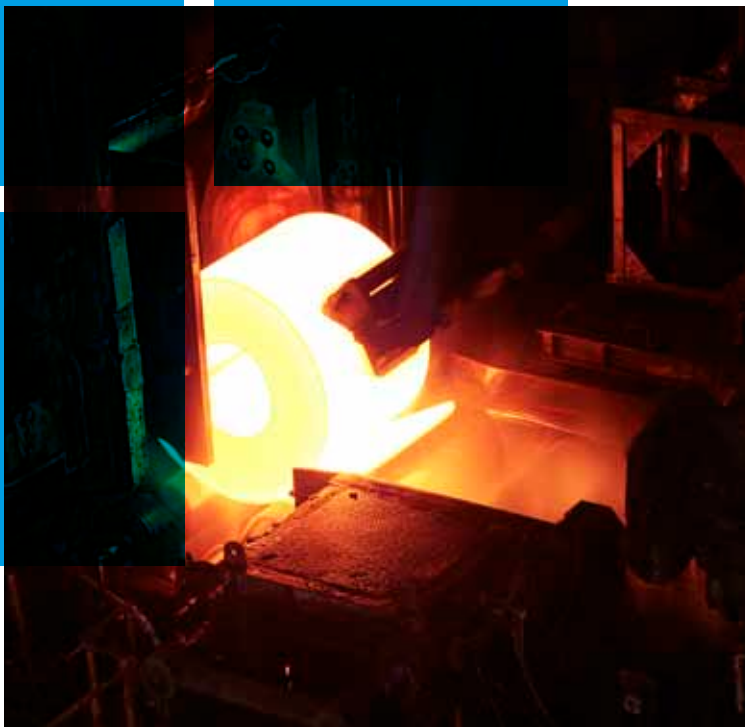


www.gsteel.com



ANNUAL REPORT
2014



Content

1	General Information
2	Message from Chairman of the Board of directors
3	Chief CSR Report
4	Policy on Business Operations
7	Shareholding Structure
8	Nature of Business
16	Steel Industry Situation
18	Organization Chart
20	Information about the Board of Directors and the Management
30	Management Structure
41	Shareholding of the Board of Directors and the Management
42	Good Corporate Governance
64	Risk Factors and Risk Management
69	Internal Control and Audit System
73	Connected Transaction
84	Corporate Social Responsibility
89	Notes and Analysis of Financial and Operational Performance Result
92	Audit Committee Report
93	Report on Board of Directors' Responsibility towards Financial Statement
94	Financial Statements for the year 2014

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	591 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

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

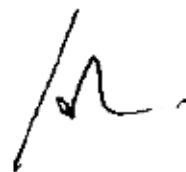
In 2014 our company was succeeded in acquiring cash and loans, so it had the sufficient condition on the operations such as hiring the management for the turnaround plan until we become successful according to the plans in the initial stage. Also the increase in liquidity was succeeded in the right offers 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 payment.

On production, the Company resumed its production on 3 April 2014 and continues increase its capacity until present, which its production capacity is at 84% of the full off-peak capacity.

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

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

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



(General Lertrat Ratanavanich)

Chairman of the Board of Directors

Chief CSR Report

With awareness of responsibility in good governance, G Steel Public Company Limited, the one of few makers of hot rolled steel in Thailand that the melting, casting and rolling are integrated in one mill, does business with attention in the production process not to create impact on the communities around the factory. It focuses on every procedure of operation to be friendly to the environment and emphasize the use of resources with effectiveness. With Corporate Social Responsibility (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 the past 2014 all the levels of the employees of G Steel participated in various activities continuously throughout the year on the part of the public and private sectors. With the participation on development of society and public benefit on promotion of culture and conservation of culture heritage.

With the dedication in CSR activities with quality and continuation. In the year 2014 G Steel was granted by the government sector 2 CSR awards and certificates, namely, the CSR-DPIM Continuous Award 2014 in Steel Industry from the Department of Primary Industries and Mines, and the CSR-DIW Continuous Award 2014 from the Department of Industrial Works.

With continued determination under volunteer spirit and dedication to sustain the commitment both at executives and employees, 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^o c into liquid steel. Additives are added to the products to improve their quality to meet customers' demand. The refined liquid steel is then cast into medium sized slab with 80-100 mm. thickness and is subsequently hot-rolled into the specific required gauge. The Company is Thailand's first and among very few mills in the world to be able to produce hot rolled steel sheets that are as thin as 1.0 mm. The said process is continuous and taking 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 products.

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 2014 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 violations. 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 institutions and educational institutions 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 2014

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

On the production, the Company has resumed the production on 3 April 2014 by utilizing the off-peak period (which has lower demand for electricity and hence lower tariff rate) and in 4th quarter of year 2014, the Company has been successfully increased the production to nearly full capacity for off-peak period and has the plan to operate 24 hours production in the near future contingent to the market conditions, in order to improve the production efficiency and reduce the production unit cost.

Shareholding Structure

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

No.	Shareholders' Names	Shares	%
1.	MR. NIRAM NGAMCHAMNUNRIT	2,515,295,600	7.34
2.	KHUNYING PATAMA LEESWADTRAKUL GROUP ¹	1,904,778,099	5.56
3.	SUPERIOR OVERSEAS (THAILAND) CO., LTD. ²	1,528,880,000	4.46
4.	WHITEROCK GLOBAL FUND, SPC.	892,200,414	2.60
5.	MR. SUJIN PEERAWANICHKUL	881,000,000	2.57
6.	BANGKOK COMMERCIAL ASSET MANAGEMENT CO., LTD.	802,838,903	2.34
7.	MS. LADDA JIRAPHONGTRAKUL	720,918,200	2.11
8.	MR. SOMCHAI KAMOLRATTANAPHIBOON	680,000,000	1.99
9.	JAKKANIN CO., LTD.	620,000,000	1.81
10.	CITIBANK NOMINEES SINGAPORE PTE LTD-UBS AG ZURICH	611,618,808	1.79
11.	OTHER SHAREHOLDERS	23,093,374,793	67.43
Total		34,250,904,817	100.00

¹ Khunying Patama Leeswadtrakul Group's Shareholding Structure

(1)	Khunying Patama Leeswadtrakul	5.42%	(1,854,778,099 share)
(2)	Ms. Suthidarat Leeswadtrakul	0.07%	(25,000,000 share)
(3)	Ms. Suratiporn Leeswadtrakul	0.07%	(25,000,000 share)

² 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%

Nature of Business

Structure of Revenue

The Company and its subsidiaries have their revenue from domestic sales mainly due to the high domestic demand both from the construction and production industries. However, the Company and its subsidiaries still exported of the goods to overseas as well to maintain the overseas market base to support its future business expansion.

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 2014		2013		2012	
	Income	%	Income	%	Income	%
Domestic Income						
- Affiliates ⁽¹⁾	1,253,735	5.2	665,853	4.9	1,717,492	10.7
- Other Groups	22,687,116	93.6	9,033,809	66.2	11,292,945	70.8
Conglomerated domestic	23,940,851	98.7	9,699,662	71.1	13,010,437	81.5
Foreign income	-	-	-	-	96,212	0.6
Total	23,940,851	98.7	9,699,692	71.1	13,106,649	82.1
Other Incomes ⁽²⁾	304,318	1.3	3,950,894	28.9	2,851,243	17.9
Conglomerated Income	24,245,169	100	13,650,556	100	15,957,892	100

Remark:

⁽¹⁾ The related companies consist of Asia Metal PCL, Mahachai Coil Center Co., Ltd., Mahachai Steel Inter Co., Ltd. and Advance Metal Fabrication Co., Ltd.

⁽²⁾ Other incomes of the Company consist of the sales of excess steel scrap from its production, or the goods damaged during the production that is not worth recycling as raw material in the new production due to the high expense on the process, the restatement of the debt loss and doubtful debts, restatement of the loss from the asset depreciation, restatement of the loss from the contract cancellation, and the profit from the debt restructuring.

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

(Unit: Ton)

Sales Volume (Only for the Company)	2014	2013	2012
Domestic Sales Volume			
-Related Companies	35,015	-	7,955
-Other Group	395,543	1,099	230,158
Total Sales in Domestic	430,558	1,099	238,113
Export	-	-	114
Total	430,558	1,099	238,227

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	2014		2013		2012	
	Income	%	Income	%	Income	%
Domestic	23,941	100.0	9,700	100.0	13,010	99.3
Export	-	-	-	-	96	0.7
Deduct: Trade Discount	-	-	-	-	-	-
Total	23,941	100.0	9,700	100.0	13,106	100.0

Product Characteristics

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.



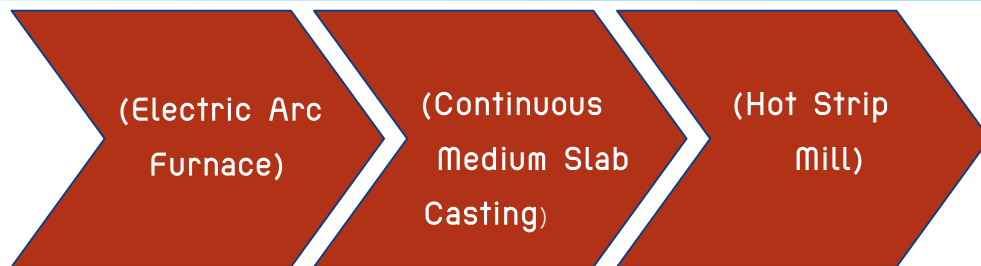
The hot-rolled steel products of the company have the quality meeting the Thailand Industrial Standard (TIS) and the international standards such as the Japanese standards (JIS G, SPHC, SPHD, SS, SN, SPHT, SV, SMA and SPA-H), the American standards (ASTM, SAE, AISI and API), the German standard (DIN) 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
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 to the 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. 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 1.8 million tons per year.



2. Continuous Medium Slab Casting Technology. This is the technology of Sumitomo Heavy Industries of Japan for 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 thickness using the technology of Mitsubishi Heavy Industry of Japan that can roll steel from the thickness of 100 mm to the thickness 1 - 13 mm with the production capacity of 1.8 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

With the production technology, it enables the company can produce goods in various 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 and one of few companies in the world that can produce the thinnest hot-rolled steel sheet up to 1.0 mm same as POSCO North Star/BHP and Trico. So the Company can access the demand of the customers more than other manufacturers. At present the 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. The production process is adjustable to change the components of raw material to produce steel plates with various qualities as demanded by the customers. 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. Requirement of lower working capital comparing to the competitors as the raw materials (scrap steel and smelt steel) has lower value than slabs provided that the raw material to keep in stock in the equivalent volume. Moreover, the Company purchases materials with the CMA approach, which shall pay for the cost of raw materials to the seller when it has actually used them. Nonetheless, the Company has interest burden of the debt on the date of shipping up to the date of paying for the raw material, so it uses the working capital lowers than others 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 the Company can produce goods in the standard quality accepted 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, 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 2014, 26.83 percent of the paid-up authorized capital. As 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. The Company has the main policy in the control and decreasing the conversion cost in order to maximize the efficiency in the production. In this regards, an improvement of the efficiency of machinery, reduction of energy, consumption, reduction of the downtime for a machine setup or adjustment are applied.

2. The production that focuses on quality. The Company has a policy to focus on producing quality products by using the production control on the steel liquid to have good chemicals and physical properties to derive of good 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 in the future. It can make the Company to have an increased income, while the production cost per unit will be lowered due to the increase of 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 value added products such as the hot-rolled steel that has process of washing and coating of oil, and the hot-rolled steel that has the process of 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 the products with a higher value and thus contributing to higher profit margin.

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, The Company also employs the policy to develop the energy consumption in the production, including the reduction of spreading 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 customers by the service that creates satisfaction of the customers above the competitors. The Company has a policy to create good relationship with all groups of customers by emphasis on service, on time delivery, delivery of the products that meet 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. Mean while the properties and characteristics of products are in the demand of the customers and consistent with the goods development of the customers.

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 centers are the buyers of hot and cold-rolled steel to be cut to various sizes or preform to various profiles for selling users.
- 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 (171.6acres) 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

Raw materials for the productions are scrap and pig iron, including the scrap steel derived from the production process, other than the raw materials the production has to use burnt lime and alloy compounds to help the product to reach the required properties.

The main 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.

Strategy on Purchasing Raw Materials

The Company has signed the contracts on purchasing raw materials from overseas i.e. steel scrap and pig iron with the trade partners in the CMA contracts, or credit on raw material agreement for the Company. The Company shall set the purchase price with the sellers of the raw materials on the date of ordering the raw materials, which makes the Company can set the production cost each time. Raw material is paid according to the actual number of use at the present price on the date of ordering the raw materials set in advance. The Company can stock up the raw materials sufficiently without affecting its cash flow until there is the actual use of such the raw materials. However, it shall sign a contract for each purchase order to set the detail and price of the raw materials.

The Company has the policy of keeping the raw materials in the storing yard for about 30-60 days in order to secure production system continuously. The production process has flexibility on the use of raw materials as. It can choose a different mixture among the various steel grades and the pig iron, so it can plan the procurement of each type of the raw materials according to the supply situations.

Steel Industry Situation

Situations of the Hot Rolled Steel Industry in 2014

The overall steel of industry around the world in 2014, during the first quarter of the year had the situation was rather good and normal. Then, it turned into the downturn along with the economic impact since the second quarter etc. throughout the end of 2014. The level of the hot-rolled steel sheet price and the main raw materials price like steel scrap and pig iron in the world market moved in such the direction is consistent with the demand situation that was decreased around the world and sent impacts on the steel industry in Thailand in the same direction.

According to the latest statistics from the Iron and Steel Institute of Thailand, the demand for hot-rolled steel in Thailand, included the steel sheet products of other types used in the hot-rolled steel sheet as raw material for 2014 had the volume of 11.17 million tons, or the shrunk rate by 5.1 percent from the previous year (2013). In such that amount mostly is the demand for hot-rolled steel sheet (carbon and alloy steel, but excluding stainless steel) used directly with the volume of 6.97 million tons, or the shrunk rate of 6.63 percent from the previous year. It is a result from the demand for hot-rolled steel sheet affected by the world's economic situation that is getting worse. So it caused the oversupply situation in the world market in the second half of 2014. Also the economic situation in Thailand has the direction of slowdown up to the interruption in some parts of the economy throughout the year. As a result, the gross domestic product (GDP) that is decreased in several consecutive quarters due to the impact from politics and overall economic system, although it started to improve some in November up to December somewhat, but it is not yet clearly recovered

Situations of the Hot Rolled Steel Industry in 2015

The economy of Thailand in 2015 according to the forecast by several institutes indicated that the economic situation has the trend of slow relieving in the direction that is recovered better than the previous year. The assumption in terms of high possibility is in 2015 the Thai economy overall will be in the recovery phase. With the spending on the investment and development of infrastructure of the government shall be the main leader in the drive of the country's economic system, which can regain the confidence of the investors. However, there is no certainty that the macroeconomic sector can recover or expand clearly or not, since the factor on political and administrative stability is not certain. While the spending of the people and the private sector has the trend of decreasing at a slowdown rate. So it is necessary to cut the expense due to having the household debt is at the high level and the employment situation still affected by the tense economic situation for another period. However, the reduced price of fuels makes the problem on the general expenses rather stable, not to exacerbate the problems, but there is restructuring on the energy value in several sectors. Thus, the spending of the households and the private sector should have the direction that is getting better, but it takes rather a long time. While the major risk factors in 2015 are the baht value and the currency exchange rate of other major currencies still has fluctuations with the trend direction is not certain and is the cost of risk for the operators in the private sector very much.

The Company expects the hot-rolled steel sheet in the country continues the downward trend until the second quarter. The same as the direction of economic recovery and the trend of production industry that starts to get better along with the increased demand from implementing the investment projects, as well as the stimulation of the spending by the government from the second quarter onwards. As for the demand from the production sector with the trend of improving due to the

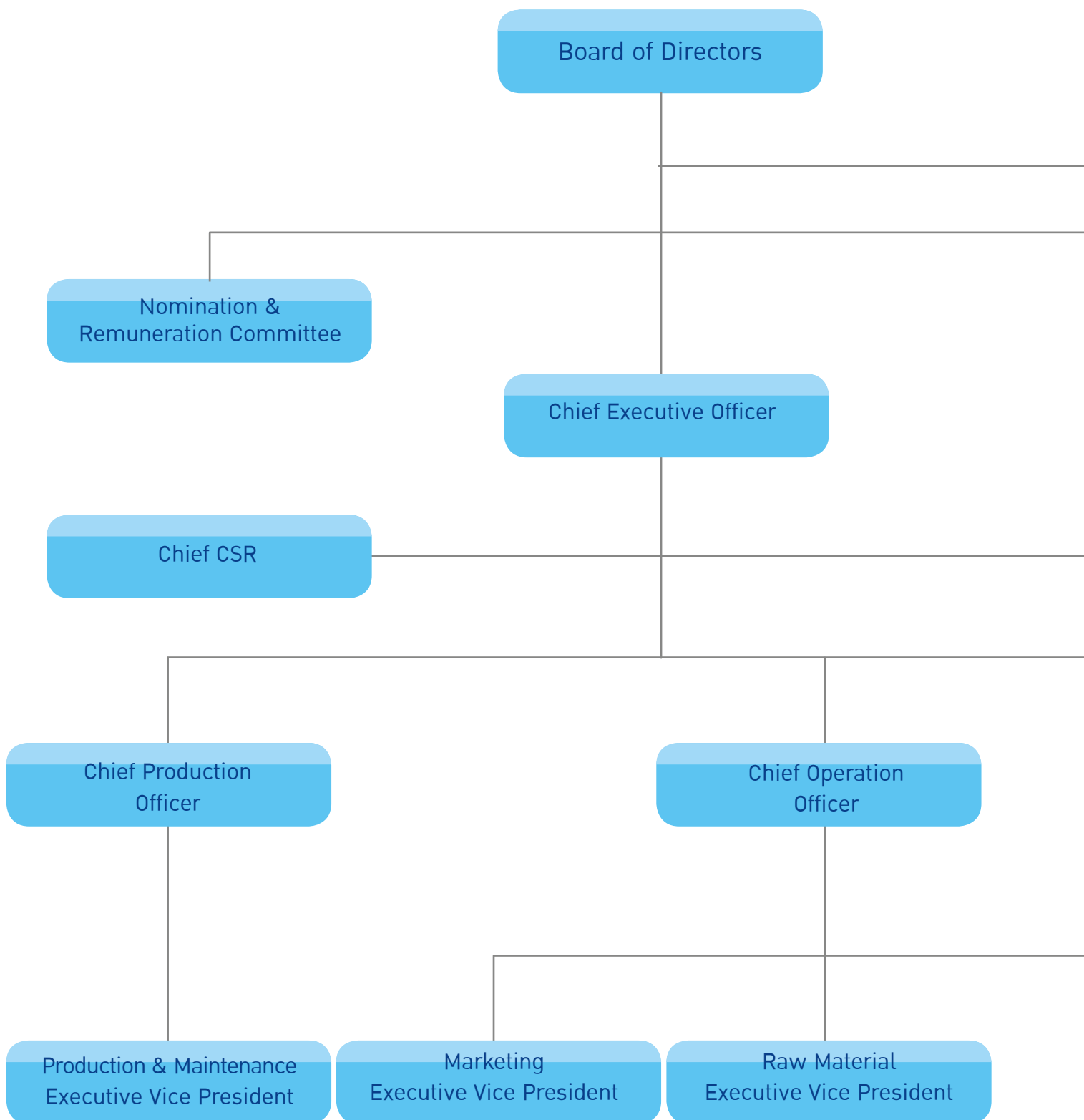
household spending and the private sector that is relieved in the better direction as a result of the relaxation of the interest and utility costs gradually.

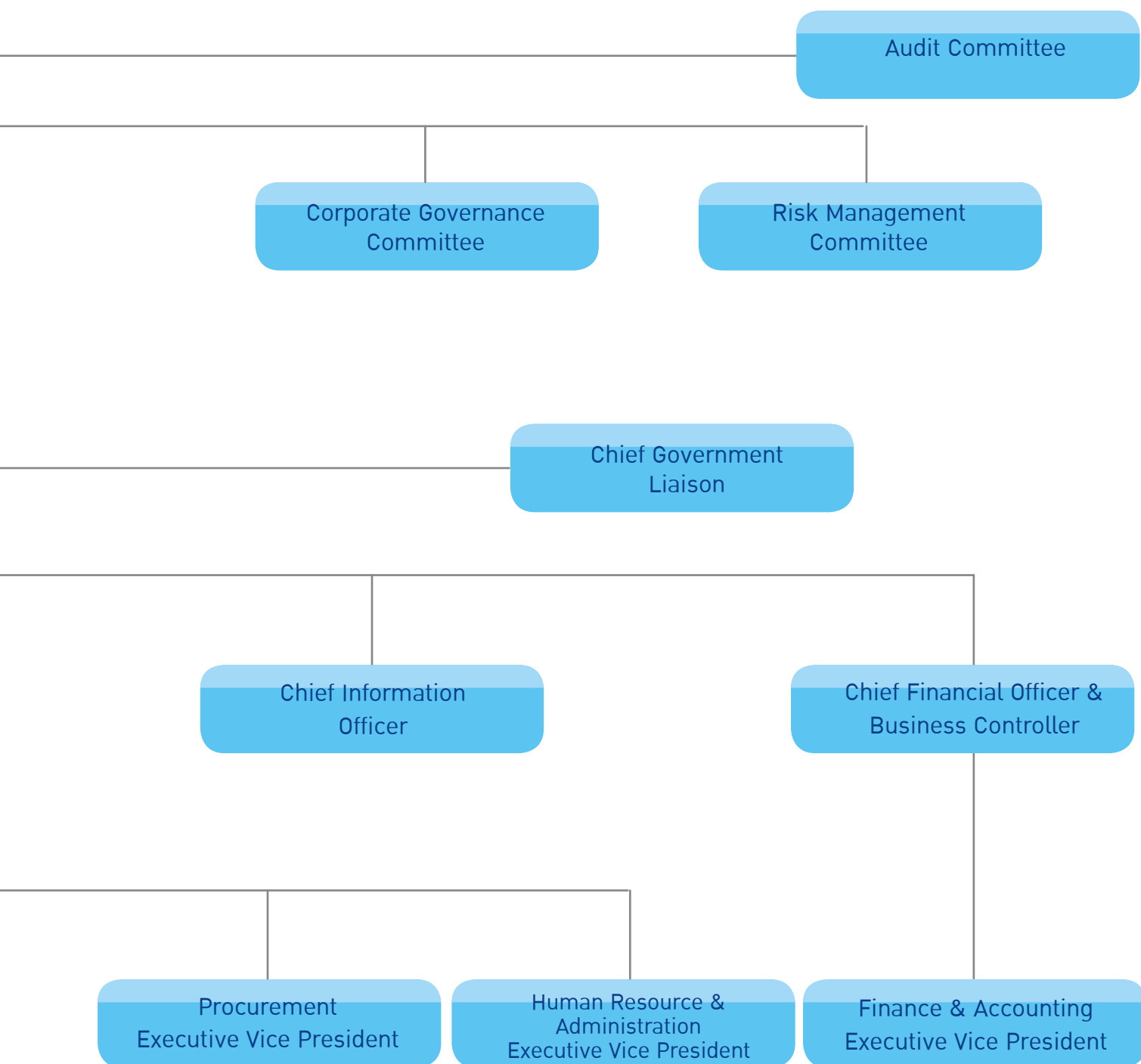
The price of steel and raw materials in the world and domestic market has the direction of downturn, thus, when the economy has good recovery and the politics of the country has more stability, the demand-supply in the domestic market has the trend of returning to equilibrium in the second half of 2015. As a result, the price of the steel market products mostly, including the hot-rolled steel sheet, shall be relieved into the normal level according to the market mechanism. However, it is necessary to have the government sector mechanism as given priority on supervising goods meeting the industrial standards more strictly. The supervision of the imports, so they do not trade with exploitation or unfair competition with the domestic goods, the Company is confident that the relevant public agency at present has understanding of the industrial structure and the situation of the steel operators better, and sees the benefit of the country more important than the past. Nevertheless, the direction of demand and the price of the hot-rolled steel sheet, including other steel types may be impacted on the uncertainty due to the result on the political changes and administration that may happen during the year the same as other industrial sectors, but believed to have the trend of clear recovery in 2015.

