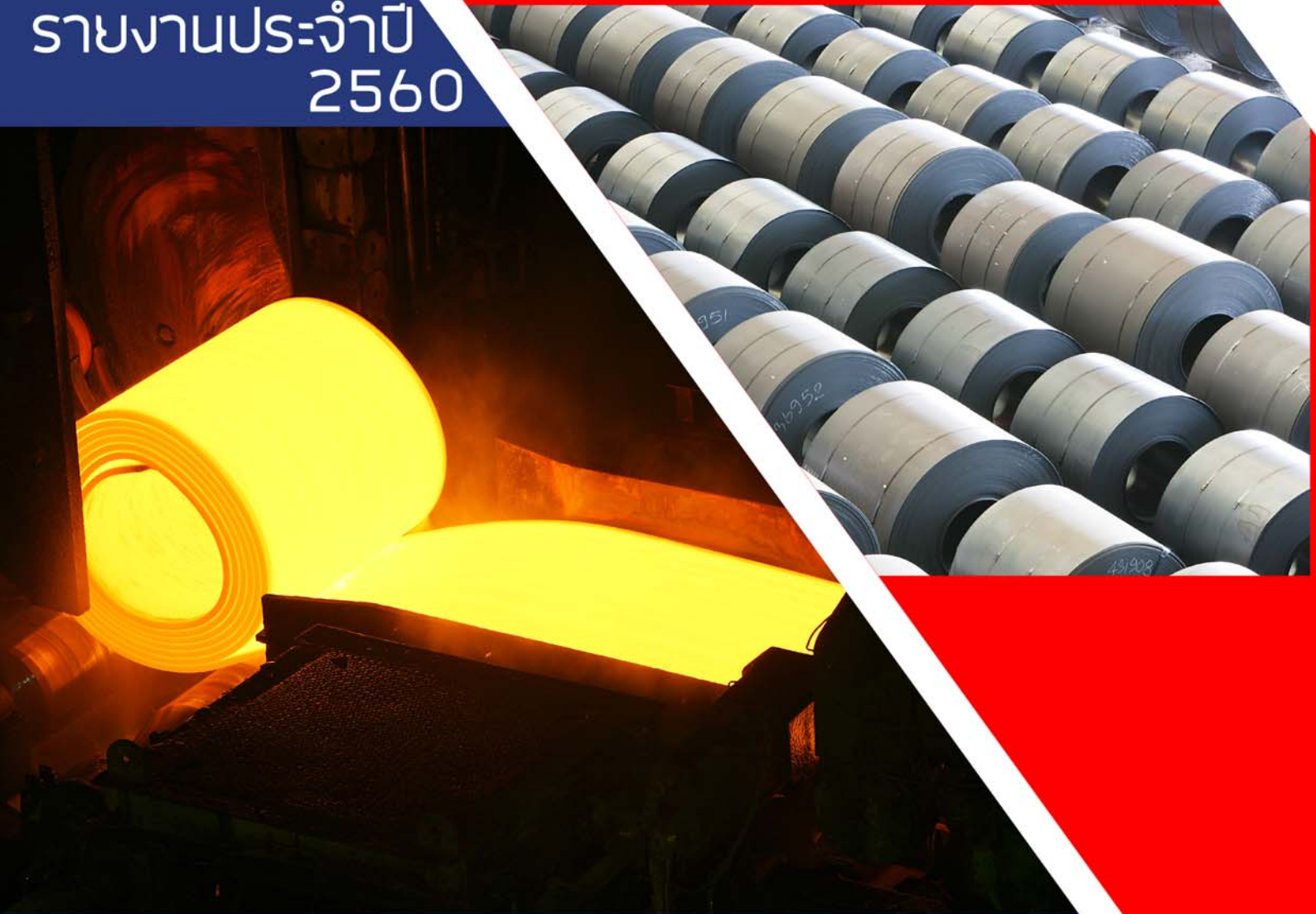


GSteel

ANNUAL REPORT 2017

รายงานประจำปี
2560



Think Steel Think Technology Think G Steel

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General Information

The Company Name:	G Steel Public Company Limited
Trading Symbol on the Stock Exchange of Thailand:	GSTEL for ordinary shares
Company Registration Number:	0107538000746
Headquarter Location:	88 PASO Tower, 18 th Floor, Silom Road, Suriyawong, Bangkok, Bangkok 10500 Tel: (02) 634-2222 Fax: (02) 634-4114
Factory Location:	55 Moo 5, SSP Industrial Park, Nonglalog, Bankhai, Rayong 21120 Tel: (038) 869-323 Fax: (038) 869-333
Website:	www.gsteel.com
Date of Establishment:	31 October 1995
Date of Production Commencement:	1 November 1999
Type of Business:	Production and Distribution of Hot Rolled Coil and Slab Hot Rolled Coil <ul style="list-style-type: none">• Width 900 - 1,550 mm.• Gauge 1.0 - 13.0 mm. Slab <ul style="list-style-type: none">• Width 900 - 1,550 mm.• Gauge 80 - 100 mm. Melting - Electric Arc Furnace from Germany Casting - Medium Slab Casting Machine from Japan Rolling - Hot Strip Mill from Japan
Production Technology	
Production Capacity:	1,800,000 tons per annum
Number of Employees:	651 persons
Registered Capital:	Baht 48,775,743,730.00
Paid-up Capital:	Baht 34,250,904,820.00
Paid-up Common Stock:	6,850,180,964 Ordinary shares, with per value of Baht 5.00 per shares
Fiscal Year:	1 January – 31 December

Reference

Share Registrar:

Ordinary Shares: **Thailand Securities Depository Company Limited**

No. 93 Rachadabhisek Road, Dindaeng, Dindaeng,
Bangkok 10400

Tel: (02) 009-9999 Fax: (02) 009-9991

Debenture Registrar: **The Hong Kong and Shanghai Banking Corporation Limited**

Level 30, HSBC Main Building, 1 Queen's Road Central,
Hong Kong

External Auditor: **A.M.T. & ASSOCIATES**

Mr. Chaiyuth Angsuwithaya
(Certified Public Accountant License No. 3885) or

Mrs. Natsarak Sarochanunjeen
(Certified Public Accountant License No. 4563)

491/27 Silom Plaza, Silom Road, Bang Rak , Bangkok 10500

Tel: (02) 234-1676 Fax: (02) 237-2133

Investor Relations: **Investor Relations Department**

Tel: (02) 267-8222 Ext 1229 and 1438

E-mail : IR@gsteel.com

Other Related Information: - None -

For more information of the listed Company, please see its disclosure report concerning additional information (Form 56-1) published in www.sec.or.th or in the Company's website (if any). In this connection, to display the information and to help communicate with investors easier, the listed Company may consider the pattern of explanation as appropriate, for example, graphs, illustrations, etc. However, any information disclosed in any form shall not be construed as a false statement of concealment of the actual message or misleading the person in the information.

Message from the Chairman

While the Global Economy for the year 2017 has recorded a growth of 3.6%, the projection is made for further upward movement of 3.7% growth in 2018. There would however, still be overhang of volatility due to Geo-political and other Macro Economic risks. The Thai economy is appearing to stay solidly on track for a stronger economic growth as well and expected to cross 4% during 2018 on the back of investment pick up and stronger exports, creating favorable environment for Steel Industry.

The Global Steel Industry continues to witness challenging times, though the performance of the Industry has been better during 2017, recording a growth of 5.3% with a new peak production of 1691.2 million ton of crude steel. World Steel Association (WSA) forecasts the global demand for finished steel at 1649.5 million ton with a likely growth of 1.6% during 2018. Given the current stage of development of the Thailand economy and the likely growth path for the Country's economy in the next decade, the Steel Demand in Thailand projected to witness significant growth in future. However, the steel sector in Thailand continues to be under stress, even though the Government has issued and renewed Anti-Dumping and Safeguard measures to provide level playing field to this strategic industry to revive investment cycle & create employment opportunities and improve its competitiveness through improving efficiencies, reducing costs and other several initiatives.

