provisions reversed	-	(1)	-	-	-	-	(1)
At 31 December 2012 and 1 January 2013	185	62	926	243	549	780	2,745
Provisions made	-	-	61	-	-	273	334
Provisions transferred in	-	-	193	-	1,207	-	1,400
Provisions transferred out	(153)	-	-	(35)	(374)	(400)	(962)
Provisions reversed	(32)	-	(1,180)	-	-	-	(1,212)
Effect of exchange rate	-	7	-	-	63	-	70
At 31 December 2013	-	69	-	208	1,445	653	2,375
At 31 December 2012 and 1 January 2013	185	62	926	243	-	780	2,196
Current	-	-	-	-	549	-	549
Non-Current	-	-	-	-	-	-	-
Total	185	62	926	243	549	780	2,745
At 31 December 2013	-	69	-	208	1,445	653	2,375
Current	-	-	-	-	175	653	1,105
Non-Current	-	-	-	-	1,270	-	1,270
Total	-	69	-	208	1,445	653	2,375

Provision for court case claim

The Company was filed cases with the Court by the Company's creditors for breach of agreements related to sales and purchases and the Company and OAC were filed a case with the Court by a shareholder to pay the debt on guarantee obligation as described in Note 1.3(d), Shareholder's pledges and loans, and Note 48, Shareholder 2 claim. Accordingly, the Group and the Company have recorded their assessments to estimate their obligation as provision for court case claim in the consolidated financial statement Baht 792 million and in the separate financial statement of Baht 208 million. (2012: Baht 733 million and 243 million, respectively)

On 13 June 2013, the Court passed sentence and ordered the Company to pay the debt. The provision of court case claim was transferred to become a liability with Trade Creditors in the amount of Baht 35 million.

Provision for guarantee subsidiary

As described above and referred to in Note 1.3(d), the Shareholders filed cases against OAC and the Company to pay the debts on guarantee obligation. Refer to Note 20, Interest - bearing liabilities, the Lenders of OAC's loan complaint case to OAC and the Company as guarantor to repay the outstanding debt of OAC's loan and OAC has other obligations with third parties. Based on the current financial position of OAC, OAC was unable to meet its obligations. The Company was guarantor of OAC's loan and as its parent company has obligations making it jointly liable for OAC's obligations. Accordingly, the Company has recorded its assessment of the obligation as provision for guarantee to subsidiary in the amount of Baht 653 million in the separate financial statement as at 31 December 2013 (2012: Baht 780 million).

Refer to Note 5, Related parties, and Note 20, Interest-bearing liabilities, for the details of repayment of OAC's loan and intercompany loan agreement between the Company and OAC. As the result, the Company transferred provision for guarantee subsidiary of Baht 400 million to allowance for doubtful debts against long-term loan to OAC in the separate financial statements as at 31 December 2013.

Provision for tax-related liabilities

In year 2013 the Group and the Company agreed with the Revenue Department on a repayment schedule for certain tax obligations and consequently reclassified an amount of Baht 325 million from the related provision to other payables and accrued expenses in the consolidated financial statement (refer to Note 22, Other payables and accrued expenses). The remaining balance of the related provision of Baht 1,849 million in consolidated financial statement and Baht 1,180 million in separate financial statement were reversed and recognized in the comprehensive income of consolidated and separate financial statement, respectively.

Provision for deferred difference from debt restructuring

On 11 October 2013, Major Trade Creditor 2 sent a notice for an event of default under the compromise agreement. Therefore, the Company reclassified an amount of Baht 363 million from the provision for deferred difference from debt restructuring to current trade payables.

26 Other current liabilities

		Consolidated financial statements		Separate financial statements	
	Note	2013	2012	2013	2012
		<i>(in million Baht)</i>			
Short-term loans from related parties	5	30	30	286	59
Tax-related liabilities		137	1,817	6	1,134
Machinery and construction payables		88	65	58	39
Others		53	69	11	11
Total		308	1,981	361	1,243

Refer to Note 22, other payables and accrued expense, as at December 31, 2013 the Group and the Company recognized the tax payable of Baht 1,727 million and Baht 860 million respectively, in other payables and accrued expenses by reclassifying Baht 1,402 million and Baht 860 million respectively from other current liabilities and from the Group's provision for tax-related liabilities of Baht 325 million.

The currency denomination of other current liabilities as at 31 December 2013 and 2012 was as follows:

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	<i>(in million Baht)</i>			
Thai Baht (THB)	255	1,931	336	1,220
United States Dollars (USD)	51	48	25	23
Others	2	2	-	-
Total	308	1,981	361	1,243

27 Liabilities under rehabilitation plan

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	<i>(in million Baht)</i>			
Balance - beginning of the year	847	910	530	534
Less Repayment and adjust exchange rate during the year	(56)	(63)	(7)	(4)
Balance - end of the year	791	847	523	530
Less Current portion of liabilities included under the rehabilitation plan	(560)	(615)	(292)	(298)
Total liabilities which were included under the rehabilitation plan - net of current portion	231	232	231	232

The currency denomination of liabilities which were included under the rehabilitation plan as at 31 December 2013 and 2012 was as follows:

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	<i>(in million Baht)</i>			
Thai Baht (THB)	677	741	523	530
United States Dollars (USD)	100	93	-	-
Others	14	13	-	-
Total	791	847	523	530

G J Steels rehabilitation plan liabilities fell due on 31 October 2011 but fell into default. G J Steel entered into negotiations with the creditors to extend the payment period. Accordingly, the Group presented the outstanding liabilities under rehabilitation plan as at 31 December 2013 and 2012 as current liabilities in the Group's consolidated statement of financial position. As a consequence of this default, the outstanding balances are payable on demand and accrued interest at the rate of 7.5% per annum from the date of default.

From the beginning of year 2014 to the date of the report, four suppliers had filed a complaint against the Company for breach of the rehabilitation plan in the amount of Baht 12 million together with interest at the rate of 7.5% per annum on the principal amount of Baht 7 million from the date of filing the complaint until the date of full repayment.

28 Employee benefit obligations

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	<i>(in million Baht)</i>			
Statement of financial position				
obligations for:				
Post-employment benefits	71	48	43	29
	71	48	43	29

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	<i>(in million Baht)</i>			
Year ended 31 December				
Statement of comprehensive income:				
Recognized in profit or loss:				
Post-employment benefits	23	24	14	14
	23	24	14	14

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

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	<i>(in million Baht)</i>			
Unrecognised transitional obligation as at 1 January	40	53	25	34
Recognised through profit or loss for the year ended	(13)	(13)	(8)	(8)
Unrecognised transitional obligation as at 31 December	27	40	17	26

An unfunded plan based on Thai labor law

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

The statement of financial position obligation was determined as follows:

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	<i>(in million Baht)</i>			
Present value of unfunded obligations	82	88	44	54
Unrecognised transitional obligation	(27)	(40)	(17)	(25)
Statement of financial position obligation	55	48	27	29

Movement in the present value of the defined benefit obligations:

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	<i>(in million Baht)</i>			
Defined benefit obligations at 1 January	88	77	54	49
Current service costs and interest	10	13	6	8
Actuarial losses (gains)	(16)	-	(16)	-
Defined benefit obligations at 31 December	82	90	44	57

Expense recognised in profit or loss:

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	<i>(in million Baht)</i>			
Transitional obligation recognised	13	13	8	8
Current service costs	7	8	4	4
Interest on obligation	3	3	2	2
Total	23	24	14	14

The expense is recognised in the following line items in the statement of income:

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	<i>(in million Baht)</i>			
Cost of sales and administrative expenses	23	24	14	14
Total	23	24	14	14

Total actuarial losses (gains) were recognized in the other comprehensive income in the consolidated and separate financial statements as at 31 December 2013 and 2012 amounted of gains Baht 16 million and Baht - million, respectively.