Additional Information on the Important Trade Measures with Effect on the Hot-Rolled Steel Sheet in Thailand:

- More safeguard measures in case of other hot-rolled alloy steel (boron, chromium, etc.), which is collected protective duty from the imports of all countries to be effective from February 2013 until end of 2015.
- More safeguard measures in the case of other hot-rolled, non- alloy steel (carbon steel), which is collected protective duty from the imports of all countries to be effective from June 2013 until end of 2015.
- Anti-dumping measures in the case the hot-rolled non-alloy steel imported from the 14 countries (Japan, South Africa, Russia, Kazakhstan, India, South Korea, Taiwan, Venezuela, Argentina, Ukraine, Algeria, Indonesia, Slovak and Romania) have taken effect since May 2009 and to be expired in May 2014. During that time the hot-rolled steel sheet in Thailand has petitioned the Ministry of Commerce to review the necessity to renew the measures further with the reason that if ending the anti-dumping measures may lead to damaging the manufacturers in the near future. Later on 14 May 2014, the Anti-dumping and Countervailing Commission announced to collect the countervailing duty for another year (23 May 2014-22 May 2015), and on 15 May 2014 the Department of Foreign Trade announced the review of necessity to apply the anti-dumping measures, considered as the start of the process as the manufacturers requested to have the timeline of 12 months, in the process of review and announcement the results in the renewal of the measures as prescribed by law. The timeline that the Department of Foreign Trade shall announce the results on the review of the necessity in the renewal of the measures for another five years as the domestic industry requested or not shall comply with the schedule on the review, which may not exceed May 2015 to know of the result.
- Anti-dumping measures in the case of the hot-rolled steel sheet imported from China and Malaysia and the boron-added, hot-rolled steel from China still takes effect throughout 2015.

Organization Chart





Information about the Board of Directors and the Management

(1) The Board of Directors

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

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

Name / Position	Age (years)	Relation ship	Education / Training	% of shares	Experience
3. Prof. Paichitr Rojanavanich - Director - Chairman of the Audit Committee	86	-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) Thai Institute of Directors (IOD) 	-None -	<u>G Steel Public Company Limited</u> 2004-Present Director and Chairman of the Audit Committee <u>Others</u> 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, Karnjian Co., Ltd.
4. Mr. Chainarong Monthienvichienchai - Director - Audit Committee Member - Chairman of the Corporate Governance Committee	69	-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) Thail 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 <u>Others</u> 2007-Present Chairman of the Board of Trustees, Saint John's University 2014-Present Director, Salan Development Co., Ltd. 2002-Present Director, Arnoma Hotel Bangkok Co., Ltd. 1994-Present Director, Saint John for Education Co., Ltd.

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	65	-None -	<ul style="list-style-type: none"> ● MBA (Finance), Univ. of Detroit, Michigan, USA ● B.A. (Accounting) Kasetsart University Training <ul style="list-style-type: none"> ● Director Accreditation Program (DAP) (114-2015) and Advanced Audit Committee Program (AAP) (18/2015) Thai Institute of Directors (IOD) 	-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 Advisory and Member, Dhipaya Insurance Public Co., Ltd. <u>Experience</u> 2012-2013 -Chairman of the Board of Directors, Krung Thai IBJ Leasing Co., Ltd. 2009-2012 - Chairman of the Audit Committee and director, KT ZMICO Securities 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	71	-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> 2013-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	51	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, Class 5 The Program of Senior Executive in Criminal Justice Administration, Class 16 The Program of Senior Executive in Business and Industrial Development and Investment, Class 1 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) Thai Institute of Directors (IOD) 	5.42%	G Steel Public Company Limited 2003-Present Director 2007-Present Chief of CSR Subsidiaries 2009-Present Chief of CSR G J Steel Public Company Limited Others Present -Director Arnoma Hotel Bangkok Company Limited -Chairperson, Homeland Loyalty Club -Chairperson, Cultural Promotion Fund, Dept. of Cultural Promotion, Ministry of Culture -Director, Ramathibodi Foundation under the Royal Patronage of HRH Princess Mahachakri Sirindhorn -Individual Expert Member, Thailand Institute of Justice -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 -Director, Foundation for Business and Industrial Development -Senior Expert for Artists Promotion in the Minister of Culture's Working Group -Honorary Advisor in the Commission on Sports Reform

Name / Position	Age (years)	Relation ship	Education / Training	% of shares	Experience
8. Mr. William Anthony Gloyne - Director - Corporate Governance Committee Member	64	-None -	<ul style="list-style-type: none"> Grammar School Education, England, UK 	-None -	<u>G 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. 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 - Nomination and Remuneration 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 <u>Training</u> <ul style="list-style-type: none"> Director Accreditation Program (DAP) and Corporate Social Responsibility (CSR) Thai Institute of Directors (IOD) 	-None -	<u>G Steel Public Company Limited</u> Present Nomination and Remuneration Committee 2013-Present Corporate Governance Committee Member 2009-Present Chairman of the Risk Management Committee 2004-Present Director 2006-2013 Nomination Committee Member <u>Others</u> 2013-Present Vice President, The Association of Thai Hot Rolled Coil 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, SV 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)

Name / Position	Age (years)	Relation ship	Education / Training	% of shares	Experience
10. Mr. Paul Russell Smith - Director - Chief Financial Officer and Business Controller	55	-None -	<ul style="list-style-type: none"> ● Associate Chartered Accountant (ACA), Victoria University New Zealand ● Bachelor of Commerce and Administration (BCA), Major in Accounting and Commercial Law, Victoria University, New Zealand 	-None -	<u>G Steel Public Company Limited</u> 2014-Present Chief Financial Officer and Business Controller 2013-Present Director <u>Subsidiaries</u> 2014-Present Chief Financial Officer and Business Controller 2013-Present Director G J Steel Public Company Limited <u>Others</u> 2012-2013 Managing Director, Head: Debt Products, Investment Banking, South East Asia, Standard Merchant Bank (Asia) Limited, Singapore 2006-2012 Managing Director, Head of Structured Solutions, Asia, Standard Bank PLC, Hong Kong Branch, Hong Kong
11. Mr. Michael Wyer - Director - Nomination and Remuneration Committee Member - Audit Committee Member	48	-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

Name / Position	Age (years)	Relation ship	Education / Training	% of shares	Experience
12. Mr. Sittisak Leeswadtrakul - Director - Chief Operation Officer - Executive Vice President Marketing	36	Son of Dr. Somsak Leeswad- trakul	<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 Training <ul style="list-style-type: none"> ● Director Certification Program (DCP 163/2012) Thai Institute of Directors Association (IOD) 	-None -	G Steel Public Company Limited 2014-Present Director, Chief Operation Officer and Executive Vice President Marketing Subsidiaries 2014-Present Director 2012- Present Chief Operation Officer and Executive Vice President Marketing, G J Steel Public Company Limited Others 2008-2011 Senior officer, steel division Mitsui & Co. (Thailand) Ltd. 2006-2008 Business Assistant, steel division Mitsui & Co. Europe PLC
13. Ms. Soontareeya Wongsirikul - Director - Deputy Chief Financial Officer	47	-None -	<ul style="list-style-type: none"> ● Master of Business Administration (Finance), Sasin Graduate Institute of Business Administration, Chulalongkorn University (Scholarship student of Bank of Asia Public Co., Ltd.) ● Master of Science (Biotechnology), Chulalongkorn University ● Bachelor of Science (Biotechnology), King Mongkut's Institute of Technology Ladkrabang 	-None -	G Steel Public Company Limited Present Director and Deputy Chief Financial Officer Subsidiaries Present Director and Deputy Chief Financial Officer, G J Steel Public Company Limited Others 2012-2014 Intermediate Business Referrer for Thailand Market, Bank of Singapore (a Private Banking of OCBC group) 2010-2012 Head of Corporate Banking, Oversea-Chinese Banking Corporation Ltd., Bangkok Branch 2006-2010 Vice President - Commercial Banking, (Large Local Corporate Customers), Hongkong and Shanghai Banking Corporation Ltd., Bangkok Branch 2005-2006 Vice President - Corporate Banking, CIMB Thai Bank Public Co., Ltd. 1996-2005 Assistance Vice President - Corporate Banking, United Overseas Bank (Thai) Public Co., Ltd. (Bank of Asia Public Co., Ltd.)

(2) The Management

Name / Position	Age (years)	Relation ship	Education / Training	% of shares	Experience
1. Mr. Michael Richard Loefer - Chief Executive Officer	55	-None -	<ul style="list-style-type: none"> Ludwig Maximilian University, München, German 	-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	53	Brother of Dr. Somsak Leeswadtrakul	<ul style="list-style-type: none"> M.A. in Political Science, Ramkhamhaeng University BAA., Northrop University, USA Business course, Columbus Business University, USA The Real Estate Executive Association of Chulalongkorn University Chief Executive of Justice College of Justice Judicial Training Institute Office of the Judiciary 	-None -	<u>G 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	56	-None -	<ul style="list-style-type: none"> Beachelor of Engineering, (Metallurgy) Chulalongkorn University 	-None -	<u>G Steel Public Company Limited</u> 2014-Present Chief Production Officer 2012-2013 Production Senior Executive Vice President 2006-2012 Senior Vice President Operation 2002-2006 Vice President Operation <u>Subsidiaries</u> 2014-Present Chief Production Officer, G J Steel Public Company Limited
4. Mr. Chanathip Trivuth - Chief Information Officer	51	-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) Thai Institute of Directors (IOD) 	-None -	<u>G Steel Public Company Limited</u> 2014-Present Chief Information Officer <u>Subsidiaries</u> 2008-Present Director 2014-Present 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 Director

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

• Executive Director

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 persons with are Chairman of Independent Director, Non-Executive Directors and Independent Director 6 member and Executive Director 7 persons as follows :

	Name		Position
1.	General Lertrat	Ratanavanich	Chairman / Independent Director
2.	Dr. Somsak	Leeswadtrakul	Director / 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.	Ms. Soontareeya	Wongsirikul	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 Ms. Soontareeya Wongsirikul or Mr. Sittisak Leeswadtrakul, any 2 of these 6 directors can co-sign with the Company seal affixed. "

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 Director

Independent director means director that have specifications as follows;

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

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

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

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

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

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

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

Criteria in selecting independent director

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

The Board of Directors comprises the Chairman who is an independent director. The number of 13 members of the Board of Directors comprises 6 non-executive and independent directors and 7 executive directors. The number of 13 members of the Board of Directors is deemed to be appropriate, as well as the composition of 54% 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 46%, have good knowledge and understanding of the overall industrial sector, finance and banking, asset management, auditing, law, and others, so as to encourage creative opinion expression in the Board of Directors' meetings. The Board of Directors shall make decision for the best benefits of the Company.

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

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

And revise the authorized directors as follows;

“Khunying Patama Leeswadtrakul or Mr. William Anthony Gloyne or Mr. Yanyong Kurovat or Mr. Ryuzo Ogino or Ms. Soontareeya Wongsirikul or Mr. Sittisak Leeswadtrakul, any 2 of these 6 directors can co-sign with the Company seal affixed. ”

Audit Committee

Definition

• Audit Committee

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

The Board of Directors considered that all the Audit Committee members are qualified according to the Company's definition and comply with the SEC and SET regulations. The Audit Committee meeting also considered that 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 reports.
2. To review and ensure the Company has appropriate and effective internal controls and internal audit systems, 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. Yanyong | Kurovat | 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.

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 and 1 consultant 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	Suwanasorn	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
13. Asst. Prof. Dr. Narumon	Saardchom	Consultant

Responsibilities of the Risk Management Committee

1. To set risk management policy that can be applied to all the organization.
2. To review and assess the effectiveness of the risk management at least 4 times a year and every period that the risk level changes, including paying attention and monitor risk warning signs as well as irregular items.
3. To report to the Internal Audit Committee any risk progress and risk management measures within the provided period for the best benefits of the Company.

Management Team

The current management team of the Company is as follows;

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. Sittisak		Leeswadtrakul	Chief Operation Officer
7. Mr. Paul	Russell	Smith	Chief Financial Officer and Business Controller

Responsibilities of the Chief Executive Officer

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

9. To report the Company's performance, progress of any projects and financial status to the Board of Directors.

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

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

The Selection of Directors, Chief Executive Officer and Executives

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

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

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

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

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

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

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

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

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

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

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

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

(3) The selection of the Management

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

Company Secretary

The Board of Directors Meeting No. 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 2014, the remuneration committee meeting has considered the suitability with the burden, duty and responsibility assigned and compared with the compensation of the directors in the listed companies in the similar industry and business for the compensation. Including considering the overall operation results, business environment, so it resolved to set up the remuneration for the directors 2014 in the same rates as the year 2013 with details on it as follows:

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

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

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

● **The compensation for the directors classified by individual for 2014**

Name of the Directors	Remuneration for director (Baht)	Meeting Allowance (Baht)				Total Monetary Remuneration (Baht)
		Board of Directors	Executive Committee	Audit Committee	Nomination and Remuneration Committee	
1. General Lertrat Ratanavanich	1,200,000	37,250	-	-	-	1,237,250
2. Dr. Somsak Leeswadtrakul *	-	-	-	-	-	-
3. Mr. Ryuzo Ogino *	-	-	-	-	-	-
4. Khunying Patama Leeswadtrakul *	-	-	-	-	-	-
5. Prof. Paichitr Rojanavanich	720,000	35,000	-	50,000	-	805,000
6. Mr. Yanyong Kurovat	240,000	35,000	-	-	-	275,000
7. Mr. Teerapol Pussadet	200,000	30,000	-	40,000	6,250	316,250
8. Mr. Chainarong Monthienvichienchai	240,000	30,000	-	25,000	-	295,000
9. Mr. William Anthony Gloyne *	-	-	-	-	-	-
10. Mr. Paul Russell Smith *	-	-	-	-	-	-
11. Mr. Michael Wyer	-	-	-	-	-	-
12. Mr. Sittisak Leeswadtrakul *	-	-	-	-	-	-
13. Ms. Soontareeya Wongsirikul * **	-	-	-	-	-	-
Total	2,640,000	167,250	-	115,000	6,250	<u>2,928,500</u>

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

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

Personnel

Number of Personnel

As of 31 December 2014 the Company had the total of 591 employees, with the number of employees in each division as follows:

Division	Number of Employees
The Management	14
Personnel and General Administration	28
Accounting and Finance	43
Purchasing and Transport	52
Sales and Marketing	4
Information for Management	13
Production	195
Planning and Product Development	44
Engineering and Maintenance	191
Vocational Health, Safety and the Environment	5
Internal Audit	2
Total	591

Personnel Compensation

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

Compensation	Amount (Million Baht)
Salary	255
Fringe Benefit	38
Contribution to the Provident Fund	9
Total	302

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. 2014	As of 31 Dec. 2013	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	1,854,778,099	1,520,231,299	334,546,800
8. Mr. William Anthony Gloyne	-	-	-
9. Mr. Yanyong Kurovat	-	-	-
10. Mr. Paul Russell Smith	-	-	-
11. Mr. Michael Wyer	-	-	-
12. Mr. Sittisak Leeswadtrakul	-	-	-
13. Ms. Soontareeya Wongsirikul	-	-	-

Change in Shareholding of the Management

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

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, experiences and specializations that are beneficial to the Company. It includes the dedication of time and effort in the performance of duty. It is complemented to have a strong board, and there are appointments of the committees to relieve the burden/duty and ad hoc committees with the details appear in the heading on the structure of management.
- The Board of Directors considers the management that has transparency and accountability as priority. Thus, the Chairman of the Company is an outside director, and not the same one with the executives or CEO. Meanwhile, the board has approved the definition of the outside directors to be stricter than required by the SEC, such as the independent directors can hold shares by no more than 0.5 percent, which is more than the requirement by the SEC.
- In the process of recruitment of the directors, the directors have designated the formal methodology based on the principle of transparency, free from the influence of the management or the shareholders with the control power. That is the recruitment committee shall recruit the directors by selecting the suitable persons considering from the qualification, capability, experiences, etc. to coincide with the missions/duties of the directors and/or committee members in the various committees. After the suitable selection of the directors, so it is presented to the board of directors for approval/appointment of the directorship.
- The Board of Directors has arranged to reveal the names of the directors and its committees on the name, title, age, education background, ratio of shareholding, working experience and relations with the management in the various channels, including in the annual report and the company's website.

Executive Committee

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

Audit Committee

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

In 2014, the Audit Committee convened 8 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	8 / 8	
2.	Mr. Chainarong Monthienvichienchai	5 / 8	
3.	Mr. Teerapol Pussadet	8 / 8	
4.	Mr. Michael Wyer	0 / 8	Mission aboard

Nomination and Remuneration Committee

For the 4 directors retiring at the end of their terms in the year 2014, the Nomination and Remuneration Committee had considered their qualifications, knowledge, capability, experience and good performance in the Company's business, and ethics, to be proposed to the Board of Directors' meeting to reelect the 4 retiring directors to serve for another term, namely; Mr. Ryuzo Ogino, Mr. Yanyong Kurovat, Mr. Chainarong Monthienvichienchai and Mr. Paniti Junhasavasdikul and approved by the Annual General Meeting of the Shareholders for the year 2014.

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

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

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

Risk Management Committee

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

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

Recruitment and Appointment of the Directors and the Senior Management

Independent Directors

Definition

Independent Director

Independent director means the directors who have the following specifications:

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

Criteria in selecting independent directors

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

Director recruitment

Criteria in selecting independent directors :

(1) Nomination and Remuneration Committee

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

1. Qualification as per Clause 68 of the Public Limited Company Act B.E. 2535, and announcement or rules and regulations of the Stock Exchange of Thailand and the Securities and Exchange Commission (SEC) and the Company's regulations.
2. The candidates' knowledge, capability, experience and specializations that would contribute to the Company's operational efficiency.
3. The candidates' qualifications shall support good corporate governance practices, such as ethics, independence, assertiveness, creativity, carefulness and integrity as well as ability to dedicate their time for the Company.

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

The election of the directors to replace the rotated directors at the expiry period shall require appointing from the annual general meeting (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 more stringent than the minimum requirement of the SEC and the SET on shareholding. That is, the independent directors may not hold shares more than 0.5 percent of the entire voting shares of the company, its subsidiaries, affiliates or corporations, which may have a conflict of interest, and the SEC and the SET have set at no more than 1 percent.

Supervision of the Subsidiaries

1. Siam Professional Holdings 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 Ms. Soontareeya Wongsirikul.

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 and Mr. Yanyong Kurovat.

4. GS Security Holdings 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 Holdings 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 and Mr. Yanyong Kurovat.

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

Control of the use of internal information

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

The Audit Committee had 8 meetings in 2014, to review justification of related transactions, adequacy of internal control system, including meeting with independent auditor to examine financial statements and data disclosure revision, and also to scrutinize the annual audit plan as well as to monitor the results of the internal audits.

The use of internal information Policy

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

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

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

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

Employee development policy

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

Dividend payment policy

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

Remuneration for the Auditors

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

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

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

Compliance with the good Governance Principle in Other Matters

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

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

Part 1 : Shareholders' Rights

1.1 CG on Shareholders' Right Protection Policy

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

Policy on shareholders' right protection

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

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

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

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

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

- The Board of Directors and the Management have implemented the policy relating to shareholders' right that covers more the rights than those required by law, especially the right to general and significant information. At the 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 ("TSD"), which is the Company's share registrar, to distribute the invitation to the Annual General Meeting of the Shareholders to all shareholders 14 days prior to the meeting date in order to provide shareholders with sufficient time to study the information. Such delivery period of meeting documents was more than that specified by the applicable laws.

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

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

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

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

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

1.4 Facilitating shareholders to exercise rights

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

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

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

1.5 Providing time and opportunity for shareholders to express their opinions

- The Chairman of the Board of Directors asked the meeting at the end of each agenda whether the shareholders ask questions related to the meeting agenda or related to the Company, whereby they could openly express their opinion. Any

questions related to the meeting agenda or the Company together with shareholders' opinion as well as the answers or clarification made by the Board of Directors or the Company's management, were entirely recorded in the minutes.

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

1.6 Directors to attend the shareholders' meeting

- With fully respect of shareholders' right, 13 members of the Board of Directors attended Annual General Meeting of the Shareholders for the year 2014.

It could be concluded that the Company has developed organizing the Annual General Meeting of Shareholders for the year 2014 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 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 the facilitation policy for minor shareholders was set as follows:

Policy on facilitating the minor shareholders

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

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

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

1. The qualifications of shareholders entitled to propose issue for the annual general meeting of shareholders agenda shall be the shareholder holding not less than 100,000 shares, maybe a sole shareholder or combined shareholders, holding 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 Annual General Meeting for the year 2014" with related complete and entire documents, to be submitted to the Company.
3. Criteria to reject the issues proposed:

(1) Issue proposed by the shareholder with incomplete qualification, incomplete or inaccurate documents, or not propose in time.

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

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

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

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

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

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

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

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

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

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

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

- The Company allowed and assisted any shareholders to nominate in advance qualified person for director position by providing the consideration criteria published via the data system of SET and the Company's website 3 months prior to the 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 to consider and propose to the Annual General Meeting of Shareholders for the year 2014. In 2014, none of shareholders made nomination. The nomination criteria were the followings:

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

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

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

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

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

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

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

4. The Nomination Committee shall consider the nominee selection under the procedure of director selection to propose to the Board of Director and notify the consideration result after the meeting of the Board of Directors 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. An independent directors is 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, 44 shareholders authorized the independent director to attend the meeting and vote on behalf of them in the Annual General Meeting of Shareholders for the year 2014.

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

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

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

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

Part 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@gsteel.com

Policy on treatment to creditors

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

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

3. Shareholders

Policy on treatment to shareholders

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

2) The Company is responsible for promoting and encouraging shareholders to exercise their right at the Annual General Shareholders' Meeting, including the right to propose agenda in advance, the right to nominate directors in advance, the right to propose questions to the meeting prior to the meeting date, the right to express opinion and ask questions in the meeting, etc. through the channel;

Compliance

Mr. Poonyavee Chaiyarungsakul

Tel. 0-2634-2222 ext. 1175

e-mail: info@gsteel.com

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

4. Community around factory

Policy on treatment to community around factory

1) The Company and its employees shall embrace good citizenship qualities and make contribution to the society and community.