Year 2017 has been a year of mixed performance for the Company, mainly arising out of inadequate availability of working capital, sluggish market in early part of the year, legacy issues relating to business operations etc. The Company has gone under Rehabilitation since November 2017 and the same is under active consideration of Hon'ble Central Bankruptcy Court, Thailand. Simultaneously, the Company has prepared its plan for carrying out its operations at much enhanced level in 2018. Expecting positive outcome on rehabilitation process, Which shall enable infusion of adequate financing by New Investor for Working Capital, much needed Capital Expenditure for improving health of equipment, production of Value added Steel etc. However, under the prevailing financial condition of the Company along with complying with the Rehabilitation conditions, the operations of the Company is being managed through tolling productions for other parties. The Company has recorded a growth of 7% in production during the year 2017, which has boosted the confidence level of the employees of the Company to take on higher challenges in 2018.

The Company endeavors to maximize the production for meeting growing demand of the country thereby reducing imports and has undertaken several strategic initiatives to prepare the organization for comprehensive and sustainable growth both on short term and long term and will be implemented immediately on receipt of favorable decisions of the rehabilitation process.

On behalf of the Board of Directors, I would like to express my sincere appreciation to all Shareholders, Customers, Trade Partners, Employees and Government of Thailand for their support to the Company. I look forward to your continued and valuable support in taking the Company to newer heights in the future.

Yanyong Kurovat
Chairman of the Board of Directors

Report of Chief of Corporate Social Responsibility

G Steel Public Company Limited has the policy to promote Corporate Governance, emphasizing business principles of social responsibility. G Steel Public Company Limited is a producer and distributor of Hot Rolled Coil including steel melting, slab casting and hot rolling processes focus on the quality of production without disadvantaged people's hygiene including the community environment. The Company utilize resources efficiently and worthily with energy and water saving and quality product to customer. Take care and fulfill the community to overall in society also take an attention to all employees for good safety, good wellness, good benefits including development of knowledge and skill in the organization.

During 2017, the following CSR activities were accomplished in social development such as Education Development; we opened field trip for various groups of students to improve their knowledge, for Economic Development; we provided opportunity to community to sell their product at our factory without incurring any expense, for Thai Religion; we arranged and participate in community's activities and for our employees, we have internal activity with Inner CSR team to increase wellness, for example; participation of maternal newborn and child health for Thai family to protect prematurity with Siriraj Hospital, annual health check-up, Blood donation, sport activity and awareness of environmental management with ISO 14001 every year.

G Steel Public Company Limited still committed to the policy that it is responsible for employees, society, community and environment with the cooperation of the Company, management and employees which will continuously concentrates on joint commitment as well as selfless devotion.



Khunying Patama Leeswadtrakul

Chief of Corporate Social Responsibility Officer

Policy and Business Overview

G Steel Public Company Limited runs a business of producing and selling hot-rolled steel sheet in coils (or hot-rolled coils) as main products, also including slitting and shearing services as per customers' orders, and steel slabs as supplementary products. The Company's main products are used directly in construction works, water irrigation and civil engineering, and used as substrates or raw materials for many downstream industries, such as cold-rolling and galvanizing industries to make steel products for several kinds of industrial manufacturing, in steel sheet fabrication industry, e.g. making pipes, tubes and structural shapes for uses in construction, other downstream industries, namely, automotive parts (for passenger cars, buses, trucks) and parts for other vehicles, for making oil drums, gas cylinders, general industrial equipment or parts, etc.

The Company's hot-rolled coil plant has deployed state-of-the-art technologies that perfectly and efficiently integrate melting, casting and rolling processes in one plant, or known as "Compact Mini Mill", which consists of melting technology with Electric Arc Furnaces (EAFs), Continuous Casting Machine technology and Hot Strip Mill in tandem continuously throughout all the said processes.

The Company's production process, in brief, begins from taking ferrous scraps and pig iron to melt in the EAFs to make liquid steel at 1,600 degrees Celsius, then improving the quality of liquid steel with ferro-alloys and other substances to meet the requirements of the standard or customer's specification, and casting the improved liquid steel into the continuous casting machine to make steel slabs of 100 mm thickness, and hot-rolled to reduce the thickness down to the range of 1.0 - 13.0 mm as per the customer's order. The Company's plant is the first in Thailand and one of a few plants in the world that can make as thin as 1.0 mm hot-rolled sheet. The said production process is thoroughly continuous and takes just 3 hours and a half to finish.

The Company's hot-rolled coil plant has a designed capacity of 3.4 million tons per year at maximum, currently has implemented a capacity of 1.8 million tons per year, and currently has an effective capacity of 1.5 million tons per year that meets the various product mixes by customers' orders. Our hot-rolled coil products are made to comply with the Thai industrial standards (TIS), and also international and foreign standards, for instances, Japanese standards (JIS), American or the U.S. standards (ASTM and SAE), European standards (EN, DIN and BS) etc. according to the local and foreign markets' needs.

Vision Mission Business Objectives

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
- Anti-Corruption and Corruption

Business Objectives:

2017 has been a better year for world steel Industry in terms of production growth. World steel production grew by 5.3% at 1691.1 mt, led by China at 831.7% representing a 49% in world steel production. Global steel market was showed a robust demand pick-up, whilst manufacturers benefited from higher steel price especially in the second half of 2017. While most of the regions in the world showed uptick in steel demand, Thailand showed a decline of 13.69% in steel consumption during 2017. Long Products consumption declined by 25.7% and Flat products declined by 5.9%. During 2017, Steel production in Thailand is estimated at 6.86 million tons, a decline of 3.72%, capacity utilization is estimated to be in the range of 30-40%. Per capita consumption of steel in Thailand is estimated at 251kg, as against China at 493 kg and world average at 208 kg. Issues with surplus capacity and excess supply through imports in the industry persist. Major producers in China, Japan, Korea, Taiwan, Australia, and Egypt continue to export steel to Thailand resulting in intensifying competition in the steel industry in Thailand in 2017. However, the steel demand in Thailand is forecast to increase to 18.6 million ton (2017-16.64 million ton) based on Government spending on various infrastructure projects during the year. It is expected that in 2018, Thailand steel industry will get support from construction industry (account for 57% steel demand) especially investing on economic area of Thailand, totally logistic system and investment on target industry. Most of target industry use steel as raw material for production. This year, the company will improve the quality of production as business objective for support customer's need.

In addition, the company has good business relation with steel production company from other country for exchange knowledge and technology to improve, reduce cost of production and increase quality of product. In Thailand industrial, the strength is cost reduction and speed of supply to customer.

Key Event in 2017

Parallel on restructuring from finance department to be taken

- Plant operations commenced beyond off peak period after long gap thereby enhancing
- Company went under rehabilitation in November 2017 and the same is under active consideration of Hon'ble Central Bankruptcy Court, Thailand.
- Strategy was drawn to maintain the operations of the company through a process of tolling by third party in aftermath of Rehabilitations process.
- Road map for investment to improve health of plant/equipment and to improve process efficiency including for product development drawn and kept ready for implementations based on outcome of rehabilitation process.
- Customers and suppliers base broadened to cater higher volume of business.