Principal actuarial assumptions at the reporting date:

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	<i>%</i>			
Discount rate	3.7 - 3.9 p.a.	4.0 - 4.2 p.a.	3.7 p.a.	4.0 p.a.
Future salary increases rate	3.0 - 7.0	3.0 - 7.0	3.0 - 7.0	3.0 - 7.0
Employee turnover rate	5.0 - 15.0	5.0 - 14.0	6.0 - 15.0	6.0 - 14.0
Mortality rate	TMO08**	TMO97***	TMO08**	TMO97***

* Based on the weighted average by age group of employees

** Reference from TMO08 : Thai Mortality Ordinary Table 2008

*** Reference from TMO97 : Thai Mortality Ordinary Table 1997

29 Share capital

The movements of share capital for the years ended 31 December 2013 and 2012 were as follows:

	<i>Par value per share (in Baht)</i>	2013		2012	
		Number	Baht	Number	Baht
		<i>(million shares / million Baht)</i>			
Authorised					
At 1 January					
- ordinary shares	1.00	54,574	54,574	29,799	29,799
Reduction of shares-Q2	1.00	-	-	(12,770)	(12,770)
Increase of new shares-Q2	1.00	-	-	30,976	30,976
Reduction of shares-Q3	1.00	-	-	(27,736)	(27,736)
Increase of new shares-Q3	1.00	-	-	34,305	34,305
At 31 December					
- ordinary shares	1.00	54,574	54,574	54,574	54,574
Issued and paid up					
At 1 January					
- ordinary shares	1.00	26,923	26,923	17,029	17,029
Increase of new shares for					
The Company's debt					
restructuring program (1)	1.00	3,746	3,746	5,417	5,417
G J Steel's debt					
restructuring program (2)	1.00	2,086	2,086	3,472	3,472
The Company's Bond					
Exchange program No.2	1.00	-	-	1,005	1,005
Rights Offering Plan (3)	1.00	1,349	1,349	-	-
Compensation to financial					
advisors (4)	1.00	147	147	-	-
At 31 December					
- ordinary shares	1.00	34,251	34,251	26,923	26,923

Issued and paid up

2013

(1) Shares issued for the Company's debt restructuring program and to financial advisors

On 20 February 2013, the Company registered the increase in the Company's issued and paid-up share capital with the Ministry of Commerce by Baht 784 million comprising 784 million shares with par value of Baht 1 per share. These shares were issued to support the Company's debt restructuring program as described in Note 1.2(a) to the financial statements. The allocation of shares issued was as follows:

- 415 million newly-issued ordinary shares were allocated to the creditors of the Company. In this regard, the creditors of the Company made payment for the Company's shares by exchanging their net outstanding receivables from the Company amounting to Baht 215 million. The exchange price was Baht 0.40 per share based on the market price of the Company's shares on 20 February 2013 (date of shares registration)
- 369 million newly-issued ordinary shares were allocated to the Company's financial advisor in respect of the Company's debt restructuring program. The financial advisor made payment for the Company's newly-issued shares by transferring 18.4 million shares of GS Securities to the Company with the par value of Baht 10 per share to the Company. The transfer price was Baht 0.50 per share based on the fair value of the advisory services.

On 25 April 2013, the Company registered the increase in the Company's issued and paid-up share capital with the Ministry of Commerce by Baht 1,667 million comprising 1,667 million shares with par value of Baht 1 per share. These shares were issued to support the Company's debt restructuring program as described in Note 1.2(a) to the financial statements. The allocation of shares issued was as follows:

- 1,667 million newly-issued ordinary shares were allocated to the creditors of the Company. In this regard, the creditors of the Company made payment for the Company's shares by exchanging their net outstanding receivables from the Company amounting to Baht 885 million. The exchange price was Baht 0.36 per share based on the market price of the Company's shares on 25 April 2013 (date of shares registration).

On 15 May 2013, the Company registered the increase in the Company's issued and paid-up share capital with the Ministry of Commerce by Baht 208 million comprising 208 million shares with par value of Baht 1 per share. These shares were issued to support the Company's debt restructuring program as described in Note 1.2(a) to the financial statements. The allocation of shares issued was as follows:

- 56 million newly-issued ordinary shares were allocated to the creditors of the Company. In this regards, the creditors of the Company made payment for the Company's shares by exchanging their net outstanding receivables from the Company amounting to Baht 29 million. The exchange price was Baht 0.30 per share based on the market price of the Company's shares on 15 May 2013 (date of shares registration).
- 152 million newly-issued ordinary shares were allocated to the Company's financial advisor in respect of the Company's debt restructuring program. The financial advisor made payment for the Company's newly-issued shares by transferring 7.6 million shares of GS Securities to the Company with the par value of Baht 10 per share to the Company. The transfer price was Baht 0.50 per share based on the fair value of the advisory services.

On 25 September 2013, the Company registered the increase in the Company's issued and paid-up share capital with the Ministry of Commerce by Baht 1,087 million comprising 1,087 million shares with par value of Baht 1 per share. These shares were issued to support the Company's debt restructuring program as described in Note 1.2(a) to the financial statements. The allocation of shares issued was as follows:

- 1,030 million newly-issued ordinary shares were allocated to two creditors of the Company. In this regard, the creditors of the Company made payment for the Company's shares by exchanging their net outstanding receivables from the Company amounting to Baht 538 million. The exchange price was Baht 0.15 per share based on the market price of the Company's shares on 25 September 2013 (date of shares registration).
- 56.82 million newly-issued ordinary shares were allocated to the Company's financial advisor in respect of the Company's debt restructuring program. The financial advisor made payment for the Company's newly-issued shares by transferring 2.84 million shares of GS Securities to the Company with the par value of Baht 10 per share to the Company. The transfer price was Baht 0.50 per share based on the fair value of the advisory services.

(2) Shares issued for G J Steel's debt restructuring program

On 19 March 2013, the Company registered the increase in the Company's issued and paid-up share capital with the Ministry of Commerce by Baht 1,109 million comprising 1,109 million shares with par value of Baht 1 per share. These shares were issued to support G J Steel's debt restructuring program as described in Note 1.2(c) to the financial statements. The allocation of shares issued was as follows:

- 1,109 million newly-issued ordinary shares were allocated to the creditors of G J Steel. In this regards, the creditors of G J Steel made payment for the Company's shares by transferring 55 million shares of GS Securities to the Company with the par value of Baht 10 per share. The exchange price was Baht 0.39 per share based on the market price of the Company's shares on 19 March 2013 (date of shares registration).

On 19 April 2013, the Company registered the increase in the Company's issued and paid-up share capital with the Ministry of Commerce by Baht 410 million comprising 410 million shares with par value of Baht 1 per share. These shares were issued to support G J Steel's debt restructuring program as described in Note 1.2(c) to the financial statements. The allocation of shares issued was as follows:

- 410 million newly-issued ordinary shares were allocated to the creditors of G J Steel. In this regards, the creditors of G J Steel made payment for the Company's shares by transferring 20.5 million shares of GS Securities to the Company with the par value of Baht 10 per share. The exchange price was Baht 0.36 per share based on the market price of the Company's shares on 19 April 2013 (date of shares registration).

On 15 May 2013, the Company registered the increase in the Company's issued and paid-up share capital with the Ministry of Commerce by Baht 567 million comprising 567 million shares with par value of Baht 1 per share. These shares were issued to support G J Steel's debt restructuring program as described in Note 1.2(c) to the financial statements. The allocation of shares issued was as follows:

- 567 million newly-issued ordinary shares were allocated to the creditors of G J Steel. In this regards, the creditors of G J Steel made payment for the Company's shares by transferring 28.34 million shares of GS Securities to the Company with the par value of Baht 10 per share. The exchange price was Baht 0.30 per share based on the market price of the Company's shares on 15 May 2013 (date of shares registration).

(3) Shares issued for Rights Offering plan

On 19 March 2013, the Company registered the increase in the Company's issued and paid-up share capital with the Ministry of Commerce by Baht 1,349 million comprising 1,349 million shares with par value of Baht 1 per share, at an offering price of Baht 0.40 per share, as approved by EGM No. 2/2013 held on 18 March 2013.

(4) Shares issued for turnaround manager

Refer Note 5, Related parties, on 19 March 2013, the Company registered the increase in the Company's issued and paid-up share capital with the Ministry of Commerce by Baht 147 million comprising 147 million shares with par value of Baht 1 per share to AlixPartners and RA in the amount of 99 million shares and 48 million shares, respectively for the compensation of consulting fees for debt restructuring, financing, commercial and legal counsel. The turnaround manager made payment for the Company's newly-issued shares by transferring 7.3 million shares of GS Securities to the Company with the par value of Baht 10 per share to the Company. The transfer price was Baht 0.50 per share based on the fair value of the advisory services.

The summary of the shares issued during the year ended 31 December 2013 is presented in the table below:

	Issued and Paid up	Share discount (in million Baht)	Net
<i>Shares issued for the Company's debt restructuring program</i>			
At 20 February 2013 (Converted price of Baht 0.40 per share)			
• Principal amount under the Company's debt restructuring program in the amount of Baht 166 million.	415	(249)	166
At 25 April 2013 (Converted price of Baht 0.36 per share)			
• Principal amount under the Company's debt restructuring program in the amount of Baht 600 million.	1,667	(1,067)	600
At 15 May 2013 (Converted price of Baht 0.30 per share)			
• Principal amount under the Company's debt restructuring program in the amount of Baht 17 million.	56	(39)	17
At 25 September 2013 (Converted price of Baht 0.15 per share)			
• Principal amount under the Company's debt restructuring program In the amount of Baht 154 million.	1,030	(876)	154
	<u>3,168</u>	<u>(2,231)</u>	<u>937</u>