2) The Company is responsible for friendly dealing with people living near the plant, providing assistance and promoting quality of life, 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@gsteeel.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 past year, 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;

<p>Internal Audit Ms. Sophit Changaroon Tel. 0-2634-2222 ext. 1241 e-mail : info@gsteeel.com</p>
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- 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 Nomination and Remuneration Committee formulated the policy on remuneration for directors, Chief Executive Officer and top executives as follows;

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

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

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

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

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

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

4.3 Board of Directors' Report

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

4.4 Roles and duties of the Board of Directors and Committees

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

Board of Directors

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

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

No.	Board of Directors	Attendance / No. of meetings	EGM No. 1/2014	2014 AGM
1.	General Lertrat Ratanavanich*	6 / 7	✓	✓
2.	Dr. Somsak Leeswadtrakul	7 / 7	✓	✓
3.	Mr. Ryuzo Ogino	7 / 7	✓	✓
4.	Khunying Patama Leeswadtrakul	4 / 7	✓	✓
5.	Prof. Paichitr Rojanavanich	7 / 7	Leave with advance notice	✓
6.	Mr. Yanyong Kurovat	7 / 7	✓	✓
7.	Mr. Teerapol Pussadet	6 / 7	✓	✓
8.	Mr. Chainarong Monthienvichienchai	6 / 7	✓	✓
9.	Mr. William Anthony Gloyne	4 / 7	✓	✓
10.	Mr. Paul Russell Smith	4 / 7	✓	✓
11.	Mr. Michael Wyer	0 / 7	✓	✓
12.	Mr. Sittisak Leeswadtrakul	5 / 7	✓	✓
13.	Ms. Soontareeya Wongsirikul*	-	-	-

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

4.5 Relationship with investors

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

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

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

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

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

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

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

Part 5 : The Board of Directors' Responsibilities

5.1 Policy on Good Corporate Governance

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

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

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

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

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

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

6. Controlling and managing risks at the appropriate level.

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

5.2 Structure of the Board of Directors

• The Board of Directors comprises 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 and independent directors totaling 6 persons, together with 7 executive directors forming as 13 members of the Board of Directors. The balance of power by independent directors is 38% which is over half the Board of Directors.

5.7 Integration or segregation of positions for managerial balance of power

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

5.8 Committees

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

5.9 Roles and responsibilities of the Board of Directors

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

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

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

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

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

5.10 The Board of Directors' meeting

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

- Before the Board of Directors' each meeting in 2014, in late 2013 the 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 7 days prior to the meeting.

- The meetings were strictly held in compliance with the Company's rules and regulations, and the Public Limited Company Act B.E. 2535. The directors were given opportunity to discuss carefully the important problems. The 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 2014, the Nomination and Remuneration Committee resolved, in accordance with the scope of duty and responsibility assigned and at the same range as that offered to directors in listed companies of similar size and in the same industry, and also the Company's performance, business environment and economy as a whole, to propose to the Board of Directors and to the Shareholders in the Annual General Shareholders' Meeting to approve the total amount of the Directors' remuneration 2014 same as rates 2013 year.

5.13 Directors and executives development

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

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

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

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

Risk Factors and Risk Management

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

Production risk

1) Risk from volatility of costs of raw material

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

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

Environmental and personnel risk

1) Risk from pollution from production

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

At present Thailand has an obligation to comply with the FTA involved with the steel industry is the agreement of Japan-Thailand Economic Partnership Agreement (JTEPA) with the designation of duty-free quota (duty-free volume set by the Thai government each year). As for the hot-rolled steel coil imported from Japan is the pickled and oiled hot-rolled steel and hot-rolled steel coil for relaying to the cold roll manufacture. Since the domestic manufacturers cannot produce to meeting the current demand sufficiently, so our Company has been affected on the marketing opportunity, especially from the group that is using this type of goods. Nevertheless, in another aspect it is considered being an impetus for the Company to try to accelerate the capability to produce such goods in the quota to increase the potential to compete with the hot-rolled steel goods imported from Japan in the future long term.

Moreover, the free trade agreements between “ASEAN and China” and “ASEAN and South Korea,” in effect at present have the requirement to exempt the import duty (to zero) for other alloy steels. Other than the stainless steel, high-speed steel and silicon steel for electrical job, coil and non coil (that is produced insufficiently for the domestic demand) imported from the negotiating member countries by starting from the end of 2009 onwards. As a result, throughout 2012 up to 2013 the requirement for exempting the import duty gave benefits to the export manufacturers to Thailand increasingly until the hot-rolled steel manufacturers, including us, were damaged severely from the import of alloyed steel goods. For instance, the boron or chromium steel alloys imported in the abnormal trade characteristics and the hot-rolled and non-alloyed steels (carbon steel) that can be produced domestically were imported with considerably rapid increase and continuity. So the manufacturing group as the domestic manufacturers had petitioned to the Ministry of Commerce to consider designating the safeguard measures to solve this problem and find a remedy for the domestic industry urgently to the normal situation with effective results respectively. That is, the Ministry of Commerce announced enforcement of an injunction by collecting temporary protective duties from February 2013 to September 2013, and later on it announced the enforcement of the final protective measures by collecting the duty on such imports from September 2013 up to February 2016 (except the special-class goods level that our country can or cannot produce sufficiently, and the exemption on the imports for the export production or the similarity) throughout 2014. So we have benefited from the protective measures against the increased steel goods to alleviate the suffering of the domestic hot-rolled steel manufacturers from the impact of the FTA, is an adjustment to competition against the imports in the domestic Thai market further.

2) Risk from the Control of the Price by the Public Sector

Throughout 2014, according to the notification of Ministry of Commerce, the hot-rolled steel is one of multiple controlled items, but in practice, it is the follow-up on the movement of quantity and sales price in the country in terms of compromise. Since the public sector has the knowledge and understanding in the structure and situation on cost and expenditures of the manufacturers very well, as they have communicated with each other constantly. Also it is from the past-to-present experience that the manufacturer group has faced with the financial problem for a long time, is consistent with the mechanism of the world’s market, so there is no reason to raise the price at liberty, and the government need not be

strict on the control of the steel price whatsoever. In the situation that the foreign manufacturing volume has a glut, so the imported goods are dumped in the Thai market for several years.

Moreover, our Company has cooperated by notifying the goods quantity information and domestic sales price to the Department of Internal Trade. However, each manufacturer of the hot-rolled steel can adjust their goods price with rather independently but under the supervision of the Department of Internal Trade. The Company has a small level risk from being interrupted from an adjustment to the higher price. If the domestic sales price is increased higher within a short time, or during the Ministry of Commerce issues measures to hold back the prices of food or consumer goods, it may affect our ability to generate a higher revenue and profitability in the future. However, if the Company has necessity to raise the price, it can explain the details on the increased cost of raw materials and production cost that is in consistent with the increased sales price by justifications and necessity on the price increase later on.

3) Risk from the Policy of the Public Sector that Affects the Operations and their Result

Meanwhile, our Company operates the business in the heavy industry that the policy of the public sector can affect our operation results, Ever since we have been granted the investment privileges from the BOI and protection against the anti-dumping measures as well as the measures on protection against increased import, so our Company may have a risk from the business operations that may be affected when the public sector changes that policy.

We expect that a change of the policy related to the BOI may not affect us. However, because currently we have been granted a BOI certificate on the present operations and the expansion, but in the past a change of the policy of the public sector had no retrospective effect with the approved projects. While a cancellation of the anti-dumping and protective measures that the government may consider terminating later, if there is a reasonable cause, but the chance of happening is very low. It may affect the Company somewhat on the competition with the imports with the high potential, or that is benefited from the FTA. However, the Company expects that the cancellation of these measures may not take place recently, or if these measures are terminated partially may affect our operating results not much. Since we have the capability of the production on the goods meeting the standards with the cost level that is competitive with most of other competitors in the market, and we are still moving forwards to develop the product in parallel with the market development for business growth further.

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

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 2014. The findings are as follows;

1. Organization and environment

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

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

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

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

- The Company has prepared its working policy and procedure in writing on the financial transactions, purchasing and general management carefully, so it can prevent from corruption. Together with the establishment of power to approve the monetary limits clearly and it has developed the information system continuously for use as a tool in the control of corruption as well.

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

2. Risk management

- There are 1 Risk Management Committee meetings in 2014, to review and appraise the efficiency of risk management.

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

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

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

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

3. Operational control by the executives

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

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

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

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

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

4. Information and communication system

- For the Board of Directors' meeting, the 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.

Related Transactions

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

Persons with possible conflict of interest	Type of relationship	Transaction	Transaction value in 2014 (Million Baht)	Outstanding as of end of 2014 (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.	<ul style="list-style-type: none"> ▪ Deposit in related parties 	-	2	<ul style="list-style-type: none"> ▪ 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	<ul style="list-style-type: none"> ▪ Other creditor and accrued expenses - other related parties 	1	3	<ul style="list-style-type: none"> ▪ 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	<ul style="list-style-type: none"> ▪ Receivable from consulting service- a subsidiary ▪ Allowance for doubtful debts ▪ (Reversing entry) Doubtful debts ▪ Receivable from collateral 	<p>-</p> <p>-</p> <p>-</p> <p>-</p>	<p>1,147</p> <p>76</p> <p>720</p> <p>(720)</p>	<ul style="list-style-type: none"> ▪ Service fees for the Company’s consulting service provided to OAC in relation to production process management and other business advices ▪ New shareholder pledged its shares as collateral for obligations of OAC

Persons with possible conflict of interest	Type of relationship	Transaction	Transaction value in 2014 (Million Baht)	Outstanding as of end of 2014 (Million Baht)	Terms and conditions
		<ul style="list-style-type: none"> ▪ (Reversing) Allowance for doubtful debts ▪ Loans to related parties ▪ Allowance for doubtful debts ▪ Accrued interest income from related party ▪ Allowance for doubtful debts ▪ (Reversing) Allowance for doubtful debts 	- - - - - -	5 2,542 (2,542) 209 (209) 2	
G J Steel Public Co., Ltd. (“GJS”) <u>Type of business</u> - Hot Rolled Coil producer	A juristic person 26.835 % of whose shares are indirectly held by the Company and its subsidiaries, and having the interlocking directorate with the Company	<ul style="list-style-type: none"> ▪ Income from the consultancy on the operation ▪ received interest ▪ Debtor from selling raw materials and others ▪ Creditor of other related businesses 	7 - 162 193	- - 2 -	

Persons with possible conflict of interest	Type of relationship	Transaction	Transaction value in 2014 (Million Baht)	Outstanding as of end of 2014 (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 ▪ Loan to related parties ▪ Allowance for doubtful debts 	- 87 - - - -	19 140 561 1,086 1 1	<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 2014 (Million Baht)	Outstanding as of end of 2014 (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"> ▪ Debtor-other related business ▪ Allowance for doubtful debts ▪ (Reversing) Allowance for doubtful debts ▪ Debtor from selling raw materials ▪ Allowance for doubtful debts ▪ Debtor from selling steel scrap ▪ Allowance for doubtful debts ▪ Creditor-other related business. ▪ Advance money from the related business customer 	<ul style="list-style-type: none"> - - - - - - - 118 - 	<ul style="list-style-type: none"> 54 (54) - 1 (1) 338 (338) 19 1 	<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 2014 (Million Baht)	Outstanding as of end of 2014 (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>7</p>	<p>1</p> <p>22</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 ▪ Debtor-other related business 	<p>-</p> <p>770</p>	<p>1</p> <p>-</p>	<ul style="list-style-type: none"> ▪ Sales of hot rolled 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 2014 (Million Baht)	Outstanding as of end of 2014 (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"> ▪ Creditor-other related business ▪ Deferred interest-other related business ▪ Other creditor and deferred expense of other related business ▪ Other incomes 	6,624 42 50 40	1,146 1 4 -	- 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
M & L Steel Co., Ltd.	Business related to the shareholders of the Company	<ul style="list-style-type: none"> ▪ Another creditor and deferred expense of other related business 	33	4	
Metal Inter Co., Ltd.	Business related to the shareholders of the Company	<ul style="list-style-type: none"> ▪ Another creditor and deferred expense of other related business 	12	-	
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-subsidary 	-	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	- A loan agreement executed between the Company and Mrs. Nangnoi Traiwut on 28 March 2012 for the loan amount of Baht

Persons with possible conflict of interest	Type of relationship	Transaction	Transaction value in 2014 (Million Baht)	Outstanding as of end of 2014 (Million Baht)	Terms and conditions
					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
Renaissance Advisory Limited (“RA”)	directorship with the Company since 1 February 2013	▪ Receivable- other related persons	5	1	▪ Financial Advisor
Mr. Niram Ngamchamnanrit	Shareholder of the Company	<ul style="list-style-type: none"> ▪ Long-term loan from the related person due within one year. ▪ Long-term loan from related person 	<p>-</p> <p>-</p>	<p>88</p> <p>312</p>	<ul style="list-style-type: none"> ▪ On 17 February 2014 the Board of Directors Meeting approved signing the Financial Support Agreement that want loan amount of 400 million baht for 5 years with the interest 12% per annum

2. Connected Transaction between the Company and business alliances

Business alliances	Type of relationship	Transaction	Transaction value in 2014 (Million Baht)	Outstanding as of end of 2014 (Million Baht)	Terms and conditions
Nara International Co., Ltd. (“Nara”) <u>Type of business</u> ▪ Steel wholesaler and retailer ▪ Supplier of other industrial products	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	<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>109</p> <p>5</p>	<p>29</p> <p>(29)</p> <p>14</p> <p>9</p>	<ul style="list-style-type: none"> ▪ Sales of hot rolled 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 ▪ It is the rental of land for storing raw materials of the Company

Business alliances	Type of relationship	Transaction	Transaction value in 2014 (Million Baht)	Outstanding as of end of 2014 (Million Baht)	Terms and conditions
Federal Steel Industry Co., Ltd. (“Federal”) <u>Type of business</u> <ul style="list-style-type: none"> - 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 hot rolled 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> <ul style="list-style-type: none"> - Transporter - Steel wholesaler and retailer 	- Business alliances	<ul style="list-style-type: none"> ▪ Other Debtors ▪ Other creditors and accrued expenses 	- 145	1 7	<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 2014 (Million Baht)	Outstanding as of end of 2014 (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	3	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

3. 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 2014 the company focused on helping for the public interest towards the community and the environment, by sacrificing labor without incurring an expense such as the donations of blood, 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 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 Tong School, Rayong Province, on 24 July and 5 October 2014.

2. Participation in the Economic Development

- 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 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 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 2014 the activity was held twice on 14 January and 16 September 2014.

Notes and Analysis of Financial and Operational Performance Result

Notes and Analysis of Financial and Operating Results for the year 2014

In 2014 the Company and its subsidiaries had the consolidated revenue increased over 2013, which is the principal increase of the sales due to the increased production volume by both of them. Also the price of the hot-rolled steel sheet per ton on the average adjusted higher compared with the previous year. On the cost, they have the decreased cost per ton compared with 2013. However, the cost of sale is still high compared with the revenue from sales, including the Company had stopped production in the first quarter of 2014. So it had the expense on the administration that is shared from the empty production, as a results, they had a net loss for 2014.

Operating results

- **Revenue from sales and other incomes**

The Company and its subsidiaries had the revenue in 2014 totaling 24,245 million baht, increased by 77.61 percent, compared with 2013 in the amount of 13,651 million baht. The revenue increased from the increased sales by 146.81 percent, from 9,700 million baht in 2013 to 23,941 million baht in 2014, or 98.74 percent of the consolidated sales. The increased revenue resulted from the increase of both the sales volume and selling price of the hot-rolled steel sheet on the average per ton compared with the previous year. While the increased sales volume arose from the Company had returned to production during the demand for electricity at the off-peak hours from 3 April 2014 onwards, and could increase the production volume to almost its full capacity during the off-peak hours in the fourth quarter of 2014. Meanwhile, GJ Steel could increase the production to its almost full production during the off-peak hours with the production rate of 81 percent of the maximum production capacity during the off-peak hours. The balance revenue is 304 million baht, or 1.26 percent of the consolidated revenue is the profit from the debt restructuring, the restatement of the bad debts and doubtful debts and other revenues.

- **Profit from the debt restructuring**

In 2014 the Company and its subsidiaries had a profit from debt restructuring with the trade creditors and debts under the business rehabilitation amounts to 110 million baht, or 0.45 percent of the consolidated revenue, from the Company could negotiate and pay the debts with the creditors, so it received the haircut.

- **Expense on sale**

The Company and its subsidiaries had the expenses from sales in 2014 amounted to 415 million baht, or 1.71 percent of the consolidated revenue, increased by 283.95 percent compared with the previous year, as a result from the increased sales.

- **Expense on the management**

The Company and its subsidiaries had the expense in the management for 2014 in the amount of 1,507 million baht, or 6.21 percent of the consolidated revenue, reduced by 52.47 percent, compared with the past year. Due to the expense arose from the shared cost of the vacated production and the reduced cost of the operation consulting fees.

- **Other expenses**

The Company and its subsidiaries had other expenses for 2014 of 447 million baht, or 1.84 percent of the consolidated revenue, reduced by 74.57 percent from 2013 of 1,758 million baht. The main reason is from the consulting fees from the debt restructuring and net loss from the currency exchange reduced.

- **Financial cost**

The Company and its subsidiaries had the financial cost for 2014 of 474 million baht, or 1.96 percent of the consolidated revenue, or reduced by 12.33 percent, compared with the previous year. The principal reason was that it succeeded in the debt restructuring with multiple trade creditors.

- **Gross and net profit (loss)**

The operating results in 2014, the Company and its subsidiaries had the gross profit totaling 543 million baht, with the essential factor that turned the Company from the gross loss to gross profit arose in 2014 when it started the production in the second quarter. It increased the continuous production respectively up to now, and the average sales price per ton and the ready-made goods sales volume increased while the average cost sale per ton decreased when compared to 2013. However, the Company and its subsidiaries still had the net loss of 2,166 million baht, or the reduced loss by 6.47 percent, compared with the net loss in 2013 amounts to 2,316 million baht, resulted in the net loss per share of 0.05 baht, because the gross profit still did not cover the expenses on sales, management and cost of capital.

As for the specific balance sheet of the Company, it had the gross profit of 21 million baht according to the reason explained in the previous paragraph, and the Company had the net loss of 1,944 million baht, or the decreased loss by 37.28 percent when compared with the net loss of 2013 at 3,099 million baht, from the increased sales. The expense used in the management is shared from the vacated production cost, including other decreased expenses such as the consultant fees for the debt restructuring and loss from the decreased net currency exchange. Nonetheless, the expenses were still higher, so the Company still had the net operation loss.

Financial Status

- **Consolidated assets**

At of 31 December 2014 the Company and its subsidiaries had the consolidated assets of 37,467 million baht, increased by 0.48 percent, compared with the previous year. The entire assets are divided into current assets of 4,427 million baht, increased by 79.26 percent over the previous year, with the non-current assets of 33,040 million baht, decreased by 5.11 percent from the previous year. The current assets increased from the principal inventory from 1,480 million baht at the end of 2013 to 3,331 million baht at the end of 2014 from the resumption of production and GJ Steel could increase the production to almost its full capacity during the off-peak hours.

- **Cash and the equivalent**

As of 31 December 2014 the Company and its subsidiaries had cash and the equivalent of 248 million baht, increased by 32 million baht, or 14.56 percent over 2013, due to they had net cash from the monetary procurement activity of 264 million baht. They are cash received from the long-term loan of 436 million baht and the short-term loan of 20 million

baht plus the cash received from the investment activity of 111 million baht, but the cash spent on the operation activity by 343 million baht (see details in the cash flow).

- **Trade debtors**

As of 31 December 2014 the Company and its subsidiaries have the trade debtors of 1,279 million baht, deducted for the reserve of the doubtful debts by 1,082 million baht, leaving the net trade debtors by 197 million baht, a net decrease of 12 million baht compared with 2013. However, the Company has followed up on the owed debts closely.

As for the policy on allowance for the doubtful debts, the Company and its subsidiaries put a reserve for them at the end of 2014 amounted to 1,082 million baht, was reduced by 1 million baht over 2013.

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 Meeting No. 6/2013 held on 29 April 2013. The term of office of the committee member shall be 3 years commencing from 29 April 2013 to 29 April 2016. The Audit Committee comprises the independent directors 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
4.	Mr. Michael Wyer	Audit Committee Member

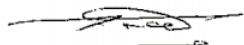
Ms. Sophit Changaroon, the Internal Audit Department Manager, was appointed by the Audit Committee as secretary to the Audit Committee.

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 period ended 31 December 2014, the audit committee verified the correctness and sufficiency in the essence according to the generally accepted accounting principles. It includes the consideration on the internal audit, risk rating and various job performances to comply with the legitimate requirements. This verification did not verify all items, but use the method of testing on the items that deemed to have importance according to the work plan of the audit section.

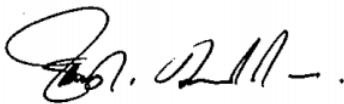
The audit committee did not find any essential shortcomings in the internal audit with impact on the financial statement significantly, and it has reported the results on the audit to the Board of Directors Meeting for acknowledgement already.

Audit Committee



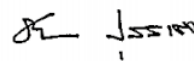
(Prof. Paichitr Rojanavanich)

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 Statements

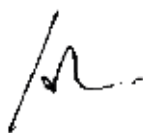
The Company's Board of Directors is responsible for Financial Statements of the Company and its subsidiaries including financial information appearing in the Annual Financial Report. Such Financial Statements are prepared in accordance with the generally accepted accounting standards with the selection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

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

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

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

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



(General Lertrat Ratanavanich)
Chairman of the Board of Directors



(Ryuzo Ogino)
Director

Independent Auditor's Report

**To The Shareholders and Board of Directors of
G 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 2014, the related consolidated statements of changes in shareholders' equity, income, comprehensive income and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, and I have also audited the separate financial statements for the same year of G 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 2014, 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 2014, the results of its operations and its cash flows for the year then ended in accordance with Financial Reporting Standards.

Emphasis of Matters

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

- (5) As mentioned in the Notes 1.2 to financial statements regarding going concern that as of 31 December 2014 and 2013 part of financial position of the 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	
	2014	2013	2014	2013
(1) Loss for the years	2,166	2,332	1,944	3,115
(2) Deficit	18,609	16,336	20,432	18,488
(3) Current liabilities exceed current assets	13,399	12,323	11,227	10,255

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 81% 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 84% 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 have cooperated with the other hot-rolled flat steel producers (collectively called "the domestic industry"), filed the petitions for trade remedies to the Thai government, led by Ministry of Commerce, as consequences to serious injuries caused by unfair trade practice in the forms of dumping import hot-rolled steel flat products and import surge to Thailand that also have dampened the stability of Thailand's economy. Up to the present, Ministry of Commerce had made several determinations and notifications of antidumping measures and safeguard measures in order to help the domestic industry to stand and compete with the import goods on a fair trade basis and to adjust themselves to further stand for increasing competition with the import goods in the domestic market, as per the following summary of the trade measures ;

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

The measures above have brought back the situation to normalcy.