November 2017

G J Steel Public Company Limited (“GJ”) hires Gsteel Public Company Limited (“Gsteel”) to produce Hot-Rolled Coils starting production from 21 November 2017 onward. The condition is to pay 75% in advance and 25% after work finished, comparing with normal sale of Gsteel itself to other customers which is under the condition of 100% advance payment. In term of production cost, comparing Gsteel with GJ, production cost of GJ is lower than Gsteel around Baht 100 per ton which mainly comes from electricity cost due to the different designed of its machinery. However, if consider the production utilization of GJ in the past three years, the production utilization is around 75,000 ton per month. In case if GJ want to increase production to 120,000 ton per month, GJ will have additional expenses to improve efficiency of existing machines as well as taking a certain period of time for system testing of the said machines in order to increase production capacity. This definitely will increase GJ production cost. And when compare production cost of both companies, it may equal or probably higher than current tolling cost by Gsteel. From the aforementioned reason and in order to catch up with the recent increasing demand of hot rolled coils which GJ production cannot fulfill in a timely manner, GJ then hires Gsteel to produce. If consider the financial information of GJ itself, after hires Gsteel to produce, GJ monthly sale volume increase from 75,000 ton per month to be about 120,000 ton.

August 2017

The meeting of the Extraordinary General Meeting of Shareholders No. 1/2017 on 30 August 2017 at 13.30 a.m. at Arnoma Grand Room, 3rd Floor, Arnoma Hotel, has resolved to disapprove the Debt to Equity Conversion Scheme, and not approve the Allocation and Offering of the Newly Issued Ordinary Shares of the Company under the Debt to Equity Conversion Scheme as agreed with SSG Capital Holdings Limited (SSG CH), SSG Capital Partners III, L.P. (SSG III) and Kendrick Global Limited (KG) (collectively referred to as the “SSG Group”), and resolved the financial assistance where the Company would receive such financial assistance from Link Capital I (Mauritius) Limited, which is a juristic person under the control of SSG Group under the Credit Facility Agreement in the amount of USD 41,000,000, or equivalent to THB 1,414,878,111.11.

Shareholding Structure

As of 31 January 2018, top ten shareholders and stock holding proportion based on paid-up capital are as follows:

No.	Name of shareholders	Number Shares	%
1.	Mr. Niram Ngamchamnurit	503,059,120	7.34
2.	Group of Khunying Patama Leeswadtrakul	405,895,200	5.93
3.	Mr. Nattaphol Jurangkul	386,459,900	5.64
4.	Superior Overseas (Thailand) Co., Ltd.	305,766,000	4.46
5.	Mr. Taweechat Jurangkul	271,217,700	3.96
6.	Mr. Kritsanee Kevallee	240,470,800	3.51
7.	UOB KAY HIAN PRIVATE LIMITED	178,440,083	2.61
8.	Bangkok Commercial Asset Management Public Company Limited	160,567,780	2.34
9.	CITIBANK NOMINEES SINGAPORE PTE LTD-UBS SWITZERLAND AG	122,323,761	1.79
10.	Mr. Chalermchai Mahakitsiri	100,000,000	1.46
11.	Minor shareholders	4,175,980,620	60.96
Total		6,850,180,964	100.00

Remarks:

- Group of Khunying Patama Leeswadtrakul comprising of

No.	Name of shareholders	Number Shares	%
1.	Khunying Patama Leeswadtrakul	395,895,200	5.78%
2.	Ms. Suthidarat Leeswadtrakul	5,000,000	0.07%
3.	Ms. Suratiporn Leeswadtrakul	5,000,000	0.07%

- Shareholding structure of Superior Overseas (Thailand) Co., Ltd.

No.	Name of shareholders	% of paid-up capital
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%

Revenue structure

The company and its subsidiaries earned its income mainly inside the country as there is high demand in the local market, both from the construction industry and manufacturing industry. Nevertheless, the subsidiary exported its products overseas to secure customer base and to support potential business expansion in future.

Details of the company's and its subsidiaries' revenue structures in the past 3 years are as follows:

(Unit: '000)

Revenue (company and subsidiaries)	2017		2016		2015	
	Revenue	%	Revenue	%	Revenue	%
Local sales						
-Related companies ⁽¹⁾	5,874,010	22.74%	419,222	1.9	719,672	3.1
- Other groups	19,830,975	76.77%	21,259,533	97	22,104,343	96.2
Total local sales	25,704,985	99.50%	21,678,755	98.9	22,824,015	99.3
Overseas	0	0.00%	4,871	0	2,473	0
Total	25,704,985	99.50%	21,683,626	98.9	22,826,488	99.3
Other income ⁽²⁾	128,005	0.50%	236,050	1.1	158,209	0.7
Grand total	25,832,990	100.00%	21,919,676	100	22,984,697	100

Remark:

1. Related companies consist of Mahachai Steel Center Co., Ltd., Liberty Steel Siam Co.,Ltd., Metal Inter Co., Ltd., The Steel Public Co.,Ltd., and Panich Sawad Co.,Ltd.
2. Other income consists of sales of scraps, sales of by-products, reversal of bad debts and doubtful debts, gains from debt restructuring, reversal of losses from reduction of inventory value and reversal of estimated losses from undelivered raw material purchase.

(Unit: tons)

Sales volume (Company only)	2017	2016	2015
Local sales			
- Related companies	29,948	19,133	23,806
- Other groups	539,276	585,246	590,842
Total local sales	569,224	604,379	614,648
Overseas		-	231
Total	569,224	604,379	614,879

Details on the ratio of local and overseas sales to total hot-rolled steel coil product sold during 2015 to 2017 are as the following:

(Unit: Million Baht)

Sales	2017		2016		2015	
	Revenues	%	Revenues	%	Revenues	%
Local	25,705	100.00%	21,679	99.98	22,824	99.99
Overseas	0	0.00%	5	0.02	2	0.01
Total	<u>25,705</u>	<u>100.00%</u>	<u>21,684</u>	<u>100</u>	<u>22,826</u>	<u>100</u>

Product features

The Company's products are hot rolled coils and slabs that are positioned as the upstream industry for flat steels. The Company's products are used as raw materials for pickling and oiling hot rolled coil, hot-dip galvanized steel, galvanized steel and cold rolled steel, for utilizing in the construction industry, packaging industry, electrical appliance industry and automotive industry, for instance.

The Company's hot rolled coil is qualified the Thailand Industrial Standard (TIS).



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

Production technology

The Company's hot rolled coil mill is called Compact Mini Mill which is equipped with the world's state-of-the-art technology. The continuous melting, casting and rolling processes are efficiently integrated into the Company's mill with the short production cycle of only 3.5 hours on transforming the raw materials into the finished products. The details of key technologies are as follows:



1. Technology of Electrical Arc Furnace with the Ladle Heat Furnace for the refined liquid steel. This technology came from Mannesmann Demag Huttentechnik, Germany. This technology begins with melting scrap and pig iron in an electrical arc furnace. Oxygen and other gases will be added to increase the temperature. Additives will be added into the liquid steel to adjust the quality per requirement. The Company's melting process has capacity of 2.2 million tons per annum.



2. Technology of Electrical Arc Furnace with the Ladle Heat Furnace for the refined liquid steel. This technology came from Mannesmann Demag Huttentechnik, Germany. This technology begins with melting scrap and pig iron in an electrical arc furnace. Oxygen and other gases will be added to increase the temperature. Additives will be added into the liquid steel to adjust the quality per requirement. The Company's melting process has capacity of 2.2 million tons per annum.



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Production process

The Company produces the hot rolled coil by melting scrap and pig iron in an electrical arc furnace. Then the refined liquid steel will be cast into slab and is subsequently hot rolled into the specific required gauge as the following processes

1. **Melting Process.** The scrap and pig iron will be melted in an electrical arc furnace into liquid steel. After that, in the ladle heat furnace, the additives will be added into the liquid steel to adjust the quality per requirement.
2. **Casting Process.** The refined liquid steel will be cast into medium sized slab with 80-100 mm. thickness.
3. **Rolling Process.** The medium sized slab from the reheating furnace will be subsequently rolled from 100 mm. thickness to 1-13 mm. thickness and will be kept in the down coiler for further transporting to store in the coil yard.