	Issued and Paid up	Share discount (in million Baht)	Net
Shares issued to financial advisors			
At 20 February 2013			
(Converted price of Baht 0.50 per share)			
• Compensation to financial advisors of the Company's debt restructuring program in the amount of Baht 185 million.	369	(185)	184
At 15 May 2013			
(Converted price of Baht 0.50 per share)			
• Compensation to financial advisors of the Company's debt restructuring program in the amount of Baht 76 million.	152	(76)	76
At 25 September 2013			
(Converted price of Baht 0.50 per share)			
• Compensation to financial advisors of the Company's debt restructuring program in the amount of Baht 28 million.	57	(28)	29
	578	(289)	289
	3,746	(2,520)	1,226
Shares issued for G J Steel's debt restructuring program			
At 19 March 2013			
(Converted price of Baht 0.39 per share)			
• Principal amount under the G J Steel's debentures issued and debt restructuring program in the amount of Baht 433 million	1,109	(676)	433
At 19 April 2013			
(Converted price of Baht 0.36 per share)			
• Principal amount under the G J Steel's debentures issued and debt restructuring program in the amount of Baht 148 million	410	(262)	148
At 15 May 2013			
(Converted price of Baht 0.30 per share)			
• Principal amount under the G J Steel's debentures issued and debt restructuring program in the amount of Baht 170 million	567	(397)	170
	2,086	(1,335)	751
Shares issued for Rights offering plan			
At 19 March 2013			
(Offering price of Baht 0.40 per share)			
• Cash received from existing shareholders of Baht 539 million	1,349	(810)	539

	Issued and Paid up	Share discount (in million Baht)	Net
<i>Shares issued to financial advisors</i>			
At 19 March 2013 (Converted price of Baht 0.50 per share)			
<ul style="list-style-type: none"> Compensation for consulting fee for debt restructuring, financing, commercial and legal counsel in the amount of Baht 74 million 	147	(73)	74
Total	7,328	(4,738)	2,590

2012

Shares issued for G J Steel's debt restructuring program

(1) On 2 July 2012, the Company registered the increase in the Company's issued and paid-up share capital with the Ministry of Commerce by Baht 3,240 million comprising 3,240 million shares with par value of Baht 1 per share. These shares were issued to supported GJ Steel' Debt Restructuring Program. The allocation of shares issued was as follows:

- 3,151 million newly-issued ordinary shares were allocated to the creditors of G J Steel. In this regards, the creditors of G J Steel made payment for the Company's shares by transferring 158 million shares of GS Securities to the Company with the par value of Baht 10 per share. The exchange price was Baht 0.37 per share based on the market price of the Company's shares on 2 July 2012 (date of shares registration).
- 89 million newly-issued ordinary shares were allocated to the Company's financial advisor in respect of G J Steel's debt restructuring program. The financial advisor made payment for the Company's newly-issued shares by transferring 4 million shares of GS Securities to the Company with the par value of Baht 10 per share to the Company. The transfer price was Baht 0.50 per share based on the fair value of the advisory services.

(2) On 8 November 2012, the Company registered the increase in the Company's issued and paid-up share capital with the Ministry of Commerce by Baht 232 million comprising 232 million shares with par value of Baht 1 per share. These shares were issued to support G J Steel's debt restructuring program. The allocation of shares issued was as follows:

- 229 million newly-issued ordinary shares were allocated to the creditors of G J Steel. In this regards, the creditors of G J Steel made payment for the Company's shares by transferring 158 million shares of GS Securities to the Company with the par value of Baht 10 per share. The exchange price was Baht 0.33 per share based on the market price of the Company's shares on 8 November 2012 (date of shares registration).
- 3 million newly-issued ordinary shares were allocated to the Company's financial advisor in respect of G J Steel's debt restructuring program. The financial advisor made payment for the Company's newly-issued shares by transferring 4 million shares of GS Securities to the Company with the par value of Baht 10 per share to the Company. The transfer price was Baht 0.50 per share based on the fair value of the advisory services.

Shares issued for the Company's debt restructuring program

On 21 September 2012, the Company registered the increase in the Company's issued and paid-up share capital with the Ministry of Commerce by Baht 5,417 million comprising 5,417 million shares with par value of Baht 1 per share. These shares were issued to support the Company's debt restructuring program. The allocation of shares issued was as follows:

- 5,179 million newly-issued ordinary shares were allocated to the creditors of the Company. In this regards, the creditors of the Company made payment for the Company's shares by exchange their net outstanding receivables from the Company amounting to Baht 2,724 million. The exchange price was Baht 0.37 per share based on the market price of the Company's shares on 21 September 2012 (date of shares registration)
- 238 million newly-issued ordinary shares were allocated to the Company's financial advisor in respect of the Company's debt restructuring program. The financial advisor made payment for the Company's newly-issued shares by transferring 12 million shares of GS Securities to the Company with the par value of Baht 10 per share to the Company. The transfer price was Baht 0.50 per share based on the fair value of the advisory services.

Shares issued for the Company's Bond exchange program No. 2

On 28 September 2012, the Company registered the increase in the Company's issued and paid-up share capital with the Ministry of Commerce by Baht 1,005 million comprising 1,005 million shares with par value of Baht 1 per share. These shares were issued to support the Company's Bond exchange program No. 2. The allocation of shares issued was as follows:

- 943 million newly-issued ordinary shares were allocated to the shareholders of GS Notes 2. In this regards, the shareholders of GS Notes 2 made payment for the Company's shares by transferring 47 million shares of GS Notes 2 to the Company with the par value of Baht 10 per share. The exchange price was Baht 0.34 per share based on the market price of the Company's shares on 28 September 2012 (date of shares registration)
- 62 million newly-issued ordinary shares were allocated to the Company's financial advisors in respect of the Company's Bond exchange program No. 2. The financial advisor made payment for the Company's newly-issued shares by transferring 3 million shares of GS Securities, with the par value of Baht 10 per share to the Company. The transfer price was Baht 0.50 per share based on the fair value of the advisory services.

The summary of the shares issued during the year ended 31 December 2012 is presented in the table below:

	Issued and Paid up	Share discount (in million Baht)	Net
<i>Shares issued for G J Steel's debt restructuring program</i>			
At 2 July 2012 (Converted price of Baht 0.37 per share)			
• Principal amount under the G J Steel's debentures issued and debt restructuring program	3,151	(1,985)	1,166
At 8 November 2012 (Converted price of Baht 0.33 per share)			
• Principal amount under the G J Steel's debentures issued and debt restructuring program	229	(153)	76
	3,380	(2,138)	1,242
<i>Shares issued to financial advisors</i>			
At 2 July 2012 (Converted price of Baht 0.50 per share)			
• Compensation to financial advisors of the G J Steel's debentures issued and debt restructuring program	89	(44)	45
At 8 November 2012 (Converted price of Baht 0.50 per share)			
• Principal amount under the G J Steel's debentures issued and debt restructuring program	3	(2)	1
	92	(46)	46
	3,472	(2,184)	1,288
<i>Shares issued for the Company's debt restructuring program</i>			
At 21 September 2012 (Converted price of Baht 0.37 per share)			
• Principal amount under the Company's debt restructuring program	5,179	(3,263)	1,916
<i>Shares issued to financial advisors</i>			
At 21 September 2012 (Converted price of Baht 0.50 per share)			
• Compensation to financial advisors of the Company's debt restructuring program	238	(119)	119
	5,417	(3,382)	2,035

	Issued and Paid up	Share discount (in million Baht)	Net
Shares issued for the Company's Bond Exchange Program No. 2			
At 28 September 2012 (Converted price of Baht 0.34 per share)			
• Principal amount under the Company's Bond Exchange Program No. 2	943	(623)	320
Shares issued to financial advisors			
At 28 September 2012 (Converted price of Baht 0.50 per share)			
• Compensation to financial advisors of the Company's Bond Exchange Program No.2	62	(31)	31
	1,005	(654)	351
Total	9,894	(6,220)	3,674

Share premium (discount)

The movement of share premium (discount) during the years ended 31 December 2013 and 2012 are shown in the table below:

		Consolidated and Separate financial statements	
	Note	2013	2012
		(in million Baht)	
Share premium (discount)			
At 1 January		(5,425)	795
The Company's debt restructuring program	34	(2,231)	(3,263)
Compensation to financial advisor of the Company's debt restructuring program	34	(289)	(119)
G J Steel's debt restructuring program	34	(1,335)	(2,138)
Rights Offering Plan	34	(810)	-
Compensation to financial advisor	34	(73)	-
The Company's Bond Exchange Program No.2	34	-	(623)
Compensation to financial advisors of The Company's Bond Exchange Program No. 2	34	-	(31)
Compensation to financial advisor of the G J Steel's Debentures issued and debt restructuring program	34	-	(46)
At 31 December		(10,163)	(5,425)

30 Reserves

Appropriations of profit and/or retained earnings

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 until this account reaches an amount not less than 10% of the registered authorized capital. The Legal Reserve is not available for dividend distribution

31 Warrants

	<i>Offering price of warrant per unit (in Baht)</i>	2013		2012	
		Unit	Amount <i>(million units / in million Baht)</i>	Unit	Amount
Warrants					
At 1 January					
- First Warrants	0.002	5,676	11	-	-
Issue of new warrants :					
- First Warrants	0.002	-	-	5,676	11
- Second Warrants	0.002	1,349	3	-	-
At 31 December					
- First Warrants	0.002	<u>5,676</u>	<u>11</u>	<u>5,676</u>	<u>11</u>
- Second Warrants	0.002	<u>1,349</u>	<u>3</u>	<u>-</u>	<u>-</u>
Total	0.002	<u>7,025</u>	<u>14</u>	<u>5,676</u>	<u>11</u>

Issued and offered the Company's second warrants

During the year ended 31 December 2013, the Company issued and offered the Company's second warrants ("GSTEL-W2") up to 1,351 million units to existing shareholders who subscribe the said share at the ratio of 1 allocated new share per 1 warrant at the price Baht 0.002 per unit. The result is as follows; 1,349 million units of warrants were allocated to existing shareholders' resulting in proceeds of Baht 2.7 million. GSTEL-W2 has been listed to trade on the Stock Exchange of Thailand on 4 April 2013.