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

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

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

e) Cooperation with trading partners

The 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 15 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 2014 and 2013 may be impaired. However, for the sake of certainty, during the 2nd Quarter of year 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 2014 and 2013 there are no factor indicated that the book value of the land, buildings and equipment may be impaired.



(CHAIYUTH ANGSUWITHAYA)

Certified Public Accountant

Registration No. 3885

A.M.T. & ASSOCIATES

Bangkok, Thailand

February 26, 2015

Statement of financial position

G Steel Public Company Limited and its Subsidiaries

Assets	Note	Consolidated financial statements		Separate financial statements	
		31 December		31 December	
		2014	2013	2014	2013
		(in Baht)			
Current assets					
Cash and cash equivalents	7, 46	247,870,510	216,359,866	4,272,201	12,642,583
Trade accounts receivable	5, 6, 8	197,100,967	209,400,196	-	-
Amounts receivable from related parties	5	1,731,952	-	1,731,952	173,721
Receivable from related party for offsetting transaction	5	-	-	-	-
Inventories	9	3,331,179,283	1,480,470,994	2,236,932,060	586,622,559
Receivables from scrap sales	5, 10	-	-	-	-
Other current assets	5, 6, 11	649,000,276	563,279,769	363,758,563	153,912,706
Total current assets		4,426,882,988	2,469,510,825	2,606,694,776	753,351,569
Non-current assets					
Restricted deposits at financial institutions	12, 46	-	714,883	-	-
Investments in subsidiaries	13	-	-	4,343,565,015	4,627,211,272
Advance payment for purchases of property, plant and equipment	14	210,000,000	210,000,000	-	-
Property, plant and equipment	15	32,183,417,363	33,952,496,277	14,815,145,820	15,658,953,953
Intangible assets	16	34,197,581	39,916,666	9,924,593	11,602,642
Cash guarantee for the utility usage	17	252,000,000	252,000,000	-	-
Other non-current assets	5, 6, 19	360,177,810	364,199,703	143,761,464	150,128,589
Total non-current assets		33,039,792,754	34,819,327,529	19,312,396,892	20,447,896,456
Total assets		37,466,675,742	37,288,838,354	21,919,091,668	21,201,248,025

The accompanying notes are an integral part of these financial statements

Statement of financial position (Continued)

G Steel Public Company Limited and its Subsidiaries

	<i>Note</i>	Consolidated financial statements		Separate financial statements	
		31 December		31 December	
Liabilities and equity		2014	2013	2014	2013
		<i>(in Baht)</i>			
<i>Current liabilities</i>					
Short-term loans from financial institution	20, 46	435,939,620	435,078,210	435,939,620	435,078,210
Trade accounts payable	5, 6, 21, 46	8,463,906,690	6,126,215,405	6,226,460,395	4,879,049,366
Amount due to related parties	5	-	-	18,954,304	18,954,304
Current portion of liabilities under rehabilitation plan	27	515,631,731	560,593,085	271,420,440	291,723,887
Current portion of long-term loan from related party	5, 20	88,000,000	-	88,000,000	-
Current portion of bonds	20, 46	513,665,204	511,124,273	513,665,204	511,124,273
Short-term loan from other parties	20	77,160,397	117,255,757	40,868,482	55,000,000
Loan from shareholder	1.3(d), 20	36,350,000	223,933,609	36,350,000	36,350,000
Advances received from customers	5, 23	332,621,227	370,446,342	25,904,965	45,354,649
Other payables and accrued expenses	5, 6, 22	2,944,800,128	2,528,726,337	1,642,521,278	1,264,309,584
Accrued interest expenses	24	1,681,630,458	1,305,191,123	841,562,609	855,770,133
Provisions	25	2,367,766,966	2,306,559,579	3,034,853,998	2,253,977,576
Other current liabilities	5, 20, 26	368,688,384	308,130,105	656,870,166	360,838,553
Total current liabilities		17,826,160,805	14,793,253,825	13,833,371,461	11,007,530,535
<i>Non-current liabilities</i>					
Liabilities under rehabilitation plan - net of					
current portion	27	245,679,591	230,671,273	245,679,591	230,671,273
Trade accounts payable	21, 46	577,708,231	1,233,430,964	577,708,231	283,781,713
Long-term loan from related party	5, 20	312,000,000	-	1,398,448,332	1,086,448,332
Long-term loan from other party	20	36,000,000	-	36,000,000	-
Other payables and accrued expenses	22	1,211,111,780	1,397,150,285	663,314,322	689,125,525
Accrued interest expenses	24	312,701,823	23,220,830	312,701,823	23,220,830
Provision	25	657,234,921	1,680,933,143	175,408,316	1,269,407,905
Employee benefit obligations	28	73,934,147	55,312,010	36,736,837	27,289,426
Total non-current liabilities		3,426,370,493	4,620,718,505	3,445,997,452	3,609,945,004
Total liabilities		21,252,531,298	19,413,972,330	17,279,368,913	14,617,475,539

The accompanying notes are an integral part of these financial statements

Statement of financial position (Continued)

G Steel Public Company Limited and its Subsidiaries

Liabilities and equity	Note	Consolidated		Separate	
		financial statements		financial statements	
		31 December		31 December	
		2014	2013	2014	2013
		(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	34,250,904,817	34,250,904,817	34,250,904,817
Warrants	31	14,049,679	14,049,679	14,049,679	14,049,679
Additional paid in capital:					
Share discount	29	(10,163,275,674)	(10,163,275,674)	(10,163,275,674)	(10,163,275,674)
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		(18,609,313,722)	(16,336,207,644)	(20,432,240,047)	(18,488,190,316)
Own shares held by a subsidiary	32	-	(115,136,600)	-	-
Equity attributable to owners of the Company		6,462,649,080	8,620,618,558	4,639,722,755	6,583,772,486
Non-controlling interests		9,751,495,364	9,254,247,466	-	-
Total equity		16,214,144,444	17,874,866,024	4,639,722,755	6,583,772,486
Total liabilities and equity		37,466,675,742	37,288,838,354	21,919,091,668	21,201,248,025

The accompanying notes are an integral part of these financial statements

Statement of income

G Steel Public Company Limited and its Subsidiaries

	Note	Consolidated		Separate	
		financial statements		financial statements	
		For the year ended 31 December		For the year ended 31 December	
		2014	2013	2014	2013
(in Baht)					
Income					
Revenue from sale of goods	5, 6, 33, 44	23,940,851,488	9,699,661,821	9,427,851,680	16,105,461
Reversal of bad and doubtful debts expense	38	981,901	-	-	-
Reversal of loss on devaluation of inventories	9	-	82,313,460	-	889,713
Reversal of provision for tax related liabilities	25	-	1,849,035,739	-	1,180,288,949
Reversal of provision for court case claim		-	-	-	-
Reversal of provision for loss on purchase orders					
for undelivered raw material	25	-	219,299,975	-	32,428,573
Gain from debt restructuring	21, 34	109,683,982	1,539,028,785	62,715,993	26,436,850
Other incomes		193,651,398	261,215,800	130,618,471	144,291,323
Total income		24,245,168,769	13,650,555,580	9,621,186,144	1,400,440,869
Expenses					
Cost of sale of goods	4, 9	23,398,174,995	10,385,948,582	9,406,895,256	27,008,935
Selling expenses	35	414,715,330	108,012,161	262,022,376	235,641
Administrative expenses	5, 36	1,506,570,942	3,169,397,564	771,636,347	1,902,370,922
Loss on devaluation of inventories	9	108,226,782	-	159,873,687	-
Loss on confirmed purchase orders					
for undelivered raw materials	25	41,638,235	-	41,638,235	-
Bad and doubtful debts expense	38	-	3,958,542	6,111,724	27,471,547
Other expenses	40	446,961,803	1,757,881,488	513,208,992	2,237,983,190
Finance costs	42	474,421,005	541,142,806	403,849,258	320,668,761
Total expenses		26,390,709,092	15,966,341,143	11,565,235,875	4,515,738,996
Loss before income tax expense		(2,145,540,323)	(2,315,785,563)	(1,944,049,731)	(3,115,298,127)
Income tax expense	43	20,234,481	15,719,030	-	-
Loss for the years		(2,165,774,804)	(2,331,504,593)	(1,944,049,731)	(3,115,298,127)
Loss attributable to :					
Owners of the Company		(1,870,079,984)	(1,250,841,426)	(1,944,049,731)	(3,115,298,127)
Non-controlling interests		(295,694,820)	(1,080,663,167)	-	-
Loss for the years		(2,165,774,804)	(2,331,504,593)	(1,944,049,731)	(3,115,298,127)
Loss per share	45				
Loss per share		(0.05)	(0.04)	(0.06)	(0.10)

The accompanying notes are an integral part of these financial statements

Statement of comprehensive income

G Steel Public Company Limited and its Subsidiaries

	Note	Consolidated		Separate	
		financial statements		financial statements	
		For the year ended 31 December		For the year ended 31 December	
		2014	2013	2014	2013
		(in Baht)			
Loss for the years		(2,165,774,804)	(2,331,504,593)	(1,944,049,731)	(3,115,298,127)
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 years		(2,165,774,804)	(2,315,548,645)	(1,944,049,731)	(3,099,342,179)
Profit (loss) attributable to :					
Equity holders of the parent		(1,870,079,984)	(1,234,885,478)	(1,944,049,731)	(3,099,342,179)
Non - controlling interests		(295,694,820)	(1,080,663,167)	-	-
Total comprehensive income (loss) for the years		(2,165,774,804)	(2,315,548,645)	(1,944,049,731)	(3,099,342,179)

The accompanying notes are an integral part of these financial statements

G Steel Public Company Limited and its Subsidiaries

The accompanying notes are an integral part of these financial statements

Statement of changes in equity (continued)

G Steel Public Company Limited and its Subsidiaries

Consolidated financial statements												
		Other Components of equity										
				Surplus on ordinary shares		Retained earnings (deficit)		Other comprehensive income (loss)	Equity attributable to owners of the Company	Non-controlling interests	Total equity	
	Note	Issued and paid-up share capital	Warrants	Share premium (discount)	Premium on capital reduction	Legal reserve	Unappropriated (in Baht)	Actnarial gains (losses) on defined employee benefit plans	Own shares held by the subsidiary			
Year ended 31 December 2013												
Balance as at 1 January 2013		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
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	-	47,663,400
Total contributions by and distributions to owners of the Company		7,327,777,258	2,697,306	(4,738,369,366)	-	-	-	-	47,663,400	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
Total transactions with owners, recorded directly in equity		7,327,777,258	2,697,306	(4,738,369,366)	-	-	796,656,712	-	47,663,400	3,436,425,310	2,736,487,402	6,172,912,712
Comprehensive income for the years												
Loss for the years		-	-	-	-	-	(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	-	15,955,948
Transfer to retained earnings (deficit)		-	-	-	-	-	15,955,948	(15,955,948)	-	-	-	-
Total comprehensive income for the years		-	-	-	-	-	(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)	-	(115,136,600)	8,620,618,558	9,254,247,466	17,874,866,024

The accompanying notes are an integral part of these financial statements

Statement of changes in equity (continued)

G Steel Public Company Limited and its Subsidiaries

	Separate financial statements						Other Components of equity Other comprehensive income (loss) Actuarial gains (losses) on defined employee benefit plans	Total equity
	Issued and paid-up share capital	Warrants	Surplus on ordinary shares Share premium (discount)	Premium on capital reduction	Retained earnings (deficit) Legal reserve	Unappropriated		
Year ended 31 December 2014								
Balance at 1 January 2014	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
Transactions with owners, recorded directly in equity								
<i>Contributions by and distributions to owners of the Company</i>								
Issue of warrants	-	-	-	-	-	-	-	-
Conversion of debts to share capital	-	-	-	-	-	-	-	-
Total contributions by and distributions to owners of the Company	-	-	-	-	-	-	-	-
Total transactions with owners, recorded directly in equity	-	-	-	-	-	-	-	-
Comprehensive income for the years								
Loss for the years	-	-	-	-	-	(1,944,049,731)	-	(1,944,049,731)
Other comprehensive income	-	-	-	-	-	-	-	-
Transfer to retained earnings (deficit)	-	-	-	-	-	-	-	-
Total comprehensive income for the years	-	-	-	-	-	(1,944,049,731)	-	(1,944,049,731)
Balance at 31 December 2014	34,250,904,817	14,049,679	(10,163,275,674)	206,307,094	763,976,886	(20,432,240,047)	-	4,639,722,755

The accompanying notes are an integral part of these financial statements

Statement of changes in equity (continued)

G Steel Public Company Limited and its Subsidiaries

	Note	Separate financial statements						Other Components of equity	Total equity
		Issued and paid-up share capital	Warrants	Surplus on ordinary shares Share premium (discount)	Premium on capital reduction	Retained earnings (deficit) Legal reserve	Unappropriated	Other comprehensive income (loss) Actnarial gains (losses) on defined employee benefit plans	
Year ended 31 December 2013									
Balance at 1 January 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
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
Total contributions by and distributions to owners of the Company		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 years									
Loss for the years		-	-	-	-	-	(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 years		-	-	-	-	-	(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 these financial statements

Statement of cash flows

G Steel Public Company Limited and its Subsidiaries

Note	Consolidated		Separate	
	financial statements		financial statements	
	For the year ended 31 December		For the year ended 31 December	
	2014	2013	2014	2013
	(in Baht)			
Cash flows from operating activities				
Loss for the years	(2,165,774,804)	(2,331,504,593)	(1,944,049,731)	(3,115,298,127)
Adjustments for				
Depreciation and amortisation	1,955,072,436	1,884,362,360	901,214,671	891,563,186
Unrealised (gain) loss on exchange	65,425,719	739,836,344	59,534,807	409,583,849
(Reversal of) loss on devaluation of inventories	108,226,782	(82,313,460)	159,873,687	(889,713)
(Reversal of) loss on confirmed purchase orders for raw material	41,638,235	(219,299,975)	41,638,235	(32,428,573)
Loss on written off inventories	-	75,000,000	-	-
Gain from debt restructuring	34 (109,683,982)	(1,539,028,785)	(62,715,993)	(26,436,850)
Gain from offsetting transaction	-	(12,327,498)	-	-
(Reversal of) bad and doubtful debts expense	(981,901)	3,958,542	6,111,724	27,471,514
Write-off advance payment for purchase goods	-	2,081,163	-	2,081,163
Loss on impairment of assets	39 -	86,623,972	14,017,005	425,856,886
Loss on written off assets	744,087	-	-	-
Advisory fee for debt restructuring paid by shares	40 -	487,100,967	-	367,911,872
Loss on sale of investment in subsidiaries	40 84,018,600	-	194,829,252	433,753,918
Provision for court case claim	25 265,104,299	348,350,570	226,528,307	254,071,828
Provision for tax - related liabilities	25 -	101,710,992	-	61,436,630
Reversal of provision for tax - related liabilities	25 (8,217,856)	(1,849,035,739)	-	(1,180,288,949)
Provision for a gurantee of subsidiary	25 -	-	13,428,223	273,303,381
Loss on guarantee of shares market value	40 -	10,800,000	-	10,800,000
Finance costs	40 474,421,005	541,142,806	403,849,258	320,668,761
Interest income	(4,226,470)	(3,157,164)	(215,140)	(713,727)
(Gain) loss from disposal of assets	-	(423,133)	-	(438,025)
Employee benefit obligations	18,622,138	23,447,863	9,447,411	14,305,415
Income tax expense	20,234,481	15,719,030	-	-
Income from insurance claim	-	(133,490,150)	-	(133,490,150)
	744,622,769	(1,850,445,888)	23,491,716	(997,175,711)
Changes in operating assets and liabilities				
Trade accounts receivable	(56,992,954)	(21,182,233)	-	-
Amount due from related parties	(1,731,952)	-	(1,558,231)	(173,688)
Inventories	(1,958,935,070)	(570,226,648)	(1,810,183,187)	(57,317,762)
Receivables from scrap sales	-	80,033	-	80,033
Other current assets	(144,961,725)	(82,425,165)	(208,460,997)	(24,971,858)
Cash guarantee for the utility usage	-	(232,000,000)	-	-
Other non-current assets	(177,290,319)	(108,383,510)	(48,861,957)	(16,463,488)
Trade accounts payable	1,107,881,185	458,607,303	1,045,623,832	144,462,894
Advances received from customers	(37,825,115)	90,882,768	(19,449,684)	(4,089,733)
Other payable accrued expenses	354,093,238	393,457,662	377,083,614	168,355,154
Other current liabilities	(125,558,334)	(303,429,294)	(36,090,167)	(2,511,941)
Cash received from insurance claim	-	133,490,150	-	133,490,150
Provision for tax-related liabilities paid	-	(1,269,950)	-	-
Provision for court case claim paid	(26,042,635)	-	-	-
Income tax paid	(20,464,337)	(14,447,987)	(241,149)	(1,326,597)
Net cash flows used in operating activities	(343,205,249)	(2,107,292,759)	(678,646,210)	(657,642,547)

The accompanying notes are an integral part of these financial statements

Statement of cash flows (continued)

G Steel Public Company Limited and its Subsidiaries

	Note	Consolidated		Separate	
		financial statements		financial statements	
		For the year ended 31 December		For the year ended 31 December	
		2014	2013	2014	2013
(in Baht)					
Cash flows from investing activities					
Interest received		4,226,470	4,475,732	215,140	9,113,568
Decrease in restricted deposits					
at financial institutions		-	24,000,000	-	24,000,000
Purchase of property, plant and equipment		(1,506,768)	(54,383,603)	(490,405)	(41,890,088)
Proceeds from sales of property, plant and equipment		-	438,056	-	438,056
Proceeds from long-term loan to and receivables					
from former related parties		-	16,000,000	-	-
Cash payment to long-term loans and interest receivable					
from related parties		-	-	-	(424,321,532)
Cash payment to long-term loans to related parties		-	-	(2,107,500)	-
Proceeds from long-term loans and interest receivable					
from related parties		-	-	-	45,963,000
Cash payment for investment in subsidiaries		-	-	-	(152,866,350)
Proceed from disposal of investment in subsidiary		108,089,203	52,000,000	74,800,000	52,000,000
Net cash flows provided by (used in) investing activities		110,808,905	42,530,185	72,417,235	(487,563,346)
Cash flows from financing activities					
Finance costs paid		(174,248,618)	(130,540,467)	(124,903,053)	(77,013,725)
Payment of liabilities under rehabilitation plan		(18,097,484)	(12,693,122)	(5,295,128)	(7,307,733)
Decrease in short-term loans from financial institution			-	-	-
Repayment of loans from financial institution		-	(386,815,000)	-	-
Proceeds from short-term loans from related parties		-	-	306,337,172	256,257,442
Repayment of short-term loans from related parties		-	-	-	(18,083,787)
Proceeds from short-term loans from other parties		20,376,318	59,077,518	-	40,000,000
Repayment of short-term loans from other parties		-	(81,277,140)	(14,131,518)	-
Proceeds from long-term loans from related party		400,000,000	-	400,000,000	1,086,448,332
Proceeds from long-term loans from other parties		36,000,000	-	36,000,000	-
Repayment of long-term loans from other party		-	(18,000,000)	-	-
Repayment of finance lease liabilities		(148,881)	(578,845)	(148,881)	(578,845)
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	-	2,697,306
Proceeds from issue ordinary shares of subsidiary					
to non-controlling interests		-	2,939,543,733	-	-
Net cash flows provided by financing activities		263,881,335	2,227,467,642	597,858,592	1,138,472,649
Net increase (decrease) in cash and cash equivalents					
Cash and cash equivalents at 1 January	7	216,359,866	53,505,991	12,642,584	19,375,827
Effect from exchange rate changes on balances					
held in foreign currencies		25,653	148,807	-	-
Cash and cash equivalents at 31 December	7	247,870,510	216,359,866	4,272,201	12,642,583

The accompanying notes are an integral part of these financial statements

Statement of cash flows (Continued)

G Steel Public Company Limited and its Subsidiaries

		Consolidated		Separate	
		financial statements		financial statements	
		For the year ended 31 December		For the year ended 31 December	
	Note	2014	2013	2014	2013
		(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	-	-	-	12,676,246
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	-	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	-	1,275,402,147
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	-	-
Issue share capital to purchase investment in subsidiary	29	-	-	-	750,228,000
Conversion of the Company debts to equity - debt restructuring program	1.2, 29	-	937,654,073	-	937,654,073
Issue of ordinary shares to pay financial advisors		-	361,822,160	-	361,822,160
Issue of subsidiary’s ordinary shares to pay financial advisors		-	139,635,013	-	-
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
Offset of trade accounts receivable and advance to suppliers with trade accounts payable, accrued interest expenses and short-term loan from other parties	8 , 11	129,918,350	-	-	-
Transfer provisions to other payables and accrued interest	25	1,001,733,916	-	590,208,672	-

The accompanying notes are an integral part of these financial statements

Statement of cash flows (continued)

G Steel Public Company Limited and its Subsidiaries

	<i>Note</i>	Consolidated financial statements		Separate financial statements	
		For the year ended 31 December		For the year ended 31 December	
		2014	2013	2014	2013
		<i>(in Baht)</i>			
Transfer provisions to other payables and accrued expenses	25	74,384,463	-	-	-
Offset of enforced sales of company's shares held by a subsidiary with other payables, accrued expenses and loans from shareholders	32	31,118,000	-	-	-
Offset of enforced sales of investment in subsidiary with loans from shareholders and provision	13	281,827,499	-	-	-

The accompanying notes are an integral part of these financial statements

Notes to the financial statements

Note	Contents
1	General information and going concern
2	Basis of preparation of the financial statements
3	Financial reporting standards which are not effective for the current year
4	Significant accounting policies
5	Related parties
6	Transaction with business alliances
7	Cash and cash equivalents
8	Trade accounts receivable
9	Inventories
10	Receivables from scrap sales
11	Other current assets
12	Restricted deposits at financial institutions
13	Investments in subsidiaries
14	Advance payment for purchases of property, plant and equipment
15	Property, plant and equipment
16	Intangible assets
17	Cash guarantee for the utility usage
18	Deferred tax
19	Other non-current assets
20	Interest-bearing liabilities
21	Trade accounts payable
22	Other payables and accrued expenses
23	Advance received from customers
24	Accrued interest expenses
25	Provisions
26	Other current liabilities
27	Liabilities under rehabilitation plan
28	Employee benefit obligations
29	Share capital
30	Reserves
31	Warrants
32	Own shares held by a subsidiary
33	Segment information
34	Gain from debt restructuring
35	Selling expenses
36	Administrative expenses
37	Employee benefit expenses
38	(Reversal of) bad and doubtful debts expenses
39	Loss on impairment of assets
40	Other expenses
41	Expenses by nature
42	Finance costs
43	Income tax expense
44	Promotional privileges
45	Loss per share

Note	Contents
46	Financial instruments
47	Commitments with non-related parties
48	Litigation
49	Contingent liabilities
50	Reclassification of accounts
51	Events after the reporting date

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 26 February 2015.