Marketing and Competitions

Expanding Products Range

The Company is continuously looking at opportunities to develop and improve its products range to have more diverse range in terms of developing new and special quality grades, that the market still has to depend on import, such as steel quality for Cold-Rolling, gas cylinder, API, welding and high-tensile steel.

The Company has a plan to improve the strategy on product development as follows:

1. To focus on products on demand of the market and of regular use.
2. To develop products to support the market not only for the general construction industry and Tube sector, but also for automobile and large construction industry, including the industries of household and electrical appliances.
3. To supply Hot-rolled steel Coils for production of cold-rolling & Galvanising steel.
4. To develop product with special thickness in the form of coil which is in the niche and the upscale market.

Pricing Strategies

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

Target Customer Groups

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

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

Channels of Distribution

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

1. Direct Sales

The Company has a plan to distribute directly for the customer group of the steel service center is the manufacturers of steel pipe, Cold-Rolled Steel producers, auto parts and electrical appliances, which expected to have the ratio of 60 percent of the total domestic turnover.

2. Sales Through the Wholesalers

For other groups of the customers, which are the small customers and have numerous numbers, the Company shall distribute through the wholesalers, which can make the Company to reduce the expense on hiring the salesmen and the expense on marketing activities. Moreover, it is to shift the risk on credit in this group of customers to the wholesalers to be responsible for it. The Company expects to sell through this channel at the approximate ratio of 40 percent of the domestic turnover.

3. Exports

Company proposes to restart exports of its products in the international market to maintain domestic price and supply balance, bench mark its quality with best producers in the world, help build Company's profile globally.

Marketing Strategies

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

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

Products and Services

Production Capacity

The Company's hot rolled coil mill is located on approximately 429 acres of SSP Industrial Park, Nonglalog, Bankhai, Rayong, which the melting, casting and rolling processes are all efficiently integrated into one mill called Compact Mini Mill. Its designed maximum capacity of production is 1.8 million tons per annum while its current effective capacity is 1.5 million tons per annum. The Company's hot rolled coil mill was designed to be able to expand the production capacity to reach 3.4 million tons per annum providing some additional machines and equipments.

The entire production process takes approximately 3.5 hours. The Company's mill operates 24 hours during the weekend where the production operators are divided into 3 shifts and 4 sets of workers alternating current operations. The Company's mill has the annual shutdown for maintenance once a year with 7-10 days per period. The maintenance is carried out and controlled by the Company's engineers.

Important Utilities and Raw Materials used in production

The main raw materials used for the Company's production are scrap and pig iron, including the scrap derived from the production process. In addition, the mixture of the burnt lime and alloy compounds must be added in the manufacturing process to obtain the product features as required.

Regarding the utilities that are used in the production process are electricity, natural gas, oxygen and other gases, as well as, water, for instance.

The main raw materials that become 70% of the total cost of production, consists of scrap, pig iron, admixtures and additives such as lime, alloy and so on.

Strategic Procurement

The Company purchases the imported scrap and pig iron from the reliable suppliers under the Consignment Agreement (CMA). Meaning that the Company will purchase the raw materials from the suppliers at the market price quoted on the purchasing date. After that, the Company will drawn down the raw materials by paying per the actual released quantity adequately for each production and of course, the Company pays at price on the purchasing date. With this strategy, it enables the Company's to determine the production cost in advance and purchase the raw material in an appropriate controllable way without affecting the Company's cash flow. In addition, the sub-contract will be issued and attached with each order to determine the details and price of raw materials.

The Company has a policy of storing raw materials in a storage yard for about 30-60 days in order to have enough raw materials to feed into the production process continuously, as it is flexible to adjust the raw material mix. That means the ingredients can be adjusted among the different grades of scrap and pig iron enabling the Company to plan the purchase of raw materials in line with the supply trend and prices.

Planning on the Production in the Business Operations

Since the hot-rolled product of the Company seems to have similarity with the product of its subsidiary company GJ Steel PCL, but in reality the product of hot-rolled steel Coils has great diversity in terms of grade (quality class) and size. If consider on similarity or overlap of the products being manufactured by both Companies, it is necessary to consider the details in aspects as follows:

1. Grade (quality class) according to the international standard and the tailor-made, which the plant of the Company and GJ Steel can produce hundreds of grade.
2. The thickness and widths combinations produced by the plant of the Company and of GJ Steel ranging from 900 mm to 1,571 mm for every 1 mm of difference in width altogether totals more than 672 sizes.

When the thickness and width of the product are multiplied shall derive of the product with altogether is more than 200,000 different sizes. However, it does not consider the number of grades produced by hundreds of grades and not included the classification of the products in the basic or value-added products segment such as the skin-passed, pickled & oiled, etc. Thus, the actual production line has the different products that are not overlapped numerous numbers.

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

Steel Industry Situation

Thailand's 2017 steel industry situation

Iron and Steel Institute of Thailand (ISIT) report indicates that the volume of finished steel production in Thailand from January to December 2017 totaled 6.87 million tons is down by 13.72% compared to the previous year (2016). In fact, the year 2017 recorded a growth of 9.28% in production of flat steel at 2.92 million tons. However, the long product production went down sharply by 25.38% with a total volume of 3.94 million tons. Such decline was mainly attributed by decline in production of rebar and hot-rolled section by 32.86% compared to the prior year's 3.19 million tons. The most produced product belongs to hot rolled sheet where, in 2017, it totaled 2.72 million tons, up 8.68%, followed by cold rolled sheet at 1.96 million tons, up 6.19% year on year and coated steel, at 1.47 million tons, a growth of 3.07% year on year. Our company added in growth of flat products in the country by producing 7.3% higher volume than 2016.

Finished steel (unit: tons)	2016	2017	% change
Production	7,957,351	6,865,628	-13.72%
Import	12,614,629	11,326,134	-10.21%
Export	1,294,821	1,553,247	19.96%
Consumption	19,277,158	16,638,515	-13.69%

Long steel products (unit: tons)	2016	2017	% change
Production	5,281,006	3,940,866	-25.38%
Import	3,125,418	2,614,416	-16.35%
Export	816,505	917,682	12.39%
Consumption	7,589,920	5,637,600	-25.72%

Flat steel products (unit: tons)	2016	2017	% change
Production	2,676,344	2,924,761	9.28%
Import	9,489,211	8,711,718	-8.19%
Export	478,317	635,565	32.88%
Consumption	11,687,239	11,000,914	-5.87%

Source: Iron and Steel Intelligence Unit, the Iron and Steel Institute of Thailand

The finished steel consumption in Thailand in 2017 stood at 16.64 million tons, dropped by 13.69% year on year. Long steel products decreased by 25.72% to 5.64 million tons whereas the consumption of flat steel products fell by 5.87% compared to the prior year, to 11 million tons. The most consumed steel category is hot rolled sheet, at 7.08 million tons followed by steel bar and hot rolled steel, at 5.39 million tons and coated steel at 3.81 million tons respectively.

Import of finished steel into Thailand in 2017 stood at 11.33 million tons, down 10.21% over the prior year. The highest imported product is hot rolled sheets at 4.16 million tons followed by coated steel at 2.56 million tons and wire rods at 1.30 million tons respectively. The ratio of imported steel consumption versus local steel consumption is at 68.07% against 31.93%, reflecting that Thailand still heavily relies on imported steel.

Thailand exported steel products 1.55 million tons in 2017, up 19.96% year on year. The most exported steel products are structural steel, at 353,539 tons followed by coated steel, at 219,798 tons.