Issued and offered the Company's first warrants

On 30 April 2012, the Company's AGM passed the resolutions to issue and offer the Company's warrants as follow:

- To issue and offer the Company's warrants in the amount of 5,676 million units to the existing shareholders according to their proportion of shareholding, at the exercise ratio of 3 ordinary shares for 1 unit of warrant, at the price of Baht 0.002 per unit and the exercise price will be Baht 0.55 per share. These warrants were issued on 27 September 2012.
- To issue and offer the Company's warrants in the amount of not more than 10,300 million units in order to be allocated to a new group of investors or lenders who have agreed to invest in or grant loans to the Company in an aggregate amount of not less than Baht 5,000 million, at the exercise price of Baht 0.43 per share.

On 6 August 2012, the Company's EGM passed the resolutions to issue and offer the Company's warrants as follows:

- To issue and offer the Company's warrants in the amount of up to 2,400 million units to the existing shareholders according to their proportion of shareholding, at the exercise ratio of 1 ordinary share for 1 unit of warrant, at the price of Baht 0.002 per unit and the exercise price will be Baht 0.55 per share.
- To issue and offer the Company's warrants in the amount of up to 7,500 million units in order to be allocated to a new group of investors or lenders who have agreed to invest in or grant loans to the Company and the Group in an aggregate amount of not less than Baht 1,500 million.

32 Own shares held by a subsidiary

As a result of G J Steel's debt restructuring program, 1,000 million ordinary shares of the Company, comprising 3.75% of the Company's issued and paid-up share capital were held by OAC, an indirect subsidiary of the Company, at a total cost of Baht 370 million. This holding of the Company's shares has been treated in the consolidated statement of financial position within equity as a deduction from total equity.

On 26 November 2012, OAC transferred 560 million ordinary shares of the Company to a shareholder of the Company as the return of the pledgor's property which was previously forced sold by the lender of OAC. Later, on 30 January 2013, OAC transferred 60 million ordinary shares of the Company to a shareholder.

On 10 October 2013, OAC transferred 35.82 million ordinary shares of the Company to the assignor (a creditor of G J Steel) at an offering price of Baht 0.50 per share, totaling Baht 17.91 million. Refer to the memorandum dated 1 November 2013 between OAC and G J Steel, whereby OAC becomes the creditor of G J Steel instead and G J Steel will repay to OAC within 30 June 2014 with no interest.

On 15 October 2013, OAC transferred 33 million ordinary shares of the Company to a creditor of GJ Steel at an offering price of Baht 0.45 per share, totaling Baht 14.85 million. Besides, OAC guarantee the price of the aforementioned shares and the final guarantee was calculated equal to Baht 10.23 million. OAC has put 102.3 million shares of the Company at Legal Execution Department as the compensation for the benefit of the creditor. According to the memorandum between OAC and GJ Steel dated 1 November 2013 and 13 January 2014, OAC became the creditor of GJ Steel for an amount of Baht 14.85 million and Baht 10.23 million respectively and GJ Steel will repay to OAC within 30 June 2014 with no interest.

33 Segment information

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

Business segments

Management considers that the Group operates in a single line of business, namely the production and distribution of hot rolled coils, and has, therefore, only one major business segment.

Geographic segments

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

The followings are the main geographic 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 2013 and 2012 were as follows:

	Consolidated financial statements	
	2013	2012
	<i>(in million Baht)</i>	
<i>Segment revenue</i>		
Domestic	9,700	13,010
Export	-	96
Total	9,700	13,106
<i>Segment gross loss</i>		
Domestic	686	1,086
Export	-	14
Total	686	1,100

In formation about major customers

For the year ended December 31 2013, the Group's revenues from domestic sales amounted Baht 3,563 million from three customers.

34 Gain from debt restructuring

As a results of the Group and the Company's debt restructuring as described in Note 1.3, the Group and the Company have recorded a gain from debt restructuring, detailed as follows:

	Consolidated financial statements	Separate financial statements
	(in million Baht)	
<i>For the year ended 31 December 2013</i>		
<i>G J Steel's debt restructuring program</i>		
Carrying value of the debt obligation before		
G J Steel's debt restructuring program		
- Short-term loan from other parties	53	-
- Long-term loan from other parties	342	-
- Trade accounts payable	237	-
- Advances from customers	325	-
- Other payables and accrued expenses	14	-
- Liabilities under rehabilitation plan	17	-
- Accrued interest	55	-
Total	1,043	-
 Less Fair value of shares issued 19 March 2013 (Baht 0.39 per share)	(432)	-
Fair value of shares issued 19 April 2013 (Baht 0.36 per share)	(147)	-
Fair value of shares issued 15 May 2013 (Baht 0.30 per share)	(170)	-
Total	(749)	-
Gain from debt restructuring - G J Steel's debt restructuring program	294	-
 <i>2013 the Company and G J Steel's debt restructuring program</i>		
Carrying value of the debt obligation before		
2013 the Company's Debt Restructuring Program		
- Trade accounts payable	2,924	1,711
- Advances received from customers	25	25
- Other payables and accrued expense	4	4
- Accrued interest expense	992	641
Total	3,945	2,381

		Consolidated financial statements	Separate financial statements
	<i>Note</i>	<i>(in million Baht)</i>	
<i>Less</i> Fair value of shares issued 21 February 2013 (Baht 0.40 per share)		(13)	(13)
Fair value of shares issued 25 April 2013 (Baht 0.36 per share)		(600)	(600)
Fair value of shares issued 15 May 2013 (Baht 0.30 per share)		(17)	(17)
Fair value of shares issued 25 September 2013 (Baht 0.15 per share)		(155)	(155)
<i>Less</i> Future cash payment under new terms and conditions			
- Principal		(1,474)	(361)
- Interest		(2)	(2)
Transfer to provisions	25	(1,658)	(1,207)
Total		<u>(3,919)</u>	<u>(2,355)</u>
Gain from debt restructuring - 2013 the Company's debt restructuring program		<u>26</u>	<u>26</u>
<i>For the year ended 31 December 2013</i>			
<i>Repayment of OAC's loan</i>			
Carrying value of the debt obligation before repayment of OAC's loan			
- Principle of long term loan from financial institution		694	-
- Accrued interest expense		912	-
Total		<u>1,606</u>	<u>-</u>
<i>Less</i> cash payment to financial institution		(387)	-
Gain from debt restructuring - the OAC's debt restructuring program		<u>1,219</u>	<u>-</u>
Total gain from debt restructuring		<u>1,539</u>	<u>26</u>

2012 Gain from debt restructuring

As results of the Group and the Company's debt restructuring as described in Note 1.3, the Group and the Company have recorded gain from debt restructuring, detailed as follows:

		Consolidated financial statements	Separate financial statements
<i>For the year ended 31 December 2012</i>	<i>Note</i>	<i>(in million Baht)</i>	
<i>G J Steel's debt restructuring program</i>	<i>1.3(c)</i>		
Carrying value of the debt obligation before G J Steel's debt restructuring program			
• Short-term loan from other parties		18	-
• Trade accounts payable (after offsetting with trade accounts receivable and other current assets of Baht 39 million)		991	-
• Advances received from customers		98	-
• Other payables and accrued expenses-related party		500	-
• Other payables and accrued expenses-other parties		46	-
• Accrued interest expense		269	-
• Liabilities under rehabilitation plan		35	-
		<hr/> 1,957	<hr/> -
Less Other payables and accrued expenses-related party		(500)	-
Total		<hr/> 1,457	<hr/> -
Less Fair value of shares issued (Baht 0.37 per share)		(1,241)	-
Transfer to own shares held by a subsidiary (1,000 million shares @ Baht 0.37 per share)		<hr/> 370	<hr/> -
Gain from debt restructuring - G J Steel's debt restructuring program		<hr/> 586	<hr/> -
 <i>2012 the Company's debt restructuring program</i>	 <i>1.3(a)</i>		
Carrying value of the debt obligation before 2012 the Company's Debt Restructuring Program			
• Short-term loan from other parties		60	60
• Trade accounts payable		2,539	2,539
• Advances received from customers		422	422
• Other payables and accrued expenses		798	798
• Accrued interest expense		34	34
• Other current liabilities		51	51
Total		<hr/> 3,904	<hr/> 3,904
Less Fair value of shares issued (Baht 0.37 per share)		(1,916)	(1,916)
Less Future cash payment under new terms and conditions			
• Principal		(622)	(622)
Transfer to provisions	25	<hr/> (549)	<hr/> (549)
Gain from debt restructuring – the Company's debt restructuring program		<hr/> 817	<hr/> 817