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 2014, the Company’s major shareholders were Superior Overseas (Thailand) Company Limited (4.46% shareholding) (“Superior”), incorporated in Thailand, Mr. Nirum Narmcharmnanrit (7.34% shareholding), Khunying Patama Leeswadtrakul Group (5.56% shareholding) and Ms. Ladda Jiraphongtakul (2.10% 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 2014 and 2013 were as follows:

Name of the entity	Type of business	Country of incorporation	The Group Ownership interest (%)	
			2014	2013
<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”)	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, has been liquidated on 23 December 2013 and completed the registration of liquidation on 18 June 2014)	Special-purpose restructuring entity	Thailand	99.99	99.99

Name of the entity	Type of business	Country of incorporation	The Group Ownership interest (%)	
			2014	2013
G J Steel Public Co., Ltd. (“G J Steel”) (held by the Company 20.79% (2013 : 22.21%), Oriental Access Co., Ltd. - % (2013 : 3.90%) and GS Securities 5.67% (2013 : 6.15%))	Manufacture and distribution of hot rolled coil steel products	Thailand	26.46	32.26
Indirect subsidiaries				
Oriental Access Co., Ltd. (“OAC”) (held by SPH 99.97%)	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	99.99

The Company and its subsidiaries shareholding in G J Steel as at 31 December 2014 was 26.46% (2013: 32.26% *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 at 31 December 2014 and 2013, part of financial position of the Group and the Company are as follows;

Risk effected to the going concern	Million Baht			
	The Group		Company	
	As at 31 December		As at 31 December	
	2014	2013	2014	2013
(1) Loss for the years	2,166	2,332	1,944	3,115
(2) Deficit	18,609	16,336	20,432	18,488
(3) Current liabilities exceed current assets	13,399	12,323	11,227	10,255

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 81% 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 84% 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 have cooperated with the other hot-rolled flat steel producers (collectively called “the domestic industry”), filed the petitions for trade remedies to the Thai government, led by Ministry of Commerce, as consequences to serious injuries caused by unfair trade practice in the forms of dumping import hot-rolled steel flat products and import surge to Thailand that also have dampened the stability of Thailand’s economy. Up to the present, Ministry of Commerce had made several determinations and notifications of antidumping measures and safeguard measures in order to help the domestic industry to stand and compete with the import goods on a fair trade basis and to adjust themselves to further stand for increasing competition with the import goods in the domestic market, as per the following summary of the trade measures ;

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

The measures above have brought back the situation to normalcy.

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

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

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

e) Cooperation with trading partners

The 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 200 million (Baht 6,257 million) as at 31 December 2014 (2013 : USD 187 million (Baht 6,155 million)).

G J Steel has three Major Trade Creditors with aggregated claims of USD 73 million (Baht 2,411 million) as at 31 December 2014 (2013: USD 71 million (Baht 2,344 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 2014 and 2013 is described as follows:

Debt Conversion

The Company

In year 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 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 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 from non-current trade payables and accrued interest of USD 10.8 million and the provision for deferred difference from debt restructuring of USD 11 million to current trade payables.

During the fourth quarter of year 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.

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 of year 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.

Later, 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 to 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 to 30 June 2015

Thereafter, the Company will pay the remaining principle of Restructured Debt including interest at the rate of 1% per annum in quarterly commencing 30 September 2015 to 31 March 2021.

Later, on 19 February 2015 the Company enters into Compromise Agreement with Major Trade Creditor 2. The Company shall pay USD 14.7 million to the creditor as follow;

1. During the period of July 2014 through June 2015, the Company shall pay an “Initial Payment” in the amount of USD 0.3 million as follows:
 - USD 8,232.94 with immediate effect
 - 3 equal installments of USD 10,000 each month from 31 July to 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 to 30 June 2015
2. During the period September 2015 through December 2021, pay the outstanding balance of the Restructured Debt Proportion as follows:
- 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

Interest rate of 1% per annum shall be applied on the outstanding balance and shall be payable on each installments starting 30 September 2015.

In year 2013, the Company entered into the compromise agreement which has remaining amount USD 71.29 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 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 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 which the creditor forgave under terms of the compromise agreement, will be reversed and become immediately due and payable.

In year 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 the Company’s ordinary shares of 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.

On 6 May 2014, Major Trade Creditor 1 had informed the Company that the Company had defaulted under the terms of the Compromise Agreement for the installment due on 31 March 2014. The creditor is able to demand the Company to pay all debts immediately. Therefore, the Company had reclassified the full amount of the said outstanding balance of trade accounts payable to current liabilities since 31 March 2014. 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.

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 and Baht 2 million, respectively.

The compromise agreements have a condition that in case of events of default, an amount of USD 1 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 and Baht 1 million of each creditor respectively.

However, during the year 2014, the Company has paid to the above two Other Creditors in full amounts.

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 G J Steel's 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 shares held for the Company. On 12 September 2014, the Company had entered into the payment of debt agreement with the creditor to pay the amount of USD 2.3 million within 30 September 2014 and to release all the accrual and liability and the Company received a reduction of the debt in the amount of Baht 26 million. The Company had paid the debt to the creditor on 12 September 2014 and the creditor had withdraw and return the seized shares to the Company on 17 September 2014.

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.

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 (included accrued interest expenses). Under the terms of the compromise agreement, the creditor agreed to extend the debts repayment schedule amounting to USD 32.02 million in accordance with the following repayment schedule;

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

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

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

Moreover, 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 which the creditor forgave under terms of the compromise agreement, will be reversed and become immediately due and payable.

Since 31 March 2014 to present, the Company has defaulted the payment on the repayment schedule agreed upon with the 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.

Therefore, G J Steel had reclassified the full amount of outstanding balance of such payables as current liabilities since 31 March 2014.

Other Creditors Restructuring

GJ Steel

As at 31 December 2014, GJ Steel has negotiated repayment schedules for overdue debt owed to other creditors as details below ;

	Consolidated and Separate financial statements <i>(in million Baht)</i>
Balance as at 1 January 2014	144
Additional repayment schedules	1
(Deduct) Repayment during the year	(89)
Effect of exchange rate	2
Balance owed to other creditors as at 31 December 2014	58

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 and Baht 5 million which the creditors forgave under terms of the respective compromise agreements, will be reversed and become immediately due and payable.

As above described as at 31 December 2013, restructuring of the debt owed to one of the Major Trade Creditors and two Other Creditors has not yet become irrevocable, and therefore the Company has not recognise Baht 451 million as gain from debt restructuring. However, the future potential gain was recognised as provision for deferred difference from debt restructuring. And since 31 March 2014 to present, G J Steel has defaulted the payment on the restructuring of the debt owned to such Major Trade Creditor. Therefore, G J Steel has transfer provision for deferred from debt restructuring of Baht 412 million to trade account payable and accrued interest. Later in the 4th quarter of year 2014 G J Steel has paid the debt restructuring with two Other Creditors in full amounts. G J Steel has transferred the provision for restructuring deferred gain of Baht 39 million to gain from debt restructuring in the statement of income. (See Note 25)

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 in the consolidated financial statements and Baht 1,207 million in the separate financial statements, 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.

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 million 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 financial statements 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;

	Note	Consolidated financial statements (in million Baht)	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>Note</i>	Consolidated financial statements <i>(in million Baht)</i>	Separate financial statements
• 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	<u>(23)</u>	<u>(23)</u>
		<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's ordinary 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

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

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

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

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 2014 and 2013 were as follows:

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
		(in million Baht)		
Loans from Shareholder 1	36	36	36	36
Loans from Shareholder 2	-	188	-	-
Total	36	224	36	36

Movements of loans from shareholders for the years ended at 31 December 2014 and 2013 were as follows :

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
		(in million Baht)		
Loans from shareholders				
As at 1 January	224	938	36	750
Increase	-	-	-	-
Decrease	(188)	(714)	-	(714)
As at 31 December	36	224	36	36

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 G J Steel's shares, 274 million units of GJS-W2, 413 million units of GJS-W4 and 209 million of the Company shares. Besides, at the same date, the Company and Shareholder 2 agreed to extend the payment of debts to 30 June 2016, provided that OAC has complied to debt payment in according to the Transfer of assets for debt repayment contract. OAC transfers the aforementioned assets to Shareholder 2 on 18 June 2014. Thus the Company had classified the outstanding balance of liabilities which presented as the provisions for liabilities to non-current liabilities since the 2nd quarter of year 2014.

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

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. G J Steel has the plan to operate 24 hours production, contingent to the market conditions, in order to improve the production efficiency and reduce the production unit cost. 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.

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 4th quarter of year 2014, the Company anticipate to increase the production to nearly full capacity for off-peak period and has the plan to operate 24 hours production, 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 bank letter of guarantee and working capital credit line for production's raw material and spare part. To reciprocate the support, the Company has appointed the supporting customer to be the distributor for the hot rolled coil steel products produced by the Company and the Company is entitled to certain percentage of sales. Moreover, the supporting customer and a group of other customers have agreed to purchase all of the hot rolled coil steel products which the Company is able to produce for a period of 2 years.

From April 2014 to present, the Company has consistently better operating outcome due to the trend of increased sales price, the stability in raw material price and the better production efficiency, resulting in the assurance of the Company's better business performance to overcome the business crisis situation in the near future.

The Company and G J Steel expect the domestic market price for hot rolled coil steel product to increase in the near future from the international trade measures imposed by the Thai government in its wider protection of the domestic industry by means of safeguards and anti-dumping tariff measures on imported hot-rolled steel flat products 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 which can be evidenced from the 4th quarter of 2013, the imported hot-rolled coil product has been reduced significantly.

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's debt to equity ratio ("Debt to Equity Ratio") was equal to 1.03 times, while as at 31 December 2013 and 31 December 2014 G J Steel's Debt to Equity Ratio decreased to 0.49 times and 0.47 times respectively.

Later on 17 February 2014, G J Steel's Board of Director Meeting No.1/2014 had announced of receiving the additional working capital facilities for the purchase of raw material in the amount of Baht 7,450 million, resulting the working capital to be totaling of Baht 10,375 million.

The management is confident that the Company and G J Steel 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 2014, the gross receivables due to the Company was Baht 563 million (*31 December 2013: Baht 563 million*) and due to G J Steel was Baht 417 million (*31 December 2013: 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 have been prepared in accordance with financial reporting standards and guidelines promulgated by the Federation of Accounting Professions (“FAP”); and applicable rules and regulations of the Thai Securities and Exchange Commission.

During the year, the Group adopted a number of revised and new accounting standard, financial reporting standards and accounting standard interpretation, issued by the FAP, which are effective for financial statements year beginning on or after 1 January 2014 and relevant to the Group’s operations and as follows :

Accounting standard	Topic
TAS 1 (revised 2012)	Presentation of financial statements
TAS 7 (revised 2012)	Statement of Cash Flows
TAS 12 (revised 2012)	Income Taxes
TAS 17 (revised 2012)	Leases
TAS 18 (revised 2012)	Revenue Recognition
TAS 19 (revised 2012)	Employee Benefits
TAS 21 (revised 2012)	The Effects of Changes in Foreign Exchange Rates
TAS 24 (revised 2012)	Related Party Disclosures
TAS 34 (revised 2012)	Interim Financial Reports
TAS 36 (revised 2012)	Impairment of Assets
TAS 38 (revised 2012)	Intangible Assets
Financial reporting standards	Topic
TFRS 8 (revised 2012)	Operating Segments
Accounting standard interpretation	Topic
TFRIC 10	Interim Financial Reporting and Impairment

Adoption of the above accounting standard, financial reporting standards and accounting standard interpretation in the current year do not have material effect on the financial statements.

During the year to present, the FAP had issued a number of new and revised accounting standard, financial reporting standards, accounting standard interpretation and financial reporting standard interpretations, which are effective for financial statements beginning on or after 1 January 2015 and have not been adopted in the preparation of these financial statements. Those new and revised accounting standard, financial reporting standards, accounting standard interpretation and financial reporting standard interpretations that are relevant to the Group's operation are disclosed in Note 3.

An English language version of the financial statements has been prepared from the statutory financial statements that were issued in Thai language. In case of conflict of difference in understanding, the 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 15	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 Financial Reporting Standards which are not effective for the current year

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

Accounting standard(TAS)	Topic	Year effective
TAS 1 (revised 2014)	Presentation of Financial Statements	2015
TAS 2 (revised 2014)	Inventories	2015
TAS 7 (revised 2014)	Statement of Cash Flows	2015
TAS 8 (revised 2014)	Accounting Policies, Changes in Accounting Estimates and Errors	2015
TAS 10 (revised 2014)	Events After the Reporting Period	2015
TAS 11 (revised 2014)	Construction Contracts	2015
TAS 12 (revised 2014)	Income Taxes	2015
TAS 16 (revised 2014)	Property, Plant and Equipment	2015
TAS 17 (revised 2014)	Leases	2015
TAS 18 (revised 2014)	Revenue	2015
TAS 19 (revised 2014)	Employee Benefits	2015
TAS 20 (revised 2014)	Accounting for Government Grants and Disclosure of Government Assistance	2015
TAS 21 (revised 2014)	The Effects of Changes in Foreign Exchange Rates	2015
TAS 23 (revised 2014)	Borrowing Costs	2015
TAS 24 (revised 2014)	Related Party Disclosures	2015
TAS 26 (revised 2014)	Accounting and Reporting by Retirement Benefit Plans	2015
TAS 27 (revised 2014)	Separate Financial Statements	2015
TAS 28 (revised 2014)	Investments in Associates and Joint Ventures	2015
TAS 29 (revised 2014)	Financial Reporting in Hyperinflationary Economics	2015
TAS 33 (revised 2014)	Earnings per Share	2015
TAS 34 (revised 2014)	Interim Financial Reporting	2015
TAS 36 (revised 2014)	Impairment of Assets	2015
TAS 37 (revised 2014)	Provisions, Contingent Liabilities and Contingent Assets	2015
TAS 38 (revised 2014)	Intangible assets	2015
TAS 40 (revised 2014)	Investment Property	2015
Financial Reporting Standard (TFRS)	Topic	Year effective
TFRS 2 (revised 2014)	Share - Based Payment	2015
TFRS 3 (revised 2014)	Business Combinations	2015
TFRS 4 (revised 2014)	Insurance Contracts	2016
TFRS 5 (revised 2014)	Non-current Assets Held for Sale and Discontinued Operations	2015
TFRS 6 (revised 2014)	Exploration for and Evaluation of Mineral Resources	2015
TFRS 8 (revised 2014)	Operating Segments	2015
TFRS 10	Consolidated Financial Statements	2015
TFRS 11	Joint Arrangements	2015
TFRS 12	Disclosure of Interests in Other Entities	2015
TFRS 13	Fair Value Measurement	2015

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

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

4 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

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 live are measured at cost less accumulated amortisation and impairment losses.

Subsequent expenditure

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

Amortisation

Amortisation is 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, common directors, 99.99% shareholding
G J Steel	Thailand	Manufacture and sale of hot rolled coil steel products	Subsidiary, common directors, 26.46% shareholding by the Company and its subsidiaries (2013 : 32.26%)
OAC	Thailand	Consulting service and investing	Indirect subsidiary, common directors

Name of entities	Country of incorporation / nationality	Type of business	Nature of relationships
GS Notes	Thailand	Special-purpose restructuring entity	Subsidiary, common directors, 99.99% shareholding
GS Securities	Thailand	Special-purpose restructuring entity	Subsidiary, common directors, 99.99% shareholding
GS Notes 2	Thailand	Special-purpose restructuring entity	Subsidiary, common directors, 99.99% shareholding
GST CD	Thailand	Special-purpose restructuring entity	Subsidiary, common directors, 99.99% shareholding
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 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
Million 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 Co., 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

Name of entities	Country of incorporation / nationality	Type of business	Nature of relationships
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 Co., Ltd.	Thailand	Sale of steel	Related party of the shareholder of the Company
Mahachai Steel Inter Co., Ltd.	Thailand	Sale of steel	Related party of the shareholder of the Company
Metal Inter Co., Ltd.	Thailand	Sale of steel	Related party of the shareholder of the Company
Kim Huad Steel Co., Ltd.	Thailand	Sale of steel	Related party of the shareholder of the Company
M & L Steel Co., Ltd.	Thailand	Sale of steel	Related party of the shareholder of the Company
M Steel Co., Ltd.	Thailand	Sale of steel	Related party of the shareholder of the Company
S Steel Co., Ltd.	Thailand	Sale of steel	Related party of the shareholder of the Company
Kim Steel Co., Ltd.	Thailand	Sale of steel	Related party of the shareholder of the Company
Mrs. Naengnoi Trivuth	Thailand	-	Relative of subsidiary’s common director
Mr. Nirum Narmcharmnarit	Thailand	-	Shareholder of the Company
Key management personnel	Thailand	-	Persons having authority and responsibility for planning, activities of the entity, directly

Name of entities	Country of incorporation / nationality	Type of business	Nature of relationships
			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 and labor management 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
Sales agent fee	Contractual rate

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

	Consolidated financial statements		Separate financial statements	
<i>Year ended 31 December</i>	2014	2013	2014	2013
	<i>(in million Baht)</i>			
Subsidiaries				
Interest income	-	-	-	-
Sale of raw material	-	-	162	206
Labor management service income	-	-	7	-
Operating service income	-	-	-	4
Purchase of raw material and finished goods	-	-	193	-
Financial costs	-	-	87	53
Key management personnel				
Key management personnel compensation				
Salary and bonus	67	81	21	35
Meeting allowance and other benefits	9	11	4	4
Total key management personal compensation	<u>76</u>	<u>92</u>	<u>25</u>	<u>39</u>
Other related parties				
Sale of finished goods	664	669	770	-
Other income	40	-	40	-
Purchase of raw material	10,878	993	6,742	782
Finance advisory service fee	46	104	5	42
Rental and service expenses	16	16	9	10
Sale agent fee	96	-	96	-
Finance costs	90	19	71	19

During the year 2013, the Company had received financial support from Mahachai Steel Center Co., Ltd. (“Mahachai”) for the purchase of raw material for steel production, resulting the increase in the raw material accounts payable. Subsequently, the Company had made the agreement with Mahachai to pay the accrued debts within 31 March 2014 and shall receive a discount of Baht 40 million. The Company had paid the said debts on 31 March 2014. The agreement deal had been evidenced by the payment made on 1 April 2014 and Mahachai had allowed the Baht 40 million to be deducted from the accrued amount.

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

		Consolidated financial statements		Separate financial statements	
	<i>Note</i>	2014	2013	2014	2013
		<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.		-	-	-	-
Mahachai Steel Center Co., Ltd.		-	-	-	-
Kim Huad Steel Co., Ltd.		-	-	-	-
		<u>54</u>	<u>54</u>	<u>54</u>	<u>54</u>
Less allowance for doubtful accounts		<u>(54)</u>	<u>(54)</u>	<u>(54)</u>	<u>(54)</u>
Net		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(Reversal of) bad and doubtful debts expense for the year		<u>-</u>	<u>(3)</u>	<u>-</u>	<u>(3)</u>
Amount receivable from related parties					
Receivable from sales of raw materials and other					
Subsidiary					
G J Steel		-	-	2	-
Other related party					
Advance Metal Fabrication Co., Ltd.		1	1	1	1
Less allowance for doubtful account		<u>(1)</u>	<u>(1)</u>	<u>(1)</u>	<u>(1)</u>
Net		<u>-</u>	<u>-</u>	<u>2</u>	<u>-</u>
Receivable from operating service income					
Subsidiary					
OAC		-	-	1,147	1,142
Less allowance for doubtful account		<u>-</u>	<u>-</u>	<u>(1,147)</u>	<u>(1,142)</u>
Net		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Receivable from guarantee obligation					
Subsidiary					
OAC		-	-	720	720
Less allowance for doubtful account		<u>-</u>	<u>-</u>	<u>(720)</u>	<u>(720)</u>
Net		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(Reversal of) bad and doubtful debts expense for the year		<u>-</u>	<u>-</u>	<u>5</u>	<u>45</u>

		Consolidated and Separate financial statements	
	<i>Note</i>	2014	2013
		<i>(in million Baht)</i>	
Receivables from scrap sales	10		
Other related parties			
Advance Metal Fabrication Co., Ltd.		338	338
Less allowance for doubtful accounts		(338)	(338)
Net		<u>-</u>	<u>-</u>
 (Reversal of) bad and doubtful debts expense for the year		<u>-</u>	<u>-</u>

	<i>Note</i>	Consolidated financial statements		Separate financial statements	
		2014	2013	2014	2013
		<i>(in million Baht)</i>			
Other current assets					
Other receivable					
Other related parties					
RA		2	26	1	13
Total		<u>2</u>	<u>26</u>	<u>1</u>	<u>13</u>

		Consolidated and Separate financial statements	
	<i>Note</i>	2014	2013
		<i>(in million Baht)</i>	
Advance payment for purchases of property, plant and equipment			
Other related parties			
Asia Metal Fabrication Co., Ltd.		8	8
Less allowance for impairment asset		(8)	(8)
Net		<u>-</u>	<u>-</u>
 Other non - current assets			
Loans to and interest receivable from related parties			
Subsidiaries			
Loans to related parties			
OAC		2,541	2,540
SPH		6	6
GS Securities		1	1
		<u>2,548</u>	<u>2,547</u>
Less allowance for doubtful accounts		(2,548)	(2,547)
Net		<u>-</u>	<u>-</u>

	<i>Note</i>	Consolidated and Separate financial statements	
		2014	2013
		<i>(in million Baht)</i>	
<i>Interest receivable from related parties</i>			
OAC		209	209
SPH		1	1
		<u>210</u>	<u>210</u>
<i>Less allowance for doubtful accounts</i>		<u>(210)</u>	<u>(210)</u>
Net		<u>-</u>	<u>-</u>
(Reversal of) bad and doubtful debts expense for the year	38	<u>2</u>	<u>(22)</u>

Movements of loans to related parties for the year ended 31 December 2014 and 2013 were as follows:

	Consolidated and Separate financial statements	
	2014	2013
	<i>(in million Baht)</i>	
<i>Loans to related parties</i>		
As at 1 January	2,547	2,169
Increase	2	400
Decrease	-	(22)
As at 31 December	<u>2,549</u>	<u>2,547</u>

	<i>Note</i>	Consolidated financial statements		Separate financial statements	
		2014	2013	2014	2013
		<i>(in million Baht)</i>			
<i>Deposit - other related parties</i>					
Sukhumvit Inter Development Co., Ltd.		-	2	2	2
SSP Place Co., Ltd.		1	2	1	1
Total		<u>1</u>	<u>4</u>	<u>3</u>	<u>3</u>
<i>Trade accounts payable</i>	21				
<i>Other related parties</i>					
Sukhumvit Inter Development Co., Ltd.		-	-	-	-
Advance Metal Fabrication Co., Ltd.		19	19	19	19
Mahachai Steel Center Co., Ltd.		1,496	253	1,446	253
Total		<u>1,515</u>	<u>272</u>	<u>1,465</u>	<u>272</u>
<i>Current portion of long-term loan from related party</i>					
<i>Other related party</i>					
Mr. Nirum Narmcharmanrit		<u>88</u>	<u>-</u>	<u>88</u>	<u>-</u>

		Consolidated financial statements		Separate financial statements	
	Note	2014	2013	2014	2013
		(in million Baht)			
Advances received from customers	23				
Other related parties					
Mill Con Steel Industries PCL.		-	-	-	-
Asia Metal PCL.		1	1	1	1
Advance Metal Fabrication Co., Ltd.		-	-	1	-
Kim Huad Steel Co., Ltd.		-	-	-	-
Total		<u>1</u>	<u>1</u>	<u>2</u>	<u>1</u>
Other payables and accrued expenses	22				
Other related parties					
Arnoma Hotel Bangkok Co., Ltd.		6	6	3	3
SSP Place Co., Ltd.		27	23	22	18
Mahachai Steel Center Co., Ltd.		4	-	4	-
M & L Steel Co., Ltd.		4	-	4	-
Total		<u>41</u>	<u>29</u>	<u>33</u>	<u>21</u>
Amount due to related party					
Subsidiary					
GS Securities		<u>-</u>	<u>-</u>	<u>19</u>	<u>19</u>
Accrued interest expense	24				
Subsidiary					
GS Securities		-	-	140	52
Other related parties					
Mrs. Naengnoi Trivuth		6	6	6	6
Mahachai Steel Center Co., Ltd.		1	3	1	3
Total		<u>7</u>	<u>9</u>	<u>147</u>	<u>61</u>
Other current liabilities	26				
Short-term loan					
Subsidiaries					
G J Steel		-	-	-	-
GS Notes 2		-	-	1	1
GS Securities		-	-	561	255
		<u>-</u>	<u>-</u>	<u>562</u>	<u>256</u>
Other related party					
Mrs. Naengnoi Trivuth		30	30	30	30
Total		<u>30</u>	<u>30</u>	<u>592</u>	<u>286</u>
Machinery and construction payables					
Other related party					
Asia Metal Fabrication Co., Ltd.		1	1	1	1
Total		<u>31</u>	<u>31</u>	<u>593</u>	<u>287</u>

Movements of short-term loans from related parties for the year ended 31 December 2014 and 2013 were as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013
	<i>(in million Baht)</i>			
<i>Short-term loans from related parties</i>				
As at 1 January	30	30	286	59
Increase	-	-	311	255
Decrease	-	-	(5)	(28)
As at 31 December	30	30	592	286

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.