Hot rolled steel sheet situation in Thailand in 2017

There is no upstream Iron & Steel industry in Thailand which starts with the melting of iron ore using technology of blast furnace, Korex etc. which is cheaper route for production of steel. As such Thailand's iron and steel industry begins steel making at the middle stream by melting steel scraps using electrical arc furnace (EAF) by local manufacturers which is comparatively costlier and more sensitive to prices of metallic. From there, the output are sent to the downstream production facilities, consisting of long steel products, for example, bar, HR section, wire rod, cold-drawn bar, steel wire, seamless pipes etc. and flat steel products, for example, hot rolled coils, hot rolled sheet, cold rolled sheet, coated, cold-formed section, welded pipe etc. Final output is distributed to connected industry comprising users of steel products. On production of hot rolled steel industry in Thailand, ISIT report reveal the followings relating to import, export and consumption volume during the year 2017:

- **Domestic production volume** of hot rolled steel & coil in 2017 touched 2.92 million tons, rising by 9.28% over the previous year. It consists of hot rolled sheet at 2.72 million tons, an increase of 8.68% whereas the production of hot rolled plate rose by 17.82% year on year, to 206,205 tons.

Hot rolled steel (unit: tons) (excluding hot rolled stainless steel)	2016	2017	% change
Production	2,676,344	2,924,761	9.28%
Import	4,684,252	3,865,120	-17.49%
Export	16,195	10,322	-36.27%
Consumption	7,344,401	6,779,559	-7.69%

Hot rolled plate (unit: tons) (excluding hot rolled stainless steel)	2016	2017	% change
Production	175,016	206,205	17.82%
Import	486,363	424,603	-12.70%
Export	3,296	1,654	-49.83%
Consumption	658,082	629,154	-4.40%

Hot rolled sheet (unit: tons) (excluding hot rolled stainless steel)	2016	2017	% change
Production	2,501,328	2,718,556	8.68%
Import	4,197,890	3,440,517	-18.04%
Export	12,899	8,668	-32.80%
Consumption	6,686,319	6,150,405	-8.02%

Source: Iron and Steel Intelligence Unit, the Iron and Steel Institute of Thailand

- **Domestic consumption** of hot rolled steel, both coil and sheet in 2017, however declined to 6.78 million tons, down 7.69% consisting of HR sheet of 6.15 million tons, down 8.02% and HR plate 629,154 tons, down 4.40%.
- **Import** of hot rolled steel in 2017, both coil and sheet, fell 17.49%, to 3.87 million tons divided into hot rolled sheet of 3.44 million tons, down 18.04% and hot rolled plate of 424,603 tons, down 12.70% mainly due to higher production in the country.
- **Export** of hot rolled steel in 2017 stood at 10,322 tons, down 36.27% compared to the prior year, divided into hot rolled sheet of 8,668 tons, down 32.80% from the same period last year and hot rolled plate of 1,654 tons, contracted by 49.83% from last year.

Outlook of steel industry in Thailand in 2018

In 2017, world steel prices rebounded to the same level as in 2012 but still far below 2008 level. Steel manufacturers were boosted by rising steel prices. Global steel production expanded by 5.3 percent, while global steel demand grew by only 2.9 percent, reflecting the continuing excess capacity of the steel industry. Major steel manufacturers continued to export steel products to the global market, causing the countries pay attention to use the “Trade Measures” As a result, the competition in the steel industry got further intensified. The steel industry in Thailand in 2017 was also affected by the steel over supply. This situation has put a lot of pressure on the steel makers in many countries, causing the anti-dumping (AD) measures were increased from many countries. Considering the above Thailand Govt has also issued and renewed anti-dumping and safeguard measures to help the local industry and to have time to adapt to compete with the cheaper imported goods. Additionally, China’s steel capacity reduction policy is not expected to reduce the excess capacity in the short term and at the same time steel demand in China is unlikely to recover. So, it is foresee that the steelmakers in various countries, also Thailand, will continue facing the competition from steel import in 2018.

Global Outlook

On outlook of steel industry, World Steel Association (WSA) forecasts the global demand for finished steel in 2018 will expand by 1.6% to 1,648 million tons, with the global steel industry recovering from the lowest level in 2015 and steel demand is expected to grow moderately in 2018. The risk factor is that the Chinese economy is expanding at a declining rate. The World Steel Association expects China's steel demand in 2018 to remain sluggish and unlikely to grow over 2017, mainly due to the Chinese government's efforts to balance the economy and support environmental protection measures. Developing countries such as Egypt, Brazil, Argentina, Mexico and India have benefited from the global economic recovery and economic reform of the country. Although the Indian economy has slowed down over the past year, the economic reforms of the Indian government have helped accelerate investment, resulting in an overall economic growth in

the years to come. The ASEAN region remains a region of high economic growth especially Vietnam and the Philippines while Thailand and Malaysia are growing at a slower pace.

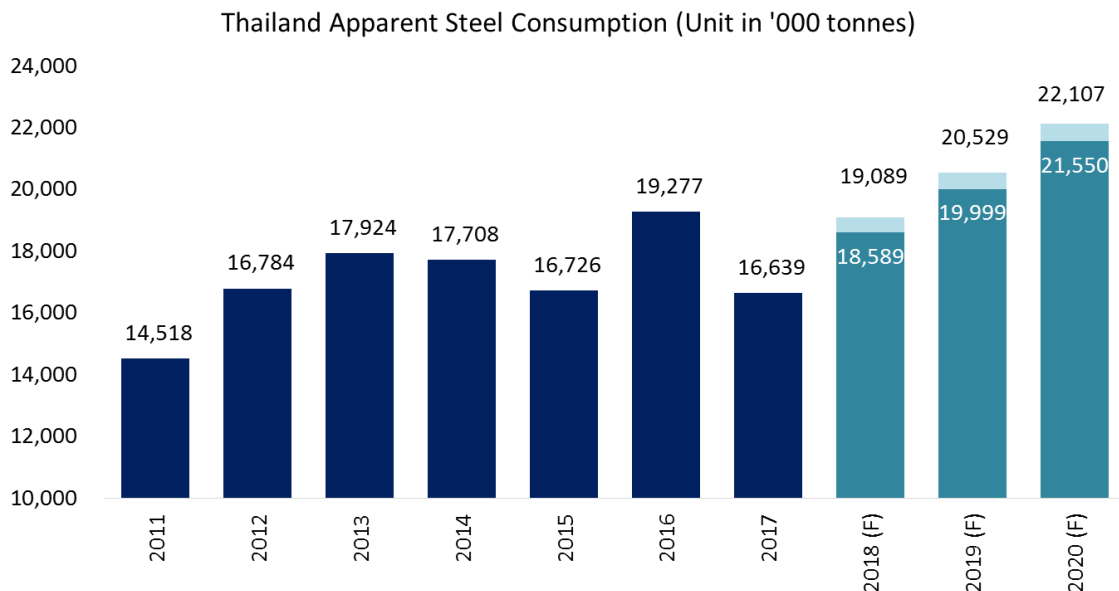
According to the National Economic and Social Development Board (NESDB), GDP growth for the year 2018 is estimated at 3.6 - 4.6 %, supported by

- The favorable growth of the world economy is still supporting the export sector.
- Driven by accelerated public investment.
- Improved private sector investment.
- Major economic sectors are likely to continue to grow well over the previous year.
- Improved employment and income base of the people in the economic system.

However, there are still important external factors that may affect the growth of the world economy and the direction of monetary policy of major countries such as :

- The progress of the tax and budget law reform plans in US, there is also a risk of delays.
- Direction of US Trade Policy and the outcome of the NAFTA could affect confidence and hinder the expansion of world trade.
- Brexit negotiation, which are still vulnerable to prolonged and adversely affect the growth of the UK and EU economies,
- Political conditions in the Member States of the European Union especially in Spanish politics, which led to local elections in the late 2017 and the general election results of Italy in May 2018, as well as international political conflicts on the Korean Peninsula and conflicts between Saudi Arabia, Iran and Lebanon.

THAILAND STEEL OUTLOOK 2018-2020



Assumption

Construction growth 9-12%, supported by Public Construction growth 13-17% and Private Construction growth 2-5%.

Automotive growth 4-6%, Production will be 1.89 – 2.10 million units in the next three years.