		Consolidated financial statements	Separate financial statements
<i>For the year ended 31 December 2012</i>	<i>Note</i>	<i>(in million Baht)</i>	
The Company's Bond Exchange Program No.2	<i>1.3(b)</i>		
Carrying value of the debt obligation before the Bond Exchange Program No.2			
- Bonds (USD 34.38 million)		1,064	1,064
- Accrued interest expenses (including withholding tax)		140	140
Total		1,204	1,204
Less Fair value of shares issued (Baht 0.34 per share)		(321)	(321)
Less Future cash payments under new terms and conditions			
• Principal (USD 15.51 million)		(480)	(480)
• Interest and withholding tax payment		(81)	(81)
Gain from debt restructuring - the Company's Bond Exchange Program No.2		322	322
Total gain from debt restructuring		1,725	1,139

35 Selling expenses

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	<i>(in million Baht)</i>			
Domestic shipping expenses	105	102	-	36
Export shipping expenses	-	7	-	-
Packing expenses	3	2	-	-
Total	108	111	-	36

36 Administrative expenses

		Consolidated financial statements		Separate financial statements	
	<i>Note</i>	2013	2012	2013	2012
		<i>(in million Baht)</i>			
Consulting expense		151	98	77	66
Idle cost - depreciation and amortisation expenses	<i>41</i>	1,225	1,328	849	748
Idle cost - other		892	702	624	595
Depreciation and amortisation expenses	<i>41</i>	85	86	43	43
Employee benefit expenses	<i>41</i>	465	531	158	179
Demurrage charges		6	34	-	-
Others		345	253	151	100
Total		3,169	3,032	1,902	1,731

37 Employee benefit expenses

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	(in million Baht)			
Management				
Wages and salaries	84	90	38	61
Welfare	6	5	1	3
Contribution to provident fund	2	2	-	1
	92	97	39	65
Other employees				
Wages and salaries	467	524	219	252
Welfare	148	149	32	37
Contribution to provident fund	23	26	8	8
	638	699	259	297
Total	730	796	298	362

Defined benefit plans

Details of the defined benefit plans are given in Note 28 Employee benefit obligations.

Defined contribution plans

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

38 (Reversal of) bad and doubtful debt expenses

		Consolidated financial statements		Separate financial statements	
	Note	2013	2012	2013	2012
		(in million Baht)			
Amount receivable from related parties	5	-	-	45	280
Loans to and interest receivable from related parties	5	-	-	(22)	11
Trade account receivable	8	4	(19)	4	(12)
Receivables from scrap sales	10	-	(1)	-	-
Other current assets	11	3	(3)	-	(3)
Long-term loans to and receivables from others	20	(3)	-	-	-
Total		4	(23)	27	276

39 Losses on impairment of assets

		Consolidated financial statements		Separate financial statements	
	Note	2013	2012	2013	2012
		(in million Baht)			
Investment in subsidiaries	13	-	-	408	455
Advance payment to suppliers	11	87	-	18	-
Total		87	-	426	455

40 Other expenses

		Consolidated financial statements		Separate financial statements	
	Note	2013	2012	2013	2012
		(in million Baht)			
Advisory fee for debt restructuring paid by shares		487	196	368	196
Loss on sale of investment		-	1,032	434	-
Loss from shareholder claim		-	474	-	-
Loss on guarantee of shares market value		11	-	11	-
Provision for tax-related liabilities	25	101	353	61	176
Provision for guarantee subsidiary	25	-	-	273	780
Provision for court case claim	25	94	733	-	243
Total		693	2,788	1,147	1,395

41 Expenses by nature

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

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	(in million Baht)			
<i>Included in cost of sales of goods:</i>				
Raw material and consumable used	8,506	9,645	9	3,143
Changes in inventories of finished goods	(478)	1,814	27	2,085
Depreciation and amortization	574	529	-	171
Employee benefit expenses	265	265	140	183
<i>Included in administrative expenses:</i>				
Depreciation and amortization (including in idle cost)	1,225	1,328	849	748
Depreciation and amortization	85	86	43	43
Employee benefit expenses	465	531	158	179
Operating lease expense	22	19	15	14

42 Finance costs

		Consolidated financial statements		Separate financial statements	
	Note	2013	2012	2013	2012
		(in million Baht)			
Finance costs:					
Related parties	5	19	5	19	5
Bonds		-	9	-	9
Financial institutions		147	72	65	30
Other parties		629	1,424	491	640
Total		795	1,510	575	684

43 Income tax expense

The Group and the Company did not record income tax expense in the statement of comprehensive income because the Company incurred losses in the current year and has significant losses brought forward from prior years. Deferred tax assets have not been recognised in respect of these losses as disclosed in Note 18.

Income tax reduction

Royal Decree No. 530 B.E. 2554 dated 21 December 2011 grants a reduction in the corporate income tax rate for the three accounting periods 2012, 2013 and 2014; from 30% to 23% for the accounting period 2012 which begins on or after 1 January 2012 and to 20% for the following two accounting periods 2013 and 2014 which begin on or after 1 January 2013 and 2014, respectively.

It is understood that the Government will proceed to amend the law in order to maintain the corporate income tax rate at not higher than 20% for the accounting period 2015 which begins on or after 1 January 2015 and onwards in order to give full effect to the Cabinet resolution dated 11 October 2011 to increase Thailand's tax competitiveness

44 Promotional privileges

By virtue of the provisions of the Industrial Investment Promotion Act of B.E. 2520, the Company and G J Steel have been granted privileges by the Board of Investment for the manufacturing of hot rolled coils, skin-passed coils, melted steel, steel billet and bloom, slab and pipe & tube in the case of the Company and for the manufacturing of hot rolled coils, direct reduced iron cold rolled/coated products, pickled and oiled products and re-coiled and tempered products in the case of G J Steel. The privileges granted include:

- exemption from payment of import duty on machinery approved by the Board;
- exemption from payment of income tax for certain operations for a period of eight years from the date on which the income is first derived from such operations;
- 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 44 (b) above; and
- 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 skin-passed product and the promotion certificate No. 1829(2)/2549 for the manufacture of melted steel, steel billet and bloom, slab and pipe & tube.

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

On 29 July 2014 the Board of Investment (“BOI”) had ordered the revocation of privilege in the production of Direct Reduced Iron. However there is no burden import duty on machinery and raw materials.

Summary of revenue from promoted and non-promoted businesses for the year ended 31 December 2013 and 2012, was as follows:

Consolidated financial statements					
	2013			2012	
	Promoted businesses	Non- Promoted businesses	Total	Promoted Businesses	Non- Promoted businesses
	<i>(in million Baht)</i>				
Export Sale	-	-	-	94	2
Domestic Sale	9,684	16	9,700	7,655	5,355
Total Revenue	9,684	16	9,700	7,749	5,357

Separate financial statements					
	2013			2012	
	Promoted businesses	Non- Promoted businesses	Total	Promoted Businesses	Non- Promoted businesses
	<i>(in million Baht)</i>				
Export Sale	-	-	-	-	2
Domestic Sale	-	16	16	-	5,355
Total Revenue	-	16	16	-	5,357

45 Loss per share

Basic loss per share

The calculation of basic loss per share for the year ended 31 December 2013 and 2012 were based on the loss for the year attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding during the year as follows:

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	<i>(in million Baht /million shares)</i>			
Loss for the year attributable to equity holders of the Company (basic)	<u>(1,250)</u>	<u>(4,612)</u>	<u>(3,115)</u>	<u>(3,363)</u>
Number of ordinary shares outstanding at 1 January	26,923	17,029	26,923	17,029
Effect of shares issued on 2 July 2012	-	1,620	-	1,620
Effect of shares issued on 21 September 2012	-	1,510	-	1,510
Effect of shares issued on 28 September 2012	-	261	-	261
Effect of shares issued on 8 November 2012	-	34	-	34
Effect of shares issued on 20 February 2013	676	-	676	-
Effect of shares issued on 19 March 2013	2,055	-	2,055	-
Effect of shares issued on 19 April 2013	289	-	289	-
Effect of shares issued on 25 April 2013	1,146	-	1,146	-
Effect of shares issued on 15 May 2013	491	-	491	-
Effect of shares issued on 25 September 2013	292	-	292	-
	<u>31,872</u>	<u>20,454</u>	<u>31,872</u>	<u>20,454</u>
<i>Less</i> Effect of own share held by a subsidiary	<u>(365)</u>	<u>(220)</u>	<u>-</u>	<u>-</u>
Weighted average number of ordinary shares outstanding (basic)	<u>31,507</u>	<u>20,234</u>	<u>31,872</u>	<u>20,454</u>
Loss per share (basic) (in Baht)	<u>(0.04)</u>	<u>(0.23)</u>	<u>(0.10)</u>	<u>(0.16)</u>

Diluted loss per share for the years ended 31 December 2013 and 2012 are not presented because the exercise price of the Company's warrants was higher than the market price of the Company's ordinary shares.