During the year 2014, the Company has entered into several short-term loan agreements with GS Securities in the total amount of Baht 311 million. And since 1 January 2015 to present, total amount of Baht 78.30 million bears interest at the rate of MLR (Krung Thai Bank PLC) plus 1% per annum.

Other non-current liabilities - Long-term loans from related parties

	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013
	<i>(in million Baht)</i>			
<i>Long-term loans from related parties</i>				
Subsidiary				
GS Securities (See Note 5(f) and 5(g))	-	-	1,086	1,086
Related party				
Mr. Nirum Ngamchamnurit	312	-	312	-
Total	312	-	1,398	1,086

Movements of long-term loans from related parties for the year ended 31 December 2014 and 2013 were as follows :

	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013
	(in million Baht)			
<i>Long-term loans from related parties</i>				
Subsidiary				
As at 1 January	-	-	1,086	-
Increase	400	-	400	1,086
Decrease	-	-	-	-
Transfer to current portion	(88)	-	(88)	-
As at 31 December	312	-	1,398	1,086

Other significant agreements with related parties

- 5(a) On 14 November 2012, G J Steel entered into various compromise agreements with 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;

	<i>(in million Baht)</i>
The Company	
Amount receivable from related parties	128
Payable to related party from offsetting of machinery purchase (see Note 5(c))	946
Advances from customers (see Note 5(d))	28
Part of interest receivable (see Note 5(c))	99
	<u>1,201</u>
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 of G J Steel (see Note 5(e))	<u>521</u>
Total	<u>2,052</u>

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) 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(c) In year 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(d) 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. (Refer to Note 5 (j))

- 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 per company (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 and 216 million shares of G J Steel respectively. The agreement is effective from 1 February 2013 for a period of 2 years and is automatically extended for 1 year unless either party terminates by notifying the other party 30 days in advance. The outstanding balance of prepaid expenses as at 31 December 2014 and 2013 was Baht 2 million (the separate financial statement : Baht 1 million) and Baht 26 million (the separate financial statement : Baht 13 million) respectively.
- 5(j) In 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) In year 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 shares of the Company 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. At present, it is in the process of requesting to extend the due date.

- 5(l) On 13 January 2014, OAC deposited 102.3 million shares of the Company with Deposit Office, Legal Execution Department as a guarantor under the compromise agreement 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.

And the same date, G J Steel entered into an memorandum with OAC to accept additional liabilities of Baht 10.23 million. This said liabilities will be due within 30 June 2014. At present, it is in the process of requesting to extend the due date.

- 5(m) On 17 February 2014, the Company's Board of Directors 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. To reciprocate the support, the Company has appointed the supporting customer to be the distributor for the hot rolled coil steel products produced by the Company and the Company is entitled to certain percentage of sales. Moreover, the supporting customer and a group of other customers have agreed to purchase all of the hot rolled coil steel products which the Company is able to produce 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.
- 5(n) On 28 February 2014, GS Securities entered into a mortgage agreement of 2,000 million shares of G J Steel held by GS Securities and the supporting customers (Pledgee) to secure the repayment of loans the Company has with the Pledgee.
- 5(o) 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 209 million of the Company shares. Besides, at the same date, the Company and Shareholder 2 agreed to extend the payment of debts to 30 June 2016, provided that OAC has complied to debt payment in according to the Transfer of assets for debt repayment contract. OAC transfers the aforementioned assets to Shareholder 2 on 18 June 2014. Thus the Company had classified the outstanding balance of liabilities which presented as the provisions for liabilities to non-current liabilities since the 2nd quarter of year 2014.

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 Loeffler 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.

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.

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 2014 and 2013 with business alliances were as follows:

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	(in million Baht)			
<i>Year ended 31 December</i>				
Purchase of raw material	268	70	109	-
Transportation expenses and other services	410	76	147	9
Rental and Service expenses	5	5	5	5
Finance Cost	-	-	-	-

Balances as at 31 December 2014 and 2013 with business alliances were as follows:

		Consolidated financial statements		Separate financial statements	
	Note	2014	2013	2014	2013
		(in million Baht)			
<i>Trade accounts receivable</i>	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		-	-	-	-

		Consolidated financial statements		Separate financial statements	
	Note	2014	2013	2014	2013
		(in million Baht)			
Other current assets - other receivables					
Trinity Freight and Shipping Co., Ltd.		1	1	1	1
Nara International Co., Ltd.		29	30	29	30
		30	31	30	31
Less allowance for doubtful account		(30)	(30)	(30)	(30)
Net		-	1	-	1
Trade accounts payable					
	21				
Nara International Co., Ltd.		14	21	14	1
Total		14	21	14	1
Other payable and accrued expenses					
Trinity International Co., Ltd.	22	10	10	10	10
Trinity Freight and Shipping Co., Ltd.		7	15	7	8
Nara International Co., Ltd.		9	7	9	7
Total		26	32	26	25

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	
	2014	2013	2014	2013
<i>(in million Baht)</i>				
Cash at bank - current accounts	52	33	3	3
Cash at bank - saving accounts	196	183	1	10
Total	248	216	4	13

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

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in million Baht)</i>			
Thai Baht (THB)	239	211	1	10
United States Dollar (USD)	9	5	3	3
Total	248	216	4	13

8 Trade account receivable

		Consolidated financial statements		Separate financial statements	
	Note	2014	2013	2014	2013
		<i>(in million Baht)</i>			
Related parties	5	54	54	54	54
Business alliances	6	362	362	362	362
Other parties		863	876	249	249
		1,279	1,292	665	665
Less allowance for doubtful accounts		(1,082)	(1,083)	(665)	(665)
Net		197	209	-	-
(Reversal of) bad and doubtful debts expense for the year	38	(1)	4	-	4

Aging analyses for trade accounts receivable were as follows:

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in million Baht)</i>			
Related parties				
Overdue:				
3-6 months	-	-	-	-
Over 12 months	54	54	54	54
	54	54	54	54
Less allowance for doubtful account	(54)	(54)	(54)	(54)
Net	-	-	-	-
Business alliances				
Overdue:				
Over 12 months	362	362	362	362
	362	362	362	362
Less allowance for doubtful accounts	(362)	(362)	(362)	(362)
Net	-	-	-	-

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	(in million Baht)			
Other parties				
Overdue:				
Less than 3 months	22	22	-	-
Over 12 months	841	854	249	249
	863	876	249	249
Less allowance for doubtful accounts	(666)	(667)	(249)	(249)
Net	197	209	-	-
Total	197	209	-	-

Customary credit terms

The normal credit terms granted by the Company and G J Steel are by cash and not over 5 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	
	2014	2013	2014	2013
	(in million Baht)			
Balance before offset transactions	1,348	1,300	665	673
Offset transactions	(69)	(8)	-	(8)
Net after offset transactions	1,279	1,292	665	665

In year 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.

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

In year 2014, G J Steel had offsetted trade accounts receivable amounting to Baht 69 million with trade accounts payable, accrued interest and short-term loans from other party.

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

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	
	2014	2013	2014	2013
	<i>(in million Baht)</i>			
Related parties	54	54	54	54
Business alliances	362	362	362	362
Other parties	565	565	147	147
	<u>981</u>	<u>981</u>	<u>563</u>	<u>563</u>
<i>Less</i> allowance for doubtful account	<u>(981)</u>	<u>(981)</u>	<u>(563)</u>	<u>(563)</u>
Net	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

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

Sales transactions for the years ended 31 December 2014 and 2013 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	
	2014	2013	2014	2013
	<i>(in million Baht)</i>			
<i>Year ended 31 December</i>				
Sales	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in million Baht)</i>			
Thai Baht (THB)	1,177	1,175	563	563
United States Dollar (USD)	102	117	102	102
Total	1,279	1,292	665	665

9 Inventories

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in million Baht)</i>			
Finished goods	1,881	466	1,350	1
Raw materials	759	316	511	176
Spare parts	735	567	393	385
Consumables	100	201	100	44
Others	81	47	66	4
	3,556	1,597	2,420	610
<i>Less Allowance for devaluation of inventories</i>	<i>(225)</i>	<i>(117)</i>	<i>(183)</i>	<i>(23)</i>
Net	3,331	1,480	2,237	587
Carrying value of inventories pledged to secure liabilities	2,157	378	1,690	129

Year ended 31 December

Inventories recognised as
cost of sales and expenses (revenues)

- Cost	23,398	10,311	9,407	27
- Loss from written off inventories	-	75	-	-
- (Reversal of) loss on devaluation of inventories	108	(82)	160	(1)
Net	23,506	10,304	9,567	26

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

	Note	Consolidate and Separate financial statements	
		2014	2013
		<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>-</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	
	2014	2013
	<i>(in million Baht)</i>	
Balance - beginning of the year	338	338
Collection and other offset	-	-
Balance - end of the year	<u>338</u>	<u>338</u>

11 Other current assets

	Note	Consolidated financial statements		Separate financial statements	
		2014	2013	2014	2013
		<i>(in million Baht)</i>			
Other receivables		36	35	35	35
Less allowance for doubtful accounts		<u>(30)</u>	<u>(30)</u>	<u>(29)</u>	<u>(30)</u>
		<u>6</u>	<u>5</u>	<u>6</u>	<u>5</u>
Advance for purchases of goods and service		285	368	50	26
Less allowance for impairment		<u>(115)</u>	<u>(115)</u>	<u>(17)</u>	<u>(17)</u>
		<u>170</u>	<u>253</u>	<u>33</u>	<u>9</u>
Refundable value added tax		269	158	204	80
Suspense value added tax		46	46	33	23
Others		<u>158</u>	<u>101</u>	<u>88</u>	<u>37</u>
Net		<u>649</u>	<u>563</u>	<u>364</u>	<u>154</u>
(Reversal) of bad and doubtful debts expense for the year	38	<u>-</u>	<u>3</u>	<u>1</u>	<u>-</u>
Loss on impairment of assets	39	<u>-</u>	<u>87</u>	<u>-</u>	<u>18</u>

In year 2014, G J Steel had offsetted advance to suppliers amounting to Baht 60 million with trade accounts payable, accrued interest and short-term loans from other party.

The currency denomination of other current assets as at 31 December 2014 and 2013 was as follows:

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in million Baht)</i>			
Thai Baht (THB)	625	394	361	170
United States Dollar (USD)	131	267	33	24
Others	38	47	17	7
	<u>794</u>	<u>708</u>	<u>411</u>	<u>201</u>
<i>Less allowance for doubtful accounts</i>	<i>(145)</i>	<i>(145)</i>	<i>(47)</i>	<i>(47)</i>
Total	<u>649</u>	<u>563</u>	<u>364</u>	<u>154</u>

12 Restricted deposits at financial institutions

As at 31 December 2014 and 2013, 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	
<i>Note</i>	2014	2013	2014	2013
	<i>(in million Baht)</i>			
Guarantee for utility supplies and services	-	1	-	-
Total	<u>-</u>	<u>1</u>	<u>-</u>	<u>-</u>

Cancellation of the bank guarantee

The Company

In 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 2014 and 2013 were as follows:

	Ownership interest		Paid-up capital		Separate financial statements		Impairment		At cost - net	
	2014	2013	2014	2013	Cost		2014	2013	2014	2013
	(%)		(in million Baht)		2014	2013	(in million Baht)			
Subsidiaries										
Ordinary shares:										
SPH	99.99	99.99	341	341	341	341	(341)	(341)	-	-
G J Steel	20.79	22.21	73,039	73,039	3,955	4,225	(1,157)	(1,143)	2,798	3,082
GS Notes	99.99	99.99	2,722	2,722	1	1	-	-	1	1
GS Securities	99.99	99.99	3,292	3,292	1,993	1,993	(491)	(491)	1,502	1,502
GS Notes 2	99.99	99.99	473	473	1	1	-	-	1	1
GST CD	99.99	99.99	1	1	1	1	-	-	1	1
					6,292	6,562	(1,989)	(1,975)	4,303	4,587
Warrants:										
G J Steel					40	40	-	-	40	40
Total					6,332	6,602	(1,989)	(1,975)	4,343	4,627

The movement of investments in subsidiaries during the year ended 31 December 2014 and 2013 are as follow;

	<i>Separate financial statements</i>	
	2014	2013
	<i>(in million Baht)</i>	
<i>Cost method</i>		
At 1 January	6,602	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
	-	2,103
<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)
- Disposal of G J Steel shares under right of redemption	(270)	-
At 31 December	6,332	6,602
<i>Impairment</i>		
At 1 January	(1,975)	(1,567)
Increase	(90)	(408)
Reversal of impairment	76	-
At 31 December	(1,989)	(1,975)
Net	4,343	4,627

G J Steel

As at 31 December 2014, the market price of ordinary shares of G J Steel was Baht 0.06 per share (31 December 2013: Baht 0.06 per share), equivalent to a valuation of the investment of Baht 1,320 million (31 December 2013: Baht 1,410 million).

As at 31 December 2014, the Company's investment in G J Steel at cost amounted to Baht 3,955 million (31 December 2013: Baht 4,225 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 2014 amounted to Baht 2,798 million (31 December 2013 : Baht 3,082 million).

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 G J Steel's shares, 274 million units of GJS-W2, 413 million units of GJS-W4 and 209 million of the Company shares. Besides, at the same date, the Company and Shareholder 2 agreed to extend the payment of debts to 30 June 2016, provided that OAC has complied to debt payment in according to the Transfer of assets for debt repayment contract. OAC transfers the aforementioned assets to Shareholder 2 on 18 June 2014. Thus the Company had classified the outstanding balance of liabilities which presented as the provisions for liabilities to non-current liabilities since the 2nd quarter of year 2014.

On 12 September 2014, the Company entered into a loan agreement with a lender in the amount of Baht 10 million, which bears interest 8% per annum and to be due on 30 January 2015. 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.

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 a results, in year 2013, 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 this case.

On 11 September 2014, the Company entered into a Sale with Option to Repurchase Agreement 15 billion of G J Steel's shares with a third party investor in the amount of Baht 74.8 million with the options to repurchase such shares within 30 November 2014 at Baht 0.07 per share. This sale is made due to the necessity to pay off the debt with a creditor under the court ruling who had seized 2 billion of G J Steel's shares which has been hold by the Company for collateral and demanded the Company to repay all the outstanding debt, including the defaulted interest. The Company had negotiated with the creditor and be able to get a reduction of the debts of Baht 25.6 million and received all the seized G J Steel's shares back. On 17 September 2014, the Company has delivered the 1.5 billion shares to the investor and had recognized the loss from sales of investment of Baht 195 million in the Separate financial statements.

As at 31 December 2014 and 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>Separate financial statements</i>	
	2014	2013
	<i>Number of shares (in million share)</i>	
<i>G J Steel's shares</i>		
Short-term loan from other party	602	875
Short-term loan from related party	500	500
Working capital lines of credit with related party	20,000	3,000
Working capital lines of credit with a Supporting customer 3	175	175
Total	21,277	4,550
	<i>(in million unit)</i>	
<i>G J Steel's warrants</i>		
Short-term loan from other party	500	500
Short-term loan from financial institution	120	120
Total	620	620

On 1 May 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 7.75% 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 102 million of the G J 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.

On 28 February 2014, GS Securities entered into an agreement to pledge 2,000 million shares of G J Steel held by GS Securities to supporting customer of the Company (Pledgee) as collateral for loan repayment of the Company.

On 20 November 2014, GS Securities entered into 512 million G J Steel shares held by GS Securities sale with right of redemption with a Buyer amounting to Baht 33 million. The Buyer will allow the Company to redeem the shares within 2 months by payment of Baht 33 million together with interest at 8% per annum starting from the contract date.

On 12 December 2014, GS Securities entered into 200 million G J Steel shares held by GS Securities sale with right of redemption with a Buyer amounting to Baht 12 million. The Buyer will allow the Company to redeem the shares within 6 months by payment of Baht 12 million together with interest at 8% per annum starting from the contract date.

On 24 December 2014, GS Securities entered into 400 million G J Steel shares held by GS Securities sale with right of redemption with a Buyer amounting to at Baht 24 million. The Buyer will allow the Company to redeem the shares within 6 months by payment of Baht 24 million together with interest at 8% per annum starting from the contract date.

On 6 January 2015, GS Securities entered into 100 million G J Steel shares held by GS Securities sale with right of redemption with a Buyer amounting to Baht 6 million. The Buyer will allow the Company to redeem the shares within 6 months by payment of Baht 6 million together with interest at 8% per annum starting from the contract date.

On 15 January 2015, GS Securities entered into 100 million G J Steel shares held by GS Securities sale with right of redemption with the Buyer amounting to Baht 6 million. The Buyer will allow the Company to redeem the shares within 6 months by payment of Baht 6 million together with interest at 8% per annum starting 23 January 2015.

The summary of movements of the Company's investment in GS Securities shares during the year ended 31 December 2014 and 2013 are as follows:

	Separate financial statements			
	Number of		Number of	
	GS Securities	Cost Method	GS Securities	Cost Method
	shares	(in million Baht)	shares	(in million Baht)
	(million shares)		(million shares)	
	2014	2013	2014	2013
As at 1 January	273.40	1,993	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	273.40	1,993	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

In year 2013, 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 as if 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>

In year 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 (offering price Baht 0.50 per share, totaling of Baht 1,043 million) 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, totaling of Baht 750.23 million to support G J Steel's debt restructuring program.

In year 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.

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 has completed the registration of liquidation on 18 June 2014.

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.

14 Advance payment for purchases of property, plant and equipment

	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013
	<i>(in million Baht)</i>			
Advance payment for:				
Land	210	210	-	-
Hot rolled coil expansion project	1,308	1,357	1,308	1,357
Coil conditioning line project	692	692	692	692
Others	55	55	-	-
	<u>2,265</u>	<u>2,314</u>	<u>2,000</u>	<u>2,049</u>
Less allowance for loss on impairment	<u>(2,055)</u>	<u>(2,104)</u>	<u>(2,000)</u>	<u>(2,049)</u>
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 2014, and continues to hold such collateral to secure its claim.

15 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							
As at 31 December 2013	1,594	9,483	39,203	389	12	15,402	66,083
Additions	-	-	-	1	-	-	1
Disposals	-	(1)	-	(1)	-	-	-
Transfers	-	-	-	-	-	-	-
As at 31 December 2014	1,594	9,482	39,203	389	12	15,402	66,082
Accumulated depreciation							
As at 31 December 2013	23	4,893	13,385	375	11	-	18,687
Depreciation charge for the year	4	136	1,624	3	1	-	1,768
Disposals	-	-	-	-	-	-	-
As at 31 December 2014	27	5,029	15,009	378	12	-	20,455
Allowance for loss on impairment							
As at 31 December 2013	329	1,147	3,076	5	-	8,887	13,444
As at 31 December 2014	329	1,147	3,076	5	-	8,887	13,444
Net book value							
As at 31 December 2013	1,242	3,443	22,742	9	1	6,515	33,952
As at 31 December 2014	1,238	3,306	21,118	6	-	6,515	32,183

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
Cost							
As at 31 December 2013	736	3,238	21,276	150	9	8,627	34,036
Additions	-	-	-	1	-	-	1
Disposals	-	(1)	-	-	-	-	(1)
As at 31 December 2014	736	3,237	21,276	151	9	8,627	34,036
Accumulated depreciation							
As at 31 December 2013	-	1,118	7,276	144	8	-	8,546
Depreciation charge for the year	-	35	807	1	1	-	844
Disposals	-	-	-	-	-	-	-
As at 31 December 2014	-	1,153	8,083	145	9	-	9,390
Allowance for loss on impairment							
As at 31 December 2013	306	1,071	2,685	5	-	5,764	9,831
As at 31 December 2014	306	1,071	2,685	5	-	5,764	9,831
Net book value							
As at 31 December 2013	430	1,049	11,315	1	1	2,863	15,659
As at 31 December 2014	430	1,013	10,508	1	-	2,863	14,815

Assets under construction and installation

Details of assets under construction and installation (gross) as at 31 December 2014 and 2013 were as follows:

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
			<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 2014 and 2013 may be impaired. However, for the sake of certainty, during the 2nd quarter of year 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 2014 and 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 had mortgaged two machineries which are Shearing and Slitting with a net book value of Baht 670 million as at 31 December 2013 to the Provincial Electricity Authority as the collateral for electricity payment of the Company. And during the 1st quarter of 2014, the Company had paid all the outstanding amount in arrears and had provided bank letter of guarantee for the company's electricity in the amount of Baht 156 million to the Provincial Electricity Authority. On 5 August 2014, the Company had registered in releasing the mortgage of the said two machineries.

Security for short-term loan from a financial institution

The Company had mortgaged machinery which are Skinpass Mill with a net book value of Baht 1,170 million as at 31 December 2014 (*31 December 2013: Baht 1,191 million*) as collateral for short-term loan from a financial institution not over Baht 476 million. Refer to Note 20, Interest bearing liabilities, the detail of short-term loan from a financial institution.

Security for tax liabilities

The Company had mortgaged machinery (Pickle and Oil Line) with net book value of Baht 3,326 million as at 31 December 2014 (*31 December 2013: Baht 3,870 million*) with the Revenue Department to secure tax liabilities amounting to Baht 1,056 million. Refer to Note 22, Other payables and accrued expenses relating to tax liabilities instalments.

Security for working capital lines of credit

The Company had mortgaged machinery (Heavy Gauge Shearing Line) with net book value of Baht 544 million as at 31 December 2014 (*31 December 2013: Baht 544 million*) as collateral for working capital lines of credit. Refer to Note 20, Interest bearing liabilities, the detail of working capital lines of credit.