Appliance growth 0-5%, compressor production will be stable, meanwhile air conditioner, refrigerator and washing machine production have positive growth trend supported by export market. However, let's concern about the safeguards measure on U.S. washing machine.

Machinery & Industrial growth 0-3%

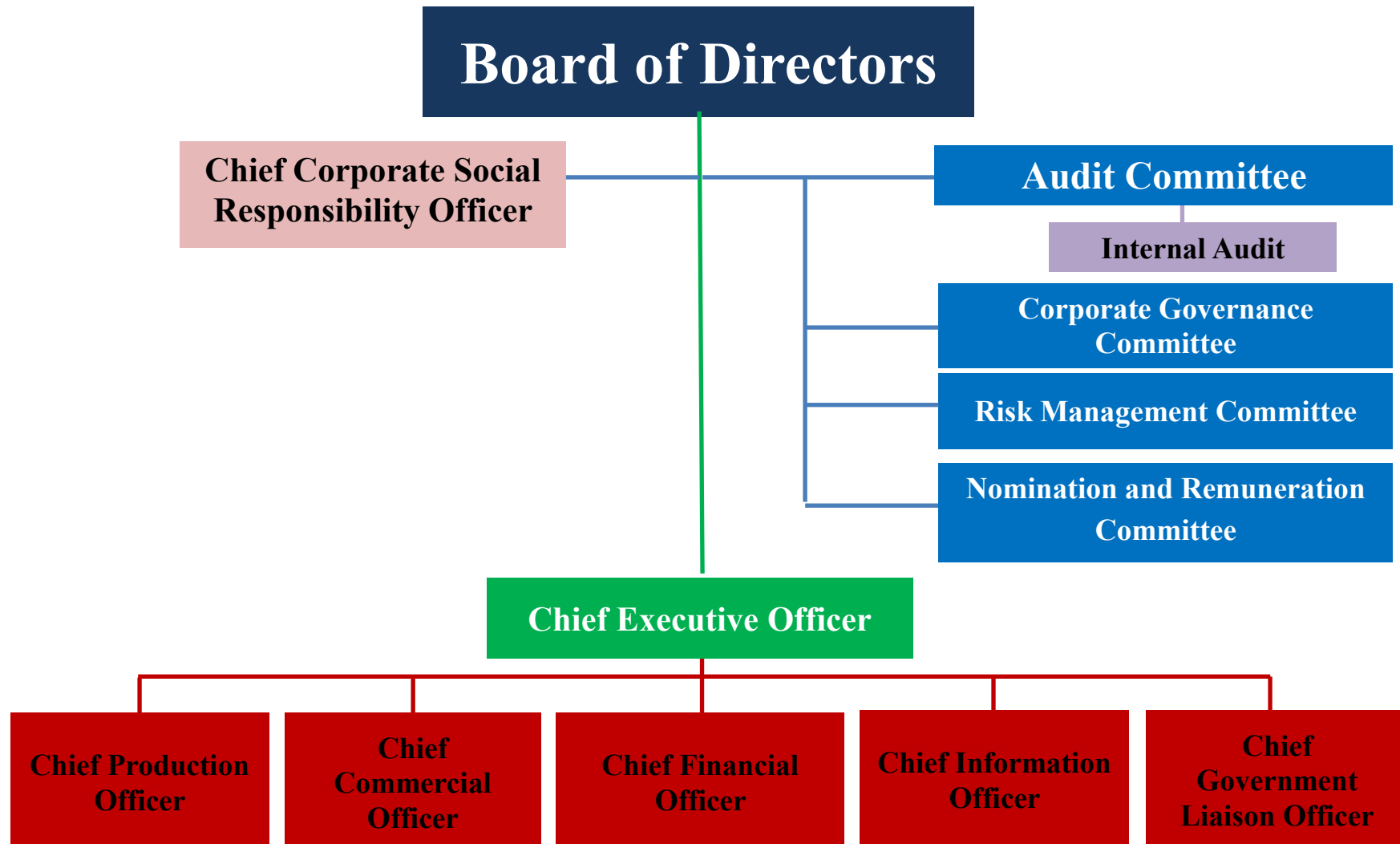
Packaging growth 3-5%, supported by the expansion in export market especially canned coffee products.

Source: Krungsri Research, NESDB, Electrical and Electronics Institute (EEI), Nation Food Institute (NFI), Machinery Intelligence Unit and forecasted by Iron and Steel Institute of Thailand (ISIT), February 2018

As for Thai steel industry, ISIT has estimated the demand for steel in 2018 will be from between 18.6-19.1 million tons, an expansion of 11.72% to 14.72%. The growth rate was up from 13.69% in the prior year, and will continue to grow until 2020, supported by the expansion of downstream industries using steel as the raw material such as construction industry, automotive industry, electrical appliances industry and packaging industry.

Aligning G Steel business with outlook of Thailand and global : Concluding based on above outlook of both optimism and pessimism for steel industry globally and also in Thailand, G Steel has strengthened its fundamentals and have drawn a strategy to neutralize the impact of negative factors, reduce the cost of production and step up its sales volume by over 32% in 2018 over 2017 . G Steel's strategic priorities will be to focus on the Thailand market, achieving operational excellence and deliver value added and differentiated products to its customers. The higher volume of production will help in reducing imports of flat products in the country. G Steel is all set to take full advantage of Thailand's projected GDP of over 4% for 2018.

Organization Chart



Board of Directors and the Executives

Board of Directors

Mr. Yanyong Kurovat

Age 79 years

Current position

Chairman of the Board of Directors

- Corporate Governance Committee Member
- Authorized Director of the Company

Date of Appointment

9 January 2017

No. of years in position

1 year

Significant Designation in the past

2004 – January 2017

Director



Education / Training

Education

- 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
- Role of the Chairman Program (RCP 41/2017) , Thai Institute of Directors (IOD)
- Director Accreditation Program (DAP), Thai Institute of Directors (IOD)
- Corporate Social Responsibility (CSR), Thai Institute of Directors (IOD)

Director Training

Positions in other listed companies

August 2017 - Present

Directors, G Steel Public Company Limited

January 2017 – August 2017

Chairman of the Board of Directors,

G Steel Public Company Limited

2004 – January 2017

Directors, G Steel Public Company Limited

Positions in other non-listed companies

2015 - Present

Honorary President,

The Association of Thai Hot Rolled Flat Steel

2007 - Present

Vice President, The Royal Automobile Association of Thailand Under Royal Patronage of HM the King

2003 - Present

Advisor, AAS Auto Service Co., Ltd.

2009 - 2011

Town and Country Planning Board Member Ministry of Interior

2003 - 2007

Chairman, General Election Committee, Pathumthani province

2000 - Present

Managing Director Operation Group Co., Ltd

1996 - 2000

Director, Bangkok Mass Transit Authority (BMTA)

No. of share(s) in the Company

(as at 31 December 2017)

- Held personally: None

- Held by Spouse or Minor children: None

Family Relationship among Directors and Executives

None

Director has direct and indirect in any contract entered into by company

None

Prof. Paichitr Rojanavanich

Age 89 years

Current position

Independent Director and Chairman of the Audit Committee

- Chairman of the Risk Management Committee

Date of Appointment as a Director

22 June 2004

No. of years in position

13 years

Education / Training

Education

- 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
- Director Certification Program (DCP), Thai Institute of Directors (IOD)
- Audit Committee Program (ACP), Thai Institute of Directors (IOD)

Director Training

Positions in other listed companies

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.

Positions in other non-listed companies

2005-Present

Chairman, The Far East Law Office (Thailand) Co., Ltd.

1985-Present

Chairman, Karnjjan Co., Ltd.