46 Financial instruments

As at 31 December 2013 and 2012, the Group had not entered into any derivative contracts to hedge its exposure to foreign currency exchange risk.

Financial risk management policies

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

Capital management

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

Interest rate risk

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

The effective interest rates of financial assets and financial liabilities as at 31 December 2013 and 2012 and the periods to maturity or re-pricing were as follows:

		Consolidated financial statements			
	Effective Interest rate (% per annum)	Within 1 year	After 1 year but within 5 years (in million Baht)	After 5 years	Total
2013					
<i>Financial assets :</i>					
Cash and cash equivalents	0.10 - 2.60	215	-	-	215
Restricted deposits at financial institutions	1.0 - 3.25	1	-	-	1
Total		216	-	-	216
<i>Financial liabilities:</i>					
Short term loans from financial institutions	8.25 - 15.5	435	-	-	435
Short-term loans from related party	7.0 - 12.0	30	-	-	30
Short-term loans from other parties	15 - 18	117	-	-	117
Bonds	3.0	511	-	-	511
Trade accounts payable	LIBOR+1 and 1.0 - 12.0	5,231	70	-	5,301
Other payables and accrued expense	7.5 - 15	875	-	-	875
Total		7,199	70	-	7,269

		Consolidated financial statements			
	Effective Interest rate (% per annum)	Within 1 year	After 1 year but within 5 years (in million Baht)	After 5 years	Total
2012					
<i>Financial assets :</i>					
Cash and cash equivalents	0.10 - 2.6	53	-	-	53
Restricted deposits at financial institutions	1.0 - 3.25	24	1	-	25
Total		77	1	-	78
<i>Financial liabilities:</i>					
Short term loans from financial institutions	15.5	424	-	-	424
Short-term loans from related party	7.0 - 12.0	30	-	-	30
Short-term loans from other parties	6.0 - 30.0	190	-	-	190
Current-portion of long-term loan from financial institutions	SIBOR + MARGIN	914	-	-	914
Long-term loans from other parties	8.00	212	148	-	360
Bonds	3.0	477	-	-	477
Trade accounts payable	LIBOR+1 and 1.0 - 12.0	6,714	255	3	6,972
Other payables and accrued expense	7.5 - 15	934	-	-	934
Total		9,895	403	3	10,301

	Effective Interest rate (% per annum)	Separate financial statements			Total
		Within 1 year	After 1 year but within 5 years (in million Baht)	After 5 years	
2013					
<i>Financial assets :</i>					
Cash and cash equivalents	0.10 - 0.75	13	-	-	13
Total		13	-	-	13
<i>Financial liabilities :</i>					
Short-term loans from financial institutions	8.25-15.5	435	-	-	435
Short-term loans from related parties	7.0-12.0	286	-	-	286
Short-term loans from other parties	15-18	55	-	-	55
Long-term loans from related party	7.0-12.0	-	1,086	-	1,086
Bonds	3.0	511	-	-	511
Trade accounts payable	LIBOR+1 and 1.0 - 12.0	4,699	70	-	4,769
Other payables and accrued expense	7.5 - 15	68	-	-	68
Total		6,054	1,156	-	7,210

Separate financial statements (in million Baht)					
2012					
<i>Financial assets :</i>					
Cash and cash equivalents	0.10 - 0.75	19	-	-	19
Restricted deposits at financial institutions	3.25	24	-	-	24
Receivable from related party for offsetting transaction	MLR+1	946	-	-	946
Total		989	-	-	989
<i>Financial liabilities :</i>					
Short-term loans from financial institutions	15.5	424	-	-	424
Short-term loans from related parties	7.0-12.0	59	-	-	59
Short-term loans from other parties	5-15	17	-	-	17
Bonds	3.0	477	-	-	477
Trade accounts payable	LIBOR+1 and 1.0 - 12.0	5,101	255	3	5,359
Other payables and accrued expense	7.5 - 15	138	-	-	138
Total		6,216	255	3	6,474

Foreign currency risk

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

At 31 December 2013 and 2012, the Group was exposed to foreign currency risk in respect of financial assets and liabilities denominated in the following currencies:

		Consolidated financial statements		Separate financial statements	
	Note	2013	2012	2013	2012
		(in million Baht)			
United States Dollars					
Cash and cash equivalents	7	5	10	3	2
Trade accounts receivable	8	117	109	102	94
Other current assets	11	267	122	24	19
Short-term loans from financial institution		(173)	(162)	(173)	(162)
Short-term loans from other parties		(62)	(120)	-	-
Current portion of long term loan from financial institutions		-	(941)	-	-
Bonds		(511)	(477)	(511)	(477)
Trade accounts payable	21	(6,196)	(6,809)	(4,522)	(5,374)
Other payables and accrued expenses	22	(833)	(829)	(207)	(235)
Accrued interest expenses	24	(2,376)	(3,541)	(1,923)	(2,049)
Other current liabilities	26	(51)	(48)	(24)	(23)
Liabilities under rehabilitation plan	27	(100)	(93)	-	-
Gross exposure in statements of financial position		(9,913)	(12,779)	(7,237)	(8,205)
Estimated forecast purchases		(1,046)	(2,614)	-	-
Gross exposure		(10,959)	(15,393)	(7,237)	(8,205)
Others					
Other current assets	11	47	31	7	10
Trade accounts payable	21	(107)	(120)	(80)	(92)
Other payables and accrued expenses	22	(4)	(11)	(3)	(9)
Accrued interest expenses	24	(6)	(2)	(6)	(2)
Other current liabilities	26	(2)	(2)	-	-
Liabilities under rehabilitation plan	27	(14)	(13)	-	-
Gross exposure in statements of financial position		(86)	(117)	(80)	(93)
Estimated forecast purchases		(340)	(324)	-	-
Gross exposure		(426)	(441)	(80)	(93)

Credit risk

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

At the reporting date there were no significant concentrations of credit risk because the Group has ceased to give credit terms to customers (Refer to Note 8). The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statements of financial position.

Liquidity risk

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

The Group and the Company have liquidity risk as the Group and Company need to generate sufficient operating cash flows to meet both their working capital requirements and their operating obligations, including obligations under negotiated compromise agreements and the rehabilitation plan.

Determination of fair values

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

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

The fair value of financial assets and liabilities is close to the carrying value in the statements of financial positions as at 31 December 2013 and 2012.

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.

47 Commitments with non-related parties

47.1 Commitments

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	(in million Baht)			
Capital commitment				
<i>Contracted but not provided for</i>				
Buildings and other constructions	84	83	84	83
Machinery and equipment	154	175	154	175
Total	238	258	238	258
Lease and service agreement commitments				
Within one year	12	11	6	7
After one year but within five years	14	20	8	14
Total	26	31	14	21
Other commitments				
Bank guarantees	1	25	-	24

47.2 Lease and service agreements commitments

The Company

- 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.
- The Company has entered into agreements to purchase natural gas. The Company is required to pay service fees under these agreements at variable rates based on the quantity of gas consumed.
- On 1 January 1999, the Company entered into a twenty-year take-or-pay agreement to purchase oxygen, argon and nitrogen. Minimum payments under the agreement amount to approximately Baht 9.5 million per month.

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	(in million Baht)			
Long-term agreement commitments of the Company				
Within one year	188	185	118	115
After one year but within five years	754	741	471	458
After five years	412	598	-	115
Total	1,354	1,524	589	688

d) On 26 October 2006, the Company's Board of Directors approved the Company's entry into the "Energy Service Agreement" with an electricity supply company, and later amended and restated the contract on 19 August 2008, in order to have an alternate source of electricity supply. Electricity is the primary utility input in the Company's flat rolled coil production process. Details of the Energy Service Agreement are as follows:

- The term of the agreement is 25 years from the substantial completion date. The Company started commercial use of electricity from this supply company in January 2011.
- The capacity for the electricity supply under the agreement is 70 MW at 230KV.
- The purchase price, computed from the combined factors of the capacity charge and the energy charge, is directly proportionate to the Thai Baht - USD exchange rate and market price of natural gas.
- The contract contains a minimum "Take or Pay" clause.
- The Company is subject to a substation and transmission facilities fee of Baht 0.8 million each month for 120 months starting from the substantial completion date.
- The Company needs to provide payment security of at least Baht 270 million.

G J Steel

- a) On 1 December 2003, G J Steel entered into a ten-year agreement to purchase natural gas with monthly charges based on consumption.
- b) On 1 November 2004, G J Steel entered into a twenty-year take-or-pay agreement to purchase oxygen, argon and nitrogen. Minimum payments under the agreement amount to approximately Baht 6 million per month.

Consolidated financial statements

	2013	2012
	<i>(in million Baht)</i>	

Long-term agreement commitments of G J Steel

Within one year	71	71
After one year but within five years	282	282
After five years	412	483
Total	765	836

47.3 Raw material purchase orders

The Company

As at 31 December 2013, the Company had no outstanding purchase orders for raw materials that have not been delivered to the Company (2012: Baht 754 million).