Mortgage transaction of G J Steel

Under the rehabilitation plan

As at 31 December 2014, G J Steel's property, plant and equipment, with a net book value of Baht 10,881 million, were mortgaged under the rehabilitation plan (*31 December 2013: Baht 11,708 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 were mortgaged as security for G J Steel's long-overdue electricity expenses in an amount not exceeding Baht 250 million. And at the end of July 2014, G J Steel had completed repayment of the overdue electricity. On 29 September 2014, G J Steel has already redeemed the collaterals.

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 837 million as at 31 December 2014 (*31 December 2013 : Baht 873 million*), 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 on 10 October 2013.

16 Intangible assets

	Consolidated financial statements		
	Computer software licence	Production licence (in million Baht)	Total
<i>Cost</i>			
As at 31 January 2013	228	41	269
As at 31 December 2014	228	41	269
<i>Accumulated amortisation</i>			
As at 31 January 2013	202	27	229
Amortisation charge for the year	5	1	6
As at 31 December 2014	207	28	235
<i>Net book value</i>			
As at 31 January 2013	26	14	40
As at 31 December 2014	21	13	34
			Separate financial statements Software (in million Baht)
<i>Cost</i>			
As at 31 December 2013			17
As at 31 December 2014			17
<i>Accumulated amortisation</i>			
As at 31 December 2013			5
Amortisation charge for the year			2
As at 31 December 2014			7
<i>Net book value</i>			
As at 31 December 2013			12
As at 31 December 2014			10

17 Cash guarantee for the utility usage

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

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	
	2014	2013	2014	2013
	<i>(in million Baht)</i>			
Deductible temporary differences				
• Allowance for doubtful accounts				
- trade accounts receivable	217	216	133	133
• Allowance for doubtful account				
- devaluation of inventories	45	26	37	7
• Allowance for doubtful accounts				
- other current assets	453	471	451	449
• Allowance for impairment losses on Investment	491	481	398	395
• Allowance impairment losses on property, plant and equipment	2,689	2,689	1,966	1,966
• Allowance for doubtful account				
- amount receivable from related party	486	556	374	441
• Allowance for doubtful account				
- loan to related parties	552	820	552	551
• Allowance impairment				
- other non-current assets	840	859	401	410
• Depreciation gap	685	556	466	387
• Provision for loss on termination Contracts	12	14	12	14
• Provision for guarantee subsidiary	133	131	133	131
• Provision for court case claim	413	388	317	271
• Provision for deferred difference from debt restructuring	172	379	172	289
• Provision for purchase orders for undelivered raw material	8	-	8	-
• Employee benefits obligations	15	11	7	5
• Provision for tax-related liabilities	-	17	-	-
	7,211	7,614	5,427	5,449
Loss carry forward	5,739	5,704	2,717	2,408
Total	12,950	13,318	8,144	7,857

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

19 Other non-current assets

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in million Baht)</i>			
Suspended construction in progress	2,086	2,086	-	-
Less allowance for impairment	(2,042)	(2,042)	-	-
	<u>44</u>	<u>44</u>	<u>-</u>	<u>-</u>
Advance to suppliers	-	202	-	-
Less allowance for impairment	-	(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	3	4	2	3
Other deposits	25	30	7	4
Deferred cost of rolls	257	260	118	126
Others	31	26	17	17
Total	<u>360</u>	<u>364</u>	<u>144</u>	<u>150</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 and the Supreme Court have 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. Later in year 2014, G J Steel has written off advance to suppliers due to the Supreme Court has dismissed the said claim.

Promissory notes

As at 31 December 2014 and 2013, promissory notes issued by closed finance companies were pledged as collateral for loans of certain related parties from those closed finance companies. G J Steel has fully provision for these promissory notes.

20 Interest-bearing liabilities

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in million Baht)</i>			
<i>Current</i>				
Short-term loans from financial institutions				
Secured	436	238	436	238
Unsecured	-	197	-	197
	<u>436</u>	<u>435</u>	<u>436</u>	<u>435</u>
Current portion of long-term loan from related party (secured)	88	-	88	-
Bonds (unsecured)	514	511	514	511
Trade account payable				
Secured	2,168	703	1,446	202
Unsecured	4,945	4,528	4,395	4,497
	<u>7,113</u>	<u>5,231</u>	<u>5,841</u>	<u>4,699</u>
Other payables and accrued expenses				
Secured	534	232	-	13
Unsecured	835	643	203	55
	<u>1,369</u>	<u>875</u>	<u>203</u>	<u>68</u>
Other current liabilities (Short-term loans from related parties) (see Note 26)				
Secured	30	30	30	30
Unsecured	-	-	562	256
	<u>30</u>	<u>30</u>	<u>592</u>	<u>286</u>
Short-term loans from other parties				
Secured	35	55	35	55
Unsecured	42	62	6	-
	<u>77</u>	<u>117</u>	<u>41</u>	<u>55</u>
<i>Total Current</i>	<u>9,627</u>	<u>7,199</u>	<u>7,715</u>	<u>6,054</u>

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	(in million Baht)			
Non-current				
Long-term loan from other party (secured)	36	-	36	-
Long-term loan from related party				
Secured	312	-	312	-
Unsecured	-	-	1,086	1,086
	312	-	1,398	1,086
Trade account payable (unsecured)	578	70	578	70
Total Non-Current	926	70	2,012	1,156
Total	10,553	7,269	9,727	7,210

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

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	(in million Baht)			
Within one year	9,627	7,199	7,715	6,054
After one year but within five years	926	70	2,012	1,156
Total	10,553	7,269	9,727	7,210

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

		Consolidated financial statements		Separate financial statements	
	Note	2014	2013	2014	2013
		(in million Baht)			
Inventories	9	2,157	336	1,690	129
Warrants	31	15	15	15	15
Investments in a subsidiary	13	2,398	2,070	2,398	2,070
Advances for purchase of property, plant and equipment	14	-	-	-	-
Property, plant and equipment	15	3,119	3,552	2,282	2,918
Total		7,689	5,973	6,385	5,132

Short-term loans from financial institution

Liabilities under trust receipts

As at 31 December 2014, the Company had short-term loans from financial institutions, representing liabilities under trust receipts amounting to Baht 198 million (31 December 2013: Baht 197 million), which bear interest at from 8.25% to 15% per annum (31 December 2013: 8.25% to 15% per annum).

Liabilities from bank guarantee of the electronic capacity charge

In 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 15, 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 2014, the Company had loan from an individual in the amount of Baht 15 million (31 December 2013: Baht 15 million), which bears interest at the rate of 15% per annum (31 December 2013: 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 shall repay the principal and interest to the said individual within 30 June 2014. Later the Company had made the memorandum to extend the repayment period within 30 June 2015.

On 6 November 2014, the Company entered into the loan agreement with another individual in the amount of Baht 6 million, which bears interest at the rate of 8% per annum. The Company shall repay the principal and interest to the said individual within 5 May 2015.

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. In year 2013, the Supporter has already made the first advance of Baht 36 million.

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 the rate of 18% per annum until 30 December 2013 and shall be at least 10% per annum thereafter. The Company had provided 727.2 million shares of G J Steel as collateral for the two agreements, and the principal and interest shall be paid to the Supporter within 30 June 2014. Subsequently, on 1 September 2014, the Company and the Supporter has amended the loan agreement that the Company shall pay the principal and interest within 30 June 2015 and the revised interest shall be at the rate of 7.75 % per annum.

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 1 May 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 7.75% 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 102 million shares of G J Steel as 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 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 interest expenses) owed to the Supporting Customer 1 less accounts receivable is Baht 256 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.

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. To reciprocate the support, the Company has appointed the supporting customer to be the distributor for the hot rolled coil steel products produced by the Company and the Company is entitled to certain percentage of sales. Moreover, the supporting customer and a group of other customers have agreed to purchase all of the hot rolled coil steel products which the Company is able to produce 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. And since 30 June 2014, the Company had drawn the total of Baht 400 million loan.

In addition, on 3 January 2014, 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.

G J Steel

Working capital lines of credit

On 17 February 2014, the meeting of G J Steel's Board of Directors No. 1/2014 announced the receipt of additional working capital facility for purchase of raw materials amounting to Baht 7,450 million, resulting in the total working capital facility of G J Steel amounting to Baht 10,375 million.

Short-term loans from other parties

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

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

In year 2014, G J Steel had offsetted short-term loans from other party amounting to Baht 60 million with trade accounts receivable and advance payment to supplier.

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. In year 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.

OAC

Forced sale of G J Steel's shares held by the Company and OAC by the creditors of the Company and OAC

In year 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 2014 and 2013, the Company had the following bonds on issue (the “Bonds”):

	Consolidated and Separate financial statements	
	2014	2013
	<i>(in million Baht)</i>	
Balance - beginning of the year	511	477
Effect of exchange rate	3	34
Balance - end of the year	514	511
Less Current portion of bonds	(514)	(511)
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 2014 and 2013 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.

Currency denomination of interest-bearing liabilities

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

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in million Baht)</i>			
Thai Baht (THB)	2,900	1,226	3,205	2,239
United States Dollars (USD)	7,585	5,984	6,454	4,912
Other	68	59	68	59
Total	10,553	7,269	9,727	7,210

21 Trade accounts payable

		Consolidated financial statements		Separate financial statements	
	Note	2014	2013	2014	2013
		(in million Baht)			
Current					
Related parties	5	1,515	272	1,377	272
Business alliances	6	14	21	14	1
Other parties		6,934	5,833	4,835	4,606
		<u>8,463</u>	<u>6,126</u>	<u>6,226</u>	<u>4,879</u>
Non-Current					
Long-term payable	1.3(a)	<u>578</u>	<u>1,233</u>	<u>578</u>	<u>284</u>
Total		9,041	7,359	6,804	5,163

The Company has agreements to purchase raw materials from various suppliers by utilize the credit facility of the Supporting Customer 1. The Company had taken delivery of raw materials under consignment agreement and the accrual as at 31 December 2014 are amounted to Baht 1,410 million and has to pay interest at the rate that the bank, charges to the Supporting Customer 1 at 1.50% to 3.00% per annum on the accrual balance on the credit facility (LC). However, the Company has no accrual balance due on the raw materials under consignment agreements on 31 December 2013.

G J Steel had agreements to purchase raw materials from various suppliers. G J Steel had taken delivery of raw materials under consignment agreements totaling Baht 722 million as at 31 December 2014 and pays interest from 1.83.% to 6.50% per annum on the payables balance (2013: Baht 531 million, interest rate at 1.68% to 6.80% per annum).

Since 31 March 2014 to present, the Company and G J Steel have defaulted the payment on the repayment schedule with Major Trade Creditors as detailed in Note 1.3(a). As a consequence of the default, the Company and G J Steel have the obligation to pay interest on overdue debts at the rate of 5% per annum from the date of default. The Company and G J Steel are currently in the re-negotiation to extend the repayment schedule.

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

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
<i>(in million Baht)</i>				
Thai Baht (THB)	974	1,056	456	561
United States Dollars (USD)	7,990	6,196	6,273	4,522
Others	77	107	75	80
Total	<u>9,041</u>	<u>7,359</u>	<u>6,804</u>	<u>5,163</u>

22 Other payables and accrued expenses

		Consolidated		Separate	
		financial statements		financial statements	
	Note	2014	2013	2014	2013
		(in million Baht)			
Current					
Related parties	5	65	29	57	21
Business alliances	6	26	32	27	25
Performance guarantee payable		574	571	-	-
Tax installments payable		621	421	250	221
Electricity payable		114	231	-	12
Energy service payable		856	592	854	592
Others		689	653	454	393
		<u>2,945</u>	<u>2,529</u>	<u>1,642</u>	<u>1,264</u>
Non-Current					
Tax installments payable		1,211	1,397	664	689
Long-term payable		-	-	-	-
		<u>1,211</u>	<u>1,397</u>	<u>664</u>	<u>689</u>
Total		<u>4,156</u>	<u>3,926</u>	<u>2,306</u>	<u>1,953</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 574 million as at 31 December 2014 (2013: USD 17 million equivalent to Baht 571 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 2014, G J Steel has outstanding balance of accrued interest expense amounting to Baht 373 million (2556 : Baht 307 million).

Tax installments payable

On 10 September 2013, the Company received approval from the Revenue Department to pay its tax obligations amounting to Baht 860 million (exclude the additional surcharge of Baht 196 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

In year 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.

During the year 2013 up to 31 December 2014, the Group and the Company have paid tax installment payable amounting to 222 million and Baht 114 million, respectively. As at 31 December 2014, the Group and the Company have outstanding balance of tax instalment payable amounting to Baht 1,833 million and Baht 914 million, respectively (included the additional surcharge up to 31 December 2014 amounting to Baht 387 million and Baht 228 million, respectively) which are presented as other current liabilities of Baht 621 million and Baht 250 million respectively and non-current liabilities of Baht 1,211 million and Baht 664 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.

The Company

On 18 March 2014, the Company has issued a requested letter to the Revenue Department for extending the tax payment to 60 installments in 5 years as follow:

- 1st - 12th installment of Baht 6,000,000 per installment
- 13th - 24th installment of Baht 10,000,000 per installment
- 25th - 36th installment of Baht 15,000,000 per installment
- 37th - 60th installment of the balance equally pay in 24 installments as the calculation by the Revenue Department.

The above request is under the consideration of the Revenue Department. Should the request not being approved, the Company shall pay the shortage amount at the reporting dated for the amount of Baht 119 million and has to pay the monthly payment of Baht 20.88 million until the completion.

G J Steel

On 18 March 2014, G J Steel submitted a letter request the approval from the Revenue Department to alter the installment amount and the extension of tax installment period from ending at end of 2018 to 2019 as the following:

- Baht 6 million in equal monthly installment from 15 April 2014 until 15 March 2015
- Baht 10 million in equal monthly installment from 15 April 2015 until 15 March 2016
- Baht 15 million in equal monthly installment from 15 April 2016 until 15 March 2017
- Equal monthly installments for the remaining obligation from 15 April 2017 until 15 March 2019

The above request is under the consideration of the Revenue Department. Should the request not being approved, G J Steel shall pay the shortage amount at the reporting dated for the amount of Baht 157 million and has to pay the monthly payment of Baht 20 million until the completion.

Debt restructuring program

In year 2013, the Group and the Company's other creditors agreed to convert its outstanding receivables in the consolidated financial statements of Baht 18 million and in the separate financial statements of Baht 4 million to exchange with G J Steel's ordinary shares.

23 Advances received from customers

		Consolidated financial statements		Separate financial statements	
	Note	2014	2013	2014	2013
		(in million Baht)			
Related parties	5	1	1	1	1
Other parties		332	369	25	44
Total		333	370	26	45

Advances received from customers of the Group and the Company as at 31 December 2014 and 2013 were denominated entirely in Thai Baht.

24 Accrued interest expenses

		Consolidated financial statements		Separate financial statements	
	Note	2014	2013	2014	2013
		(in million Baht)			
Current					
Bonds		112	91	87	87
Consigned inventories		103	150	65	6
Financial institutions		154	86	154	86
Performance guarantee payable	22	373	307	-	-
Compromise agreement		407	580	357	580
Others		532	92	178	97
		1,681	1,306	841	856
Non-Current					
Others	1.3(a)	313	23	313	23
Total		1,994	1,329	1,154	879

The currency denomination of accrued interest expenses as at 31 December 2014 and 2013 was as follows:

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	(in million Baht)			
Thai Baht (THB)	198	95	265	98
United States Dollars (USD)	1,783	1,228	879	775
Others	13	6	10	6
Total	1,994	1,329	1,154	879

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)			
As at 31 December 2013	-	69	82	1,940	1,896	3,987
Provisions made	42	-	-	265	-	307
Provisions transferred in	-	-	-	-	-	-
Provisions transferred out	-	-	(74)	-	(1,040)	(1,114)
Provisions paid	-	-	-	(141)	-	(141)
Provisions reversed	-	-	(8)	-	-	(8)
Effect of exchange rate	-	(8)	-	-	2	(6)
As at 31 December 2014	42	61	-	2,064	858	3,025
As at 31 December 2013						
Current	-	69	82	1,940	215	2,306
Non-current	-	-	-	-	1,681	1,681
Total	-	69	82	1,940	1,896	3,987
As at 31 December 2014						
Current	42	61	-	1,582	682	2,367
Non-current	-	-	-	482	176	658
Total	42	61	-	2,064	858	3,025

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
As at 31 December 2013	-	69	-	1,356	1,445	654	3,524
Provisions made	42	-	-	226	-	13	281
Provisions transferred in	-	-	-	-	-	-	-
Provisions transferred out	-	-	-	-	(590)	-	(590)
Provisions paid	-	-	-	-	-	-	-
Provisions reversed	-	-	-	-	-	-	-
Effect of exchange rate	-	(8)	-	-	3	-	(5)
As at 31 December 2014	42	61	-	1,582	858	667	3,210
As at 31 December 2013							
Current	-	69	-	1,356	175	654	2,254
Non-Current	-	-	-	-	1,270	-	1,270
Total	-	69	-	1,356	1,445	654	3,524
As at 31 December 2014							
Current	42	61	-	1,582	682	667	3,034
Non-Current	-	-	-	-	176	-	176
Total	42	61	-	1,582	858	667	3,210

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, as at 31 December 2014, the Group and the Company have recorded their assessments to estimate their obligation as provision for court case claim in the consolidated financial statement of Baht 2,064 million and in the separate financial statement of Baht 1,582 million. (2013: Baht 1,940 million and 1,356 million, respectively).

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 667 million in the separate financial statement as at 31 December 2014 (2013: Baht 654million).

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 in year 2013, 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, as at 31 December 2013, the Company reclassified an amount of Baht 363 million from the provision for deferred difference from debt restructuring to current trade payables.

Subsequently, 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 said 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 of year 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.

26 Other current liabilities

		Consolidated financial statements		Separate financial statements	
	Note	2014	2013	2014	2013
		<i>(in million Baht)</i>			
Short-term loans from related parties	5, 20	30	30	592	286
Tax-related liabilities		252	137	6	6
Machinery and construction payables		74	88	45	58
Others		13	53	14	11
Total		369	308	657	361

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

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in million Baht)</i>			
Thai Baht (THB)	316	255	632	336
United States Dollars (USD)	52	51	25	25
Others	1	2	-	-
Total	369	308	657	361

27 Liabilities under rehabilitation plan

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in million Baht)</i>			
Balance - beginning of the year	791	847	523	530
Less Repayment and adjust exchange rate during the year	(30)	(56)	(6)	(7)
Balance - end of the year	761	791	517	523
Less Current portion of liabilities included under the rehabilitation plan	(515)	(560)	(271)	(292)
Total liabilities which were included under the rehabilitation plan - net of current portion	246	231	246	231

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

	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013
	<i>(in million Baht)</i>			
Thai Baht (THB)	658	677	517	523
United States Dollars (USD)	90	100	-	-
Others	13	14	-	-
Total	761	791	517	523

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 2014 and 2013 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.

Since year 2012 to the date of the report, 9 suppliers had filed a complaint against G J Steel for breach of the rehabilitation plan, in the amount of Baht 43 million together with interest at the rate of 7.5% per annum on the principal amount of Baht 27 million from the date of filing the complaint until the date of full repayment.

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

Furthermore, a creditor under the rehabilitation plan demand the Company pay the debt in the amount of Baht 24 million. This case, on 27 January 2015, the Central Liquidation Court has a judgment in accordance with the compromise agreement between the Company and the creditor which submit to the court.

28 Employee benefit obligations

	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013
	<i>(in million Baht)</i>			
Statement of financial position				
obligations for:				
Post-employment benefits	73	55	36	27
	73	55	36	27

<i>Year ended 31 December</i>	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013

(in million Baht)

Statement of comprehensive income:

Recognized in profit or loss:

Post-employment benefits	23	23	14	14
	23	23	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		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013

(in million Baht)

Unrecognised transitional obligation as at 1 January	27	40	17	25
Recognised through profit or loss for the year ended	(13)	(13)	(8)	(8)
Unrecognised transitional obligation as at 31 December	14	27	9	17

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		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013

(in million Baht)

Present value of unfunded obligations	87	82	45	44
Unrecognised transitional obligation	(14)	(27)	(9)	(17)
Statement of financial position obligation	73	55	36	27

Movement in the present value of the defined benefit obligations:

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in million Baht)</i>			
Defined benefit obligations at 1 January	82	88	44	54
Benefit paid	(5)	-	(5)	-
Current service costs and interest	10	10	6	6
Actuarial losses (gains)	-	(16)	-	(16)
Defined benefit obligations as at 31 December	87	82	45	44

Expense recognised in profit or loss:

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in million Baht)</i>			
Transitional obligation recognised	13	13	8	8
Current service costs	7	7	4	4
Interest on obligation	3	3	2	2
Total	23	23	14	14

The expense is recognised in the following line items in the statement of income:

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in million Baht)</i>			
Cost of sales and administrative expenses	24	23	14	14
Total	24	23	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 amounted of gains Baht 16 million.

Principal actuarial assumptions at the reporting date:

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(%)</i>			
Discount rate	3.9 p.a.	3.7 - 3.9 p.a.	3.9 p.a.	3.7 p.a.
Future salary increases rate	5.0 - 7.0	5.0 - 7.0	3.0 - 7.0	3.0 - 7.0
Employee turnover rate	5.0 - 15.0*	5.0 - 15.0*	6.0 - 15.0*	6.0 - 15.0*
Mortality rate	TMO08**	TMO08**	TMO08**	TMO08**

* Based on the weighted average by age group of employees

** Reference from TMO08 : Thai Mortality Ordinary Table 2008

29 Share capital

The movements of share capital for the year ended 31 December 2014 and 2013 were as follows:

	<i>Par value per share (in Baht)</i>	<i>Number</i>	Consolidated and Separate financial statements		<i>Baht</i>
			2014	2013	
			<i>Baht</i>	<i>Number</i>	<i>Baht</i>
			<i>(million shares / million Baht)</i>		
Authorised					
At 1 January					
- ordinary shares	1.00	54,574	54,574	54,574	54,574
Increase of new shares		-	-	-	-
Reduction of shares		-	-	-	-
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	34,251	34,251	26,923	26,923
Increase of new shares for					
• The Company's debt restructuring program (1)	1.00	-	-	3,746	3,746
• G J Steel's debt restructuring program (2)	1.00	-	-	2,086	2,086
• 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	34,251	34,251

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>			
As 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
As 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
As 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
As 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>
<i>Shares issued to financial advisors</i>			
As 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 184 million.	369	(185)	184
As 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
As 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 29 million.	57	(28)	29
	<u>578</u>	<u>(289)</u>	<u>289</u>
	<u>3,746</u>	<u>(2,520)</u>	<u>1,226</u>

	Issued and Paid up	Share discount (in million Baht)	Net
<i>Shares issued for G J Steel's debt restructuring program</i>			
As 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
As 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
As 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
	<u>2,086</u>	<u>(1,335)</u>	<u>751</u>
<i>Shares issued for Rights offering plan</i>			
As at 19 March 2013 (Offering price of Baht 0.40 per share)			
• Cash received from existing shareholders of Baht 539 million	<u>1,349</u>	<u>(810)</u>	<u>539</u>
<i>Shares issued to financial advisors</i>			
At 19 March 2013 (Converted price of Baht 0.50 per share)			
• Compensation for consulting fee for debt restructuring, financing, commercial and legal counsel in the amount of Baht 74 million	<u>147</u>	<u>(73)</u>	<u>74</u>
Total	<u>7,328</u>	<u>(4,738)</u>	<u>2,590</u>

Share premium (discount)

The movement of share premium (discount) during the years ended 31 December 2014 and 2013 are shown in the table below:

	Note	Consolidated and Separate financial statements	
		2014	2013
		(in million Baht)	
Share premium (discount)			
As at 1 January		(10,163)	(5,425)
The Company's debt restructuring program	34	-	(2,231)
Compensation to financial advisor of the Company's debt restructuring program	34	-	(289)
G J Steel's debt restructuring program	34	-	(1,335)
Rights Offering Plan	34	-	(810)
Compensation to financial advisor	34	-	(73)
As at 31 December		(10,163)	(10,163)

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

	Offering price of warrant per unit (in Baht)	Consolidated and Separate financial statements			
		2014		2013	
		Unit	Amount	Unit	Amount
		(million units / in million Baht)			
Warrants					
At 1 January					
- First Warrants	0.002	5,676	11	5,676	11
- Second Warrants	0.002	1,349	3	-	-
		<u>7,025</u>	<u>14</u>	<u>5,676</u>	<u>11</u>
Issue of new warrants :					
- First Warrants		-	-	-	-
- Second Warrants	0.002	-	-	1,349	3
		<u>-</u>	<u>-</u>	<u>1,349</u>	<u>3</u>
At 31 December					
- First Warrants	0.002	5,676	11	5,676	11
- Second Warrants	0.002	1,349	3	1,349	3
Total	0.002	<u>7,025</u>	<u>14</u>	<u>7,025</u>	<u>14</u>

Issued and offered the Company's second warrants

In year 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. At the present, it is in the process of the requesting to extend the due date.