**No. of share(s) in the Company
(as at 31 December 2017)**

- Held personally: None
- Held by Spouse or Minor children: None

Family Relationship among Directors and Executives None

Director has direct and indirect in any contract entered into by company None

Legal Record in the past 10 years None



Mr. Teerapol Pussadet

Age 67 years

Current position

Independent Director and Audit Committee Member

- Chairman of the Nomination and Remuneration Committee
- Risk Management Committee Member

Date of Appointment as a Director

21 January 2013

No. of years in position

5 years

Education / Training

Education

- MBA (Finance), University of Detroit, Michigan, USA
- B.A. (Accounting), Kasetsart University

Director Training

- Director Accreditation Program (DAP) (114/2015), Thai Institute of Director (IOD)
- Advanced Audit Committee Program (AACP) (18/2015), Thai Institute of Director (IOD)



Positions in other listed companies

Present

Chairman Advisory and Member, Dhipaya Insurance Public Co., Ltd.

Positions in other non-listed companies

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, Krung Thai Land and House Service Co., Ltd.

Group Director, Thai Identity Factory Co., Ltd.

Non-performing Asset Subcommittee Member (TAMC)

**No. of share(s) in the Company
(as at 31 December 2017)**

- Held personally: None
- Held by Spouse or Minor children: None

Family Relationship among Directors and Executives None

Director has direct and indirect in any contract entered into by company None

Legal Record in the past 10 years None

Dr. Teerachai Arunruangsirilert

Age 40 years

Current position

Independent Director and Audit Committee Member

- Risk Management Committee Member
- Nomination and Remuneration Committee member

Date of Appointment as a Director

6 November 2017

No. of years in position

5 months

Education / Training

Education

- Ph.D. in Management (Accounting), Asian Institute of Technology (AIT)
- Master of Accountancy, Chulalongkorn University
- B.B.A. (Accounting) (2nd Class Hons.), Thammasat University

Director Training

- Director Accreditation Program (DAP), Thai Institute of Directors (IOD)
- Director Certification Program (DCP), Thai Institute of Directors (IOD)

Positions in other listed companies None

Positions in other non-listed companies None

No. of share(s) in the Company - Held personally: None
(as at 31 December 2017) - Held by Spouse or Minor children: None

Family Relationship among Directors and Executives None

Director has direct and indirect in any contract entered into by company None

Legal Record in the past 10 years None



Khunying Patama Leeswadtrakul

Age 53 years

Current position

Director

- Chief Corporate Social Responsibility Officer

Date of Appointment

Since 2007

No. of years in position

10 years

Education / Training

Education



- Honorary Doctorate Degree of Liberal Arts, Rajamanagala University of Technology Phra Nakhon
- Honorary Doctorate Degree of Liberal Arts (Tourism Industry), Christian University of Thailand
- 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
- 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
- Director Accreditation Program (DAP), Thai Institute of Directors (IOD)
- Director Certification Program (DCP), Thai Institute of Directors (IOD)
- The Role of Chairman Program (RCP), Thai Institute of Directors (IOD)
- Financial Statements for Directors (FSD), Thai Institute of Directors (IOD)

Director Training

Positions in other listed companies

2007 - Present

Chief Corporate Social Responsibility Officer,
G J Steel Public Company Limited

Positions in other non-listed companies

Present

Director, Arnoma Hotel Bangkok Company Limited
Chairperson, Homeland Loyalty Club
Chairperson, Cultural Promotion Fund, Department 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

No. of share(s) in the Company
(as at 31 December 2017)

- Held personally: 395,895,200 Shares (5.78%)
- Held by Spouse or Minor children: 10,000,000 Shares (0.14%)

Family Relationship among Directors and Executives None

Director has direct and indirect in any contract entered into by company None

Mr. Chainarong Monthienvichienchai

Age 73 years

Current position

Director

- Chairman of Corporate Governance Committee

Date of Appointment

Since 2000

No. of years in position

13 years

Significant Designation in the past

2013 – August 2017

Independent Director and Audit Committee Member

Education / Training

Education

- M.A. (Management),
Asian Institute of Management
- B.A. (Business Administration),
Chulalongkorn University
- Director Accreditation Program (DAP) 2004 ,
Thai Institute of Directors (IOD)

Director Training

Positions in other listed companies

August 2017 - Present

Chairman of the Board of Directors,
G J Steel Public Company Limited

Positions in other non-listed companies

2014 - Present

Chairman of the Board of Directors,
Salan Development Co. Ltd.

2007 - Present

Chairman of the Board of Trustees, Saint John's
University

2002 - Present

Director, Arnoma Hotel Bangkok Co., Ltd.

1994 - Present

Director, Saint John for Education Co., Ltd.

**No. of share(s) in the Company
(as at 31 December 2017)**

- Held personally: 300,000 Shares (0.004%)
- Held by Spouse or Minor children: None

Family Relationship among Directors and Executives

None

Director has direct and indirect in any contract entered into by company

None



Mrs. Churairat Panyarachun

Age 63 years

Current position

Director

- Nomination and Remuneration Committee member

Date of Appointment as a Director

11 August 2015

No. of years in position

2 years 5 months

Education / Training

Education

- Master of Arts Program in Leadership in Society, Business and Politics, Rangsit University
- Master of Science in Economics, Kasetsart University
- Bachelor of Arts in Economics, Kasetsart University
- Graduate Diploma in Management of Public Economy, King Prajadhipok's Institute
- Director Certificate Program (DCP) (41/2004), Thai Institute of Directors (IOD)

Director Training

Positions in other listed companies

2013 – August 2017

Director, Corporate Governance Committee Member, G J Steel Public Company Limited

Chairman of Nomination and Remuneration Committee, G J Steel Public Company Limited

2013 - 2015

Director, Audit Committee Member, G J Steel Public Company Limited

Positions in other non-listed companies

2017 - Present

Associated Judge, Intellectual Property and International Trade Court

2005 - 2016

Director, Foundation of Juvenile and Family Court, Nonthaburi Province

2004 - 2016

Associated Judge, Juvenile and Family Court, Nonthaburi Province

2009 - 2011

President, Thai Asset Management Corporation

2000 - 2004

President, Sukhumvit Asset management Co., Ltd.

No. of share(s) in the Company (as at 31 December 2017)

- Held personally: 5420 shares (0.00008%)
- Held by Spouse or Minor children: None

Family Relationship among Directors and Executives

None

Director has direct and indirect in any contract entered into by company

None



Asst. Prof. Komol Wong-Apai

Age 80 years

Current position

Director

- Authorized Director of the Company

Date of Appointment as a Director

11 August 2015

No. of years in position

2 years

Education / Training

Education

- M.A. (English Teaching), Certification in Intensive Linguistics, Ball State University, USA
- Bachelor of Education (English Understudies), Srinakharinwirot University

Director Training

None

Positions in other listed companies

2015 – August 2017

Director, Nomination and Remuneration Committee, G J Steel Public Company Limited

Positions in other non-listed companies

2009-Present

Board of Foundation Education Council Wat Rangbua School

1999-2011

Qualified Consultant of English Department, Faculty of Humanities and Social Science Bansomdej Chaopraya Rajabhat University

1998-2003

Invited Instructor, Business English Program, Suandusit Rajabhat University

1985-2003

Foreign Affairs Consultant Phurich Company Limited

1987-1997

Assistant Professor in Foreign Languages Department, Faculty of Humanities and Social Sciences, Bansomdej Rajabhat University

1989-1992

Invited Lectures of Medical Technician Department, Siriraj Hospital, Mahidol University

No. of share(s) in the Company (as at 31 December 2017)