The Company had agreements to purchase raw materials with various suppliers under consignment agreement under which the ownership of unreleased raw materials belongs to the suppliers. The Company has to pay interest at between 4%-7.5 % per annum on the unreleased raw materials from the boarding date on ship through to the date on which the materials have been fully paid. (2012: 4% to 6% per annum)

G J Steel

As at 31 December 2013, G J Steel had outstanding purchase orders for raw materials that have not been delivered to G J Steel totalling Baht 1,637 million (2012: Baht 3,459 million). G J Steel has estimated the provision for loss in respect of outstanding purchase orders for raw materials that have not been delivered of Baht - million as at 31 December 2013 (2012: Baht 41 million) based on comparison with the economic benefits expected to be received in the form of estimated sales prices and the conversion costs of finished products and has recorded the reversal of provision for this loss in the financial statements for the year ended 31 December 2013 of Baht 187 million (2012: Baht 41 million) (Refer to Note 25 Provisions).

As at 31 December 2013, G J Steel had agreements to purchase raw materials with various suppliers under consignment agreements, under which the ownership of unreleased raw material belongs to the suppliers. G J Steel has to pay interest ranging from 1.68% to 6.80% per annum on the unreleased raw materials in addition to the payables balance (2012: 6.40% to 6.79% per annum).

47.4 Customer advances

As of 31 December 2013, the Company had advances received from customers totaling Baht 45 million (2012: Baht 108 million) and had the obligation to deliver goods to the customers in the future. G J Steel had similar advances received totaling Baht 325 million as at 31 December 2013 (2012: Baht 601 million).

47.5 Financial advisory agreements

The Company and its subsidiaries have entered into various financial advisory agreements with third parties for advice on seeking new investment capital domestically and from abroad, sourcing additional credit facilities, refinancing existing debt from financial institutions and negotiating improved terms of payment with trade creditors. The fees are payable based on a fixed fee per month plus a success fee which becomes payable upon completion of the particular transactions.

48 Litigation

The Company and G J Steel have complaint cases as follows;

The Company

Supplier complaint cases

Currently, the Company is involved in one pending legal proceedings brought to court by the Company's creditors as follows:

- 1) A trade creditor demands the Company to pay the debt according to the Singapore International Arbitration Centre awarded for the principal and pre-award interest in the amount of USD 93.72 million, arbitration expenses in the amount of USD 0.39 million and post-award interests in the amount of USD 11 million which total to the amount of USD 105 million (equivalent to the amount of Baht 3,238 million). A full provision for this amount has been made.

The Central Intellectual Property and International Trade Court Rendered a judgement on 27 June 2014 and the case is under the appealing process to the Supreme Court.

- 2) The payable in the rehabilitation plan has requested the Company to pay Baht 24.13 million.

The case is under the consideration of Central Bankruptcy Court which the hearing are scheduled on 9 October 2014

Shareholder complaint cases

Currently, there is one shareholder complaint case pending with the court with details as follows:

A creditor filed a lawsuit to take recourse against the Company and its subsidiary as a guarantor and the pledgor. Certain assets of the creditor were enforced by the lender of the Company to repay the debt of the Company owed to the lender in the amount of Baht 677.73 million including the interest calculated from the default date until the date of the lawsuit was filed in the amount of Baht 97.76 million and other damages in the amount of Baht 213.67 million, total to the amount of Baht 989.16 million.

The Central Intellectual Property and International Trade Court rendered a judgment on 11 September 2013. The Creditor appealed on the amount and inclusion of both defendants to be responsible for the damage dated on 21 November 2013. The case is under the appealing process to the Supreme Court.

G J Steel

Suppliers complaint pending litigation

Ten suppliers filed a complaint against G J Steel for breach of several agreements related to sales and purchases and rehabilitation plan in the amount of Baht 64 million together with interest at the rate of 7.5% per annum on the principal amount of Baht 49 million from the date of filing the complaint until the date of full repayment.

The Second Section of Labour Court

A former employee filed a complaint to the Second Section of the Labour Court against G J Steel for the lay-off and demands G J Steel to pay him together with interest at the rate of 7.5% per annum from the date of filing. Presently, this case is pending in the Supreme Court.

49 Contingent liabilities

On 8 June 2011 G J Steel received a letter from the Board of investment (BOI) in which it is alleged that G J Steel failed to export sufficient quantities of its products in order to offset the imported raw materials on which duties were not assessed by the Customs Department under BOI privilege. In its 8 June 2011 letter, the BOI stated that G J Steel should pay the duties which were not assessed on the raw materials as of the 1998 import date and that the BOI is submitting the matter to the Customs Department for its consideration. (The BOI claim stems from a period prior to the effective date of G J Steel's rehabilitation plan subsequently approved by the Central Bankruptcy Court.)

G J Steel estimates that the total maximum exposure for such potential claims, should they arise from the Customs Department, is approximately Baht 216 million. To the extent that the Customs Department can demonstrate that such claim was submitted during the rehabilitation process in 1998, the Company will be liable to pay such duty. G J Steel has not provided for such potential claim as it has not received a claim assessment letter from the Customs Department and it believes such claim was not submitted during the 1998 rehabilitation process.

50 Thai Financial Reporting Standards (TFRS) not yet adopted

The Group and the Company has not adopted the new and revised TFRS that have been issued as of the reporting date but are not yet effective. Those new and revised TFRS that are applicable to the Groups and the Company's operations, which become effective for annual financial periods beginning on or after 1 January in the year indicated in the following table, are as follows:

TFRS	Topic	Year effective
TAS 1 (revised 2012)	Presentation of financial statements	2014
TAS 7 (revised 2012)	Statement of Cash Flows	2014
TAS 12 (revised 2012)	Income Taxes	2014
TAS 17 (revised 2012)	Leases	2014
TAS 18 (revised 2012)	Revenue Recognition	2014
TAS 19 (revised 2012)	Employee Benefits	2014
TAS 21 (revised 2012)	The Effects of Changes in Foreign Exchange Rates	2014
TAS 24 (revised 2012)	Related Party Disclosures	2014
TAS 34 (revised 2012)	Interim Financial Reports	2014
TAS 36 (revised 2012)	Impairment of Assets	2014
TAS 38 (revised 2012)	Intangible Assets	2014
TFRS 2 (revised 2012)	Share-based Payment	2014
TFRS 5 (revised 2012)	Non-current Assets held for Sale and Discontinued Operations	2014
TFRS 8 (revised 2012)	Operating Segments	2014
TFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities	2014
TFRIC 4	Determining whether an Arrangement contains a Lease	2014
TFRIC 10	Interim Financial Reporting and Impairment	2014
TFRIC 17	Distributions of Non-cash Assets to Owners	2014
TFRIC 18	Transfers of Assets from Customers	2014
TIC 15	Operating Leases-Incentives	2014
TIC 27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	2014

Management expects to adopt and apply these new and revised TFRS in accordance with the FAP's announcement and has made a preliminary assessment of the potential initial impact on the consolidated and separate financial statements of these new and revised TFRS and expects that there will be no material impact on the financial statements in the period of initial application.

51 Reclassification of accounts

Certain accounts in the consolidate and separate statement of financial position as at 31 December 2012 which are included in the 2013 financial statements for comparative purposes, have been reclassified to conform to the presentation in the consolidate and separate financial statements of financial position for the year ended 31 December 2013.

Consolidate financial statements 2012			
	Before reclassification	Reclassification (in million Baht)	After reclassification
Statement of financial position			
Cash guarantee for the utility usage	-	20	20
Other non-current assets	335	(20)	315
		<u>-</u>	
Separate financial statements 2012			
	Before reclassification	Reclassification (in million Baht)	After reclassification
Statement of financial position			
Investment in subsidiaries	3,756	(196)	3,562
Amount due to related parties	(196)	196	-
		<u>-</u>	

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

52 Events after the reporting date

The Company

Guarantee agreement with a Supporter

On 6 January 2014, the Company entered into the guarantee agreement with a Supporter by pledging the machinery spare parts which owned by the Company in the amount of Baht 80 million to secure the amount of Baht 80 million loan.

Guarantee agreement with a loan debtor

On 6 January 2014, the Company entered into the guarantee agreement with a loan debtor by pledging the machinery spare parts which owned by the Company in the amount of Baht 35 million to secure the amount of Baht 35 million loan.

Letter informed the revocation of an event of default from Major Trade Creditor 2

The Company received a letter dated 12 February 2014 from Major Trade Creditor 2, referring to the Notice of Default dated 11 October 2013, informing the Company that the major trade creditor confirms that the default has been revoked in the meantime and is not continuing as of 12 February 2014.

New credit facilities from supporting customer and trading partners

On 17 February 2014, the Board of Directors of the Company approved the Company's execution of financial support agreements in the aggregate amount of Baht 4,610 million, comprising a long-term loan in the amount of Baht 400 million which bears interest at 12% per annum repayment in 48 installments. Bank guarantee facilities in the aggregate amount of Baht 210 million and trade credit facilities for purchase of raw material and spare parts for production in the amount of Baht 4,000 million with a Supporting Customer. The Company has appointed this Supporting Customer as a sale agent for the hot rolled coil produced by the Company under the financial support arrangement and together with a group of other customers has agreed to purchase all of the hot rolled coil produced by the Company for a period of 2 years. Under the conditions of financial support agreements, the Company pledged G J Steel's shares in the amount of 12,000 million shares and the Heavy Gauge Shearing Line as collateral in favour of Supporting Customer. On 2 May 2014, the Company already registered the mortgage with the central registration office, Department of Industrial Works.