On 15 October 2013, OAC transferred 33 million ordinary shares of the Company to a creditor of G J Steel. Later 13 January 2014, OAC deposited additional 102.3 million shares of the Company held by OAC with Deposit Office, Legal Execution Department to transfer to the said creditor of G J Steel.

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 209 million of the Company shares. Besides, at the same date, the Company and Shareholder 2 agreed to extend the payment of debts to 30 June 2016, provided that OAC has complied to debt payment in according to the Transfer of assets for debt repayment contract. OAC transfers the aforementioned assets to Shareholder 2 on 18 June 2014. Thus the Company had classified the outstanding balance of liabilities which presented as the provisions for liabilities to non-current liabilities since the 2nd quarter of 2014.

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 2014 and 2013 were as follows:

	Consolidated financial statements	
	2014	2013
	<i>(in million Baht)</i>	
<i>Segment revenue</i>		
Domestic	23,941	9,700
Export	-	-
Total	23,941	9,700
<i>Segment gross profit (loss)</i>		
Domestic	543	(686)
Export	-	-
Total	543	(686)

In formation about major customers

For the year ended 31 December 2014 and 2013, the Group's revenues from domestic sales 2 customers and 3 customers respectively for the total amount of Baht 10,298 million and Baht 3,563 million respectively.

34 Gain from debt restructuring

In year 2014, the Group and the Company have gain from debt restructuring with trade accounts payable and liabilities under rehabilitation plan in the amount of Baht 110 million in the consolidated financial statement and Baht 63 million in the Separate financial statement.

As a results of the Group and the Company's debt restructuring for the year 2013 as mentioned 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
<i>For the year ended 31 December 2013</i>	<i>(in million Baht)</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	<u>1,043</u>	<u>-</u>
<i>Less</i> 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)	<u>(170)</u>	<u>-</u>
Total	<u>(749)</u>	<u>-</u>
Gain from debt restructuring - G J Steel's debt restructuring program	294	-

	<i>Note</i>	Consolidated financial statements <i>(in million Baht)</i>	Separate financial statements
2013 the Company and G J Steel's debt restructuring program			
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
<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		(3,919)	(2,355)
Gain from debt restructuring - 2013 the Company's debt restructuring program		26	26
Repayment of OAC's loan			
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		1,606	-
<i>Less</i> cash payment to financial institution		(387)	-
Gain from debt restructuring - the OAC's debt restructuring program		1,219	-
Total gain from debt restructuring		1,539	26

35 Selling expenses

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	(in million Baht)			
Domestic shipping expenses	269	105	121	-
Export shipping expenses	1	-	-	-
Commission expenses	141	-	141	-
Packing expenses	4	3	-	-
Total	415	108	262	-

36 Administrative expenses

		Consolidated financial statements		Separate financial statements	
	Note	2014	2013	2014	2013
		(in million Baht)			
Consulting expense		67	151	11	77
Idle cost - depreciation and amortisation expenses	41	412	1,225	237	849
Idle cost - other		179	892	164	624
Depreciation and amortisation expenses	41	84	85	42	43
Employee benefit expenses	41	387	465	140	158
Demurrage charges		2	6	-	-
Others		376	345	177	151
Total		1,507	3,169	771	1,902

37 Employee benefit expenses

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	(in million Baht)			
Management				
Wages and salaries	70	84	24	38
Welfare	4	6	-	1
Contribution to provident fund	2	2	1	-
	76	92	25	39
Other employees				
Wages and salaries	534	467	255	219
Welfare	133	148	38	32
Contribution to provident fund	25	23	9	8
	692	638	302	259
Total	768	730	327	298

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	
	<i>Note</i>	2014	2013	2014	2013
		<i>(in million Baht)</i>			
Amount receivable from related parties	5	-	-	5	45
Loans to and interest receivable from related parties	5	-	-	2	(22)
Trade account receivable	8	(1)	4	-	4
Receivables from scrap sales	10	-	-	-	-
Other current assets	11	-	3	(1)	-
Long-term loans to and receivables from others	20	-	(3)	-	-
Total		(1)	4	6	27

39 Losses on impairment of assets

		Consolidated financial statements		Separate financial statements	
	<i>Note</i>	2014	2013	2014	2013
		<i>(in million Baht)</i>			
Investment in subsidiaries	13	-	-	14	408
Advance payment to suppliers	11	-	87	-	18
Total		-	87	14	426

40 Other expenses

		Consolidated financial statements		Separate financial statements	
	Note	2014	2013	2014	2013
		<i>(in million Baht)</i>			
Advisory fee for debt restructuring paid by shares		-	487	-	368
Loss on sale of investment		84	-	195	434
Loss on guarantee of shares market value		-	11	-	11
Provision for tax-related liabilities	25	-	101	-	61
Provision for guarantee subsidiary	25	-	-	13	273
Provision for court case claim	25	265	348	227	254
Loss on impairment of assets	39	-	87	14	426
Net foreign exchange loss		98	724	64	411
Total		447	1,758	513	2,238

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	
	2014	2013	2014	2013
	<i>(in million Baht)</i>			
<i>Included in cost of sales of goods:</i>				
Raw material and consumable used	27,004	8,506	15,960	9
Changes in inventories of finished goods decrease (increase)	(1,415)	(478)	(1,349)	27
Depreciation and amortization	1,459	574	622	-
Employee benefit expenses	381	265	187	140
<i>Included in administrative expenses:</i>				
Depreciation and amortization (including in idle cost)	412	1,225	237	849
Depreciation and amortization	84	85	42	43
Employee benefit expenses	387	465	140	158
Operating lease expense	11	22	4	15

42 Finance costs

		Consolidated financial statements		Separate financial statements	
	Note	2014	2013	2014	2013
		(in million Baht)			
Finance costs:					
Related parties	5	174	19	174	19
Bonds		-	-	-	-
Financial institutions		76	147	75	65
Other parties		224	375	155	237
Total		474	541	404	321

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 2014 and 2013, was as follows:

Consolidated financial statements						
	Promoted businesses	2014 Non- Promoted businesses	Total	Promoted Businesses	2013 Non- Promoted businesses	Total
			<i>(in million Baht)</i>			
Export Sale	55	-	55	-	-	-
Domestic Sale	14,458	9,428	23,886	9,684	16	9,700
Total Revenue	14,513	9,428	23,941	9,684	16	9,700

Separate financial statements						
	Promoted businesses	2014 Non- Promoted businesses	Total	Promoted Businesses	2013 Non- Promoted businesses	Total
			<i>(in million Baht)</i>			
Export Sale	-	-	-	-	-	-
Domestic Sale	-	9,428	9,428	-	16	16
Total Revenue	-	9,428	9,428	-	16	16

45 Loss per share

Basic loss per share

The calculation of basic loss per share for the year ended 31 December 2014 and 2013 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	
	2014	2013	2014	2013
	<i>(in million Baht /million shares)</i>			
Profit (loss) for the year attributable to equity holders of the Company (basic)	<u>(1,870)</u>	<u>(1,250)</u>	<u>(1,944)</u>	<u>(3,115)</u>
Number of ordinary shares outstanding at 1 January	34,251	26,923	34,251	26,923
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>34,251</u>	<u>31,872</u>	<u>34,251</u>	<u>31,872</u>
<i>Less</i> Effect of own share held by a subsidiary	<u>-</u>	<u>(365)</u>	<u>-</u>	<u>-</u>
Weighted average number of ordinary shares outstanding (basic)	<u>34,251</u>	<u>31,507</u>	<u>34,251</u>	<u>31,872</u>
Earnings (loss) per share (basic) (in Baht)	<u>(0.05)</u>	<u>(0.04)</u>	<u>(0.06)</u>	<u>(0.10)</u>

Diluted loss per share for the years ended 31 December 2014 and 2013 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 2014 and 2013, 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 2014 and 2013 and the periods to maturity or re-pricing were as follows:

	Effective Interest rate (% per annum)	Consolidated financial statements			Total
		Within 1 year	After 1 year but within 5 years (in million Baht)	After 5 years	
2014					
<i>Financial assets :</i>					
Cash and cash equivalents	0 - 0.375	248	-	-	248
Restricted deposits at financial institutions	1.125	-	-	-	-
Total		<u>248</u>	<u>-</u>	<u>-</u>	<u>248</u>
<i>Financial liabilities:</i>					
Short term loans from financial institutions	15.0	436	-	-	436
Short-term loans from related party	7.0 - 12.0	30	-	-	30
Short-term loans from other parties	7.75-15.0	77	-	-	77
Long-term loans from other parties	7.75	-	36	-	36
Long-term loans from related party	3.0 - 12.0	96	304	-	400
Bonds	3.0	514	-	-	514
Trade accounts payable	1.0 - 12.0	7,089	602	-	7,691
Other payables and accrued expense	7.0 - 7.5	1,369	-	-	1,369
Total		<u>9,611</u>	<u>942</u>	<u>-</u>	<u>10,553</u>

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 - 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

Separate financial statements					
	Effective Interest rate (% per annum)	Within 1 year	After 1 year but within 5 years (in million Baht)	After 5 years	Total
2014					
<i>Financial assets :</i>					
Cash and cash equivalents	0 - 0.375	4	-	-	4
Total		4	-	-	4
<i>Financial liabilities :</i>					
Short-term loans from financial institutions	15.0	436	-	-	436
Short-term loans from related parties	7.0-12.0	592	-	-	592
Short-term loans from other parties	7.75-15.0	41	-	-	41
Long-term loans from related party	3.0-12.0	88	1,398	-	1,486
Long-term loans from other parties	7.75	-	36	-	36
Bonds	3.0	514	-	-	514
Trade accounts payable	1.0-12.0	5,817	602	-	6,419
Other payables and accrued expense	7.0-7.5	203	-	-	203
Total		7,691	2,036	-	9,727

	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 - 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

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 2014 and 2013, the Group was exposed to foreign currency risk in respect of financial assets and liabilities denominated in the following currencies:

	Note	Consolidated financial statements		Separate financial statements	
		2014	2013	2014	2013
		(in million Baht)			
United States Dollars					
Cash and cash equivalents	7	9	5	3	3
Trade accounts receivable	8	103	117	102	102
Other current assets	11	32	267	33	24
Short-term loans from financial institution		(174)	(173)	(174)	(173)
Short-term loans from other parties		-	(62)	-	-
Bonds		(514)	(511)	(514)	(511)
Trade accounts payable	21	(7,991)	(6,196)	(6,273)	(4,522)
Other payables and accrued expenses	22	(838)	(833)	(208)	(207)
Accrued interest expenses	24	(1,787)	(1,228)	(879)	(775)
Other current liabilities	26	(52)	(51)	(25)	(24)
Liabilities under rehabilitation plan	27	(90)	(100)	-	-
Gross exposure in statements of financial position		(11,302)	(8,765)	(7,935)	(6,083)
Estimated forecast purchases		(5,361)	(1,046)	(1,327)	-
Gross exposure		(16,663)	(9,811)	(9,262)	(6,083)

		Consolidated financial statements		Separate financial statements	
	Note	2014	2013	2014	2013
		(in million Baht)			
Others					
Other current assets	11	38	47	17	7
Trade accounts payable	21	(77)	(107)	(75)	(80)
Other payables and accrued expenses	22	-	(4)	-	(3)
Accrued interest expenses	24	(10)	(6)	(10)	(6)
Other current liabilities	26	(2)	(2)	-	-
Liabilities under rehabilitation plan	27	(13)	(14)	-	-
Gross exposure in statements of financial position		(64)	(86)	(68)	(82)
Estimated forecast purchases		(532)	(340)	-	-
Gross exposure		(596)	(426)	(68)	(82)

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 seized 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 2014 and 2013.

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	
	2014	2013	2014	2013
	<i>(in million Baht)</i>			
Capital commitment				
<i>Contracted but not provided for</i>				
Buildings and other constructions	84	84	84	84
Machinery and equipment	154	154	154	154
Total	238	238	238	238
Lease and service agreement commitments				
Within one year	11	12	6	6
After one year but within five years	5	14	2	8
Total	16	26	8	14
Other commitments				
Bank guarantees	1	1	-	-

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	
	2014	2013	2014	2013
	(in million Baht)			
<i>Long-term agreement commitments of the Company</i>				
Within one year	194	188	123	118
After one year but within five years	652	754	370	471
After five years	342	412	-	-
Total	1,188	1,354	493	589

- 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.

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

Subsequently, the aforementioned electricity supply company has liquidity problem, therefore it sent a letter dated 13 June 2014 to the company, refer to the Interim Power Purchase Agreement on 1 April 2014, informing to temporarily suspend the supply electricity to the Company since 13 June 2014. However, the Company still operates as normal by using electricity from Provincial Electricity Authority.

G J Steel

- a) G J Steel entered into agreement to purchase natural gas. This agreement is effective on 1 July 2006 and is terminated after the Company has purchased natural gas for ten years since supplier has already transferred and the Company has already received natural gas. Natural gas rate depend on monthly charges based on consumption.
- 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	
	2014	2013
	(in million Baht)	
<i>Long-term agreement commitments of G J Steel</i>		
Within one year	71	71
After one year but within five years	282	282
After five years	342	412
Total	695	765

47.3 Raw material purchase orders

The Company

As at 31 December 2014, the Company had outstanding purchase orders for raw materials that have not been delivered to the Company totaling Baht 1,420 million (2013 : -).

As at 31 December 2014, the Company has estimated the provision for loss in respect of outstanding purchase orders for raw materials that have not been delivered based on comparison with the economic benefits expected to be received in the form of estimated sales prices and the conversion costs of finished products and estimated the provision for loss in respect of purchase orders for raw material that has not yet delivered for the year ended 31 December 2014 as mentioned in Note 25 Provisions.

As at 31 December 2014, the Company has agreements to purchase raw materials from various suppliers by utilize the credit facility of the Supporting Customer 1 under consignment agreements, which the ownership of unreleased raw material belongs to the suppliers. The Company has to pay interest at the rate that the bank, charges to the Supporting Customer 1 at 1.5% to 3.0% per annum on the accrual balance on the credit facility (LC) (2013 : 4.0 % - 7.5 % per annum).

G J Steel

As at 31 December 2014, G J Steel had outstanding purchase orders for raw materials that have not been delivered to G J Steel totalling Baht 1,522 million (2013: Baht 1,637 million). As at 31 December 2014 and 2013, G J Steel has estimated the provision for loss in respect of outstanding purchase orders for raw materials that have not been delivered based on comparison with the economic benefits expected to be received in the form of estimated sales prices and the conversion costs of finished products and there was no loss to be recognized in the such period.

As 31 December 2014, G J Steel had agreements to purchase raw materials with various suppliers under consignment agreements, which the ownership of unreleased raw material belongs to the suppliers. G J Steel has to pay interest at the rate of 1.83% - 6.50% per annum on the unreleased raw materials in addition to the payables balance (2013 : 1.68% - 6.80% per annum).

47.4 Customer advances

As of 31 December 2014, the Company had advances received from customers totaling Baht 26 million (2013: Baht 45 million) and had the obligation to deliver goods to the customers in the future. G J Steel had similar advances received totaling Baht 307 million as at 31 December 2014 (2013: Baht 325 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 two 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. A full provision for this amount has been made.

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. And on 29 September 2014, the petitioner filed an appeal of the Company to the Central Intellectual Property and International Trade Court. At present, this case is pending in the Supreme Court.

- 2) The payable in the rehabilitation plan has requested the Company to pay Baht 24 million.

This case, on 27 January 2015, the Central Liquidation Court has a judgment in accordance with the compromise agreement between the Company and the creditor which submit to the court.

Shareholder complaint cases

Currently, there is a shareholder filing lawsuits against the Company and OAC. The two cases are pending under the court proceedings with details as follows:

In year 2013, a creditor as a guarantor and a pledgor filed a lawsuit to implement its right to recourse against the Company and OAC. Certain assets of the creditor were enforced by the bank in the capacity as the lender of the Company and OAC to repay the debt of the Company and OAC owed to the lender. The enforced amount includes interest and other damages in the total amount of Baht 989.16 million.

The Central Intellectual Property and International Trade Court rendered a judgment ordering the OAC to repay the debt in the amount less than the full amount as requested under the complaint. The Creditor then appealed requesting both defendants to be responsible for the full amount claimed.

During the appeal to the Supreme Court, On January 7, 2015, the creditor withdrawn the Company only from the above case and on December 15, 2014, the Creditor filed another lawsuit to enforce its right to recourse merely against the Company, in its capacity as a guarantor, demanding the compensation for damages in the case that the Creditor has pledged its asset in favor of the Company's subsidiary guaranteeing the debt repayment with the bank. The creditor's pledged asset was enforced by the bank. The amount of security is at Baht 694.26 million including the interest calculated from the default date until the date of the lawsuit was filed in the amount of Baht 138.85 million and other damages in the amount of Baht 196.89 million, totaling to the amount of Baht 1,030 million. This case is pending under the Southern Civil Court procedure.

G J Steel

Suppliers complaint pending litigation

Eleven 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 65.53 million together with interest at the rate of 7.5% per annum on the principal amount of Baht 48.92 million and with interest at the rate of 15% per annum on the principal amount of Baht 0.40 million, from the date of filing the complaint until the date of full repayment.

Five 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 32.89 million together with interest at the rate of 7.5% per annum on the principal amount of Baht 29.62 million from the date of filing the complaint until the date of full repayment. At present, creditor and G J Steel have a compromise agreement in Court.

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 Reclassification of accounts

Certain accounts in the consolidate and separate statement of financial position as at 31 December 2013 which are included in the 2014 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 2014.

	Consolidate financial statements		
	Before reclassification	Reclassification (in million Baht)	After reclassification
Statement of financial position			
as at 31 December 2013			
- Accrued interest expenses	2,454	(1,149)	1,305
- Provisions	1,158	1,149	2,307
		<u>-</u>	
Statement of income			
for the year 31 December 2013			
- Loss on impairment of assets	87	(87)	-
- Net foreign exchange loss	723	(723)	-
- Other expenses	694	1,064	1,758
- Finance costs	795	(254)	541
		<u>-</u>	

	Separate financial statements		
	Before reclassification	Reclassification (in million Baht)	After reclassification
Statement of financial position as at 31 December 2013			
- Accrued interest expenses	2,004	(1,149)	855
- Provisions	1,105	1,149	2,254
		-	
Statement of income for the year 31 December 2013			
- Loss on impairment of assets	426	(426)	-
- Net foreign exchange loss	411	(411)	-
- Other expenses	1,147	1,091	2,238
- Finance costs	575	(254)	321
		-	

51 Events after the reporting date

Facilities Agreement

On 9 February 2015, the Company and G J Steel had entered into enter the Facilities Agreement with a local bank as following details:

1. Original loans and the existing accrued interest, has been restructured as follow:
 - 1.1 Loan amounting Baht 237.80 million : the first payment of Baht 25 million and the remaining amounts paid by 18 monthly installments as stated in the agreement starting from 31 March 2015.
 - 1.2 Trust receipt (T/R) amounting approximately Baht 200 million: the first payment of Baht 25 million and the remaining amount paid by 18 monthly installments as stated in the agreement starting from 31 March 2015.
 - 1.3 Accrued interest expenses recorded in the system of the Company is approximately Baht 154 million. The Bank is in the process of adjusting the said accrued interest down which will conclude in the first quarter of year 2015. After the final result come out, the Company will pay by 18 monthly installments as stated in the agreement starting from 31 March 2015.
2. New facilities in the amount of Baht 602 million as follow :
 - 2.1 Letter of Credit (L/C) in the amount of Baht 350 million which is the combined facility between the Company and G J Steel.
 - 2.2 Bank guarantee (BG) in the amount of Baht 252 million for G J Steel.

The Company and G J Steel will provide securities under the aforementioned facilities as below:

- The Company will increase the mortgaged amount of the existing mortgaged machine from formerly Baht 475.6 million to the new mortgage of Baht 510 million.
- G J Steel will mortgage the machinery in 2 items; the Recoil Temper Mill (RTM) and the Acid Regeneration Plant (ARP), for the mortgaged amount of Baht 480 million, together with cash Baht 70 million for additional collateral to be provided.

The Group expects that the above agreement shall be effective within March 2015.

Compromise Agreement

On 19 February 2015, the Company enters into Compromise Agreement with Major Trade Creditor 2. The Company shall pay USD 14.7 million to the creditor as follow;

1. During the period of July 2014 through June 2015, the Company shall pay an “Initial Payment” in the amount of USD 0.3 million as follows:
 - USD 8,232.94 with immediate effect
 - 3 equal installments of USD 10,000 each month from 31 July to 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 to 30 June 2015
2. During the period September 2015 through December 2021, pay the outstanding balance of the Restructured Debt Proportion as follows:
 - 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

Interest rate of 1% per annum shall be applied on the outstanding balance and shall be payable on each installments starting 30 September 2015.

Right of redemption

On 6 January 2015, GS Securities entered into 100 million G J Steel shares held by GS Securities sale with right of redemption with a Buyer amounting to Baht 6 million. The Buyer will allow the Company to redeem the shares within 6 months by payment of Baht 6 million together with interest at 8% per annum starting from the contract date.

On 15 January 2015, GS Securities entered into 100 million G J Steel shares held by GS Securities sale with right of redemption with the Buyer amounting to Baht 6 million. The Buyer will allow the Company to redeem the shares within 6 months by payment of Baht 6 million together with interest at 8% per annum starting 23 January 2015.

Redeem the under debentures

Since 1 January 2015 to the reporting date, G J Steel paid to redeem the under debentures to GS Securities in the amount of Baht 32 million.



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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