In addition, one of the Company's domestic trading partners has granted a credit facility to the Company for the purchase of raw materials domestically in the amount of 180,000 MT/year, equivalent to the amount of approximately Baht 2,250 million per year in the form of consignment-CMA.

Letter for extension of tax instalments

The Company sends the letter dated 18 March 2014 to the Revenue Department requesting for the extension to pay its tax obligation in sixty monthly installments over a period of five years as follows:

- Period 1-12, Baht 6 million in equal monthly installments
- Period 13-24, Baht 10 million in equal monthly installments
- Period 25-36, Baht 15 million in equal monthly installments
- Period 37-60, pay 24 equal monthly installments for the remaining obligation as per the calculation by the Revenue Department

In addition, the aforementioned letter is in the process of consideration by Revenue Department. If the Revenue Department does not approve, the Company has to pay the shortage as of the report date amounting Baht 89 million and has to pay monthly installments of Baht 20.88 million until payment in full.

Changing financial support agreement to loan agreement

On 1 April 2014, the Company enters into a loan agreement amounting Baht 36 million with the Supporter in order to replace the financial support agreement dated 16 January 2013. Interest rate is 12% per annum calculate from the date of the loan agreement. Principal and interest will be paid to the lender every month until full and finish within 2 years and the Company pledges 101,999,359 GJS' share as the collateral to the lender.

Interim Power Purchase Agreement

On 1 April 2014, the Company enters into the Interim Power Purchase Agreement with the electricity supply company to temporary replace the 19 August 2008 contract. Summary of the contract are as follow:

- Agreement shall continue in force and effect for a period of six months and may be extended for one additional period of six months
- All expenses referring to the previous contract will be suspended and temporarily cease to have effect and all electricity charges that may be imposed by PEA will be charged by the electricity supply company
- The Company shall make a deposit with the electricity supply company a payment security in the amount of Baht 40 million

The Company's EGM no.1/2014

On 3 April 2014, the Company's EGM no.1/2014 meeting has resolution as follow:

1. Appoint auditor and the audit fees for the audited financial statements year 2013
2. Appoint auditor and the audit fees for the quarterly review financial statements and the audited financial statements year 2014

Resumption of the Company's production

The Company resumes production on 3 April 2014 during off-peak period (which has lower demand for electricity and hence lower tariff rate). Contingent on acceptable market conditions, the Company plans to produce at 24 hours a day in order to improve the production efficiency and benefit from economies of scale from reduction in production cost per unit.

Notice of default from Major Trade Creditor 1

On 6 May 2014, Major Trade Creditor 1 sent a letter to inform the Company that the Company is in default under the terms of the Compromise Agreement in that the installment due on 31 March 2014 has not been paid. The creditor demands the Company to pay all debts immediately.

Summary indicative terms and conditions with Major Trade Creditor 2

During year 2014, the Company enters into summary indicative term sheet with Major Trade Creditor 2. There will be no scheduled repayments of principal for the first 12 months with the condition that the Company has to pay the Initial payment amounting USD 300,000 as follows;

- 3 equal installments of USD 10,000 each month from July through September 2014
- 3 equal installments of USD 15,000 each month from October to December 2014
- 6 equal installments of USD 37,500 each month from January through June 2015

Thereafter, the Company will pay the Restructured Debt (around USD 15 million) minus the Initial payment as follows (expressed in % of the Restructured Debt minus Initial payment) ;

- 1.75% equal quarterly installments starting from 30 September 2015
- 2.25% equal quarterly installments starting from 31 March 2016
- 3.00% equal quarterly installments starting from 31 March 2017

- 3.625% equal quarterly installments starting from 31 March 2018
- 4.375% equal quarterly installments starting from 31 March 2019
- 5.125% equal quarterly installments starting from 31 March 2020
- 5.75% equal quarterly installments starting from 31 March 2021

Loan from subsidiary and debenture redemption of G J Steel

Since 1 January 2014 to present, the Company entered into various short - term loan agreements with GS Securities for an amount of Baht 205 million, bearing interest at MLR + 1 per annum.

Since 1 January 2014 to present, G J Steel paid to redeem additional debentures in the amount of Baht 218 million, and paid for payable to the Company of Baht 179 million.

Litigation

1. A trade creditor demands the Company to pay the debt according to the Singapore International Arbitration Centre awarded for the principal and pre-award interest in the amount of USD 93,721,570.03, arbitration expenses in the amount of USD 393,773.81 and post-award interests in the amount of USD 11,078,449.05 which total to the amount of USD 105,193,792.89 (equivalent to the amount of THB 3,237,864,945.15)

The Central Intellectual Property and International Trade Court rendered a judgment on 27 June 2014. The Company filed the motion to appeal the judgment to the Supreme Court dated on 15 August 2014. The Central Intellectual Property and International Trade Court has received the motion to appeal and ordered the stay of execution on 19 August 2014. This case is currently under the appealing process to the Supreme Court which the Company is expected that it is likely that the court will suspend the execution of a sentence. At the same time, the Company is having an ongoing negotiation with the authorized representative of the creditor with the view to solve this dispute and is expected to conclude by the end of this year.

2. A creditor under the rehabilitation plan filed a lawsuit against the Company to pay the debt under the Business Reorganization Plan of Siam Strip Mill Public Company Limited in amount of THB 24,133,800.32.

This case is pending in the Central Bankruptcy Court in which the Court set the date of hearing witness on the date of 9 October 2014.

GS Securities

On 28 February 2014, GS Securities enters into a pledge agreement providing 2,000 million GJS' share held by GS Securities with the Supporter of the Company as the guarantee for the debt obligation of the Company.

OAC

On 7 May 2014, OAC enters into a Transfer of assets for debt repayment contract with Shareholder 2 of the Company agreeing to partially pay the debts by transferring ownership of assets value Baht 303 million which composes of 4,125 million of GJS shares, 274 million units of GJS-W2, 413 million units of GJS-W4 and 413 million of the Company share. OAC transfers the aforementioned assets to Shareholder 2 on 18 June 2014.

G J Steel

- (a) On 17 February 2014, *G J Steel's* Board of Directors' Meeting no.1/2014 announced that *G J Steel* received the additional working capital facilities for purchase of raw material from trading partners in the amount of Baht 7,450 million. Resulting *G J Steel* received the working capital facilities in the total facilities of Baht 10,375 million.
- (b) During 1 January 2014 to present, the Company paid to redeem the undue debenture in the amount of Baht 218 million, and paid for payable to G Steel amount of Baht 179 million.

(c) On 27 February 2014, *G J Steel* and the customer has signed the compromised agreement in the amount of Baht 10.28 million. The debtor will pay monthly principal instalments of not less than Baht 500,000 from the first instalments in March 2014 and will pay interest of 7.5 % per annum from the date of default until payment is completed. The accrued interest will be repaid with the final instalments of principal and at the reporting date the debtor has repay the instalments normally.

(d) On 18 March 2014, *G J Steel* has requested the Revenue Department for an extension to pay tax obligation from year 2018 to year 2019 with the proposed instalments as follows:

- Baht 6.00 million in equal monthly instalments from 15 April 2014 until 15 March 2015
- Baht 10.00 million in equal monthly instalments from 15 April 2015 until 15 March 2016
- Baht 15.00 million in equal monthly instalments from 15 April 2016 until 15 March 2017
- Payable in equal monthly instalments from 15 April 2017 until 15 March 2020

The above request is under consideration of the Revenue Department. Should the request not being approved, *G J Steel* shall pay the total amount remaining due at the reporting date for the amount of Baht 71 million and has to make monthly payment of Baht 20 million until the completion.

(e) On 31 March 2014, *G J Steel* has defaulted the payment on the repayment schedule with one of the three major Trade Creditors as detailed in Note 1.3. As a consequence of the default, *G J Steel* has the obligation to pay interest on overdue debts at the rate of 5 % per annum from the date of default. *G J Steel* is currently in the re-negotiation to extend the repayment schedule.

(f) On 6 May 2014, the Appeal Court has ruled the compromise agreement between *G J Steel* and one defendant, as detailed in Note 16 that the defendant shall release the mortgaged collateral to *G J Steel*.

(g) On 29 July 2014, the Board of investment ("BOI") had ordered the revocation of privilege in the production of Direct Reduced Iron. However there is no without the burden of import duty on machinery and raw materials.

(h) From the beginning of year 2014 to the date of the report, four suppliers had filed a complaint against *G J Steel* for breach of the rehabilitation plan in the amount of Baht 12 million together with interest at the rate of 7.5% per annum on the principal amount of Baht 7 million from the date of filing the complaint until the date of full repayment.



VISION & MISSION

CORPORATE VISION

We will be a world-class steel industry leader.

CORPORATE 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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