- Held personally: None
- Held by Spouse or Minor children: None

Family Relationship among Directors and Executives

None

Director has direct and indirect in any contract entered into by company

None



Mr. Ryuzo Ogino

Age 74 years

Current position

Director

- Authorized Director of the Company

Date of Appointment as a Director

Since 2005

No. of years in position

13 years

Significant Designation in the past

2015 - September 2017

Chief Executive Officer

Education / Training

Education

B. Econ., Keio University, Japan

Director Training

None

Positions in other listed companies

2015 - September 2017

Chief Executive Officer, G J Steel Public Company Limited

2013 - August 2017

Director, G J Steel Public Company Limited

Positions in other non-listed companies

2000-2004

Director, Sun call Corporation

1965-2000

Director, Itochu Corporation

No. of share(s) in the Company

(as at 31 December 2017)

- Held personally: None

- Held by Spouse or Minor children: None

Family Relationship among Directors and Executives None

Director has direct and indirect in any contract entered into by company None

Legal Record in the past 10 years None



Mr. Somchai Leeswadtrakul

Age 55 years

Current position

Director,

- Nomination and Remuneration Member
- Corporate Governance Committee Member
- Chief Government Liaison
- Authorized Director of the Company



Date of Appointment

9 July 2015

No. of years in position

2 years

Education / Training

Education

- 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
- Director Certificate Program (DCP) (162/2012), Thai Institute of Directors (IOD)
- Bhumiapung Phandin Program Class 1, 2012

Director Training

Positions in other listed companies

2015 - Present

Director, Nomination and Remuneration Member,
G J Steel Public Company Limited

2013 - Present

Chief Government Liaison,
G J Steel Public Company Limited

Positions in other non-listed companies

None

No. of share(s) in the Company (as at 31 December 2017)

- Held personally: None
- Held by Spouse or Minor children: None

Family Relationship among Directors and Executives

None

Director has direct and indirect in any contract entered into by company

None

Miss Soontareeya Wongsirikul

Age 50 years

Current position

Director

- Risk Management Committee Member
- Authorized Director of the Company
- Chief Financial Officer
- Company Secretary

Date of Appointment

20 March 2015

No. of years in position

3 years

Education / Training

Education

- Master of Business Administration (Finance), Sasin Graduate Institute of Business Administration, Chulalongkorn University
- Master of Science (Biotechnology), Chulalongkorn University
- Bachelor of Science (Biotechnology), King Mongkut's Institute of Technology Ladkrabang
- Strategic CFO in Capital Markets Program (5/2017), The Stock Exchange of Thailand
- Ethical Leadership Program (ELP 2017), Thai Institute of Directors (IOD)
- Director Certification Program (DCP 215/2015), Thai Institute of Directors (IOD)

Director Training

Positions in other listed companies

2015 - Present

Director, and Chief Financial Officer,
G J Steel Public Company Limited

2005 - 2006

Vice President - Corporate Banking, CIMB Thai Bank Public Co., Ltd. (Bank Thai Public Co., Ltd)

1996 - 2005

Assistance Vice President - Corporate Banking, United Overseas Bank (Thai) Public Co., Ltd. (Bank of Asia Public Co., Ltd.)

Positions in other non-listed companies

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), Hong Kong and Shanghai Banking Corporation Ltd., Bangkok Branch

No. of share(s) in the Company

(as at 31 December 2017)

- Held personally: None
- Held by Spouse or Minor children: None

Family Relationship among Directors and Executives

None

Director has direct and indirect in any contract entered into by company

None



Miss Methikan Chutipongsiri

Age 51 years

Current position

Director

- Chief Administration Officer

Date of Appointment

2 October 2015

No. of years in position

2 years

Significant Designation in the past

2015 - April 2017

Chief Operation Officer

2014 - 2015

Executive Vice President Commercial Controller

2011 - 2013

Executive Vice President Purchasing

Education / Training

Education

- Master Degree of Business Administration, Chulalongkorn University
- Bachelor Degree of Science Program in Information Technology, King Mongkut's University of Technology Thonburi

Positions in other listed companies

31 October 2017 - Present

Chief Information Officer,
G J Steel Public Company Limited

2017 - Present

Director, Asia Metal Public Company Limited

Positions in other non-listed companies None

**No. of share(s) in the Company
(as at 31 December 2017)**

- Held personally: None
- Held by Spouse or Minor children: None

**Family Relationship among Directors
and Executives**

Sister of Khunying Patama Leeswadtrakul

Director has direct and indirect in any contract entered into by company None



The Executives

Mr. Amrendra Prasad Choudhary

Age 64 years

Current position

Chief Executive Officer

Date of Appointment

31 October 2017

No. of years in position

0 Year 5 months

Education / Training

Education

- M.SC. Engineering, Design, Regional Engineering College Rourkela, Orissa, India
- B.SC. Engineering (Mechanical), MIT, Muzaffarpur, India
- Advance Management, Project Management, Costing, Energy Management



Positions in other listed companies

October 2017 - Present

Chief Executive Officer, G J Steel Public Company Limited

Positions in other non-listed companies

2016 - 2017

Advisory Board Member, Synergy Capital, UK

2014 - 2017

Independent Director, RDF Power, ILFS

2015 - 2016

Member of "Governmental Task Force for MOU for energy sector"

2014 - 2015

Principal Advisor, NMDC flat product - CSP route steel plant

2011 - 2013

Chairman of Bird Group of Companies, Mining

2011 - 2013

Chairman, RINMOIL Ferro Alloys Pvt Ltd

2011 - 2013

Board Member of World Steel Association

2009 - 2013

Chairman-cum-Managing Director, CEO and Chairman of the Board of RINL, Director (Project), 7.3 MTPA Steel Plant

2008 - 2009

Executive Director, SAIL, 17 MTPA Steel Plant

**No. of share(s) in the Company
(as at 31 December 2017)**

- Held personally: None
- Held by Spouse or Minor children: None

Family Relationship among Directors and Executives

None

Director has direct & indirect in any contract entered into by company

None

.. **Mr. Warawut Suwannasorn**

Age 57 years

Current position

Chief Production Officer

Date of Appointment as a Director

20 October 2017

No. of years in position

6 Months

Education / Training

Education

- Master of Public Finance Administration,
National Institute of Development Administration
- Bachelor of Political Science,
Ramkhamhaeng University



Positions in other listed companies

5 April 2013 – 19 October 2017

Senior General Manager Production & Maintenance, G Steel Public Company Limited

1 March 2009 – 4 April 2013

Human Resources & Administration Vice President, G Steel Public Company Limited

Positions in other non-listed companies None

**No. of share(s) in the Company
(as at 31 December 2017)**

- Held personally: None
- Held by Spouse or Minor children: None

Family Relationship among Directors and Executives None

Director has direct and indirect in any contract entered into by company None

Legal Record in the past 10 years None

Mr. Tushar Kanti Sahu

Age 61 years

Current position

Chief Commercial Officer

Date of Appointment

3 May 2017

No. of years in position

10 months

Education / Training

Education

- B. Sc (Hons)

- MBA (International Marketing)

Training

- Advanced Management Training at Indian Institute of Management, Kolkata (2010)

- Specialised Training in Marketing skills, British Steel Training Institute, U.K. (1994),

- Advanced Logistics Course, Indian Institute of Management, Ahmedabad (2006)

Positions in other listed companies

3 May 2017

Chief Commercial Officer,
G J Steel Public Company Limited

2010 – 2016

Executive Director (Marketing),
Steel Authority of India Ltd. (SAIL), India

2016 – 2016

Director Commercial (Actg.),
Steel Authority of India Ltd.(SAIL), India

Positions in other non-listed companies None

**No. of share(s) in the Company
(as at 31 December 2017)**

- Held personally: None

- Held by Spouse or Minor children: None

**Family Relationship among Directors
and Executives** None

**Director has direct and indirect in
any contract entered into by company** None



Management Structure

As at 31 January 2018, the Company's Management Structure consists of the Board of Directors and 4 sub-committees namely the (1) Audit Committee, (2) Risk Management Committee, (3) Nomination and Remuneration Committee, and (4) Corporate Governance Committee. Details of the Committee's scope of authorities and responsibilities are as follows;

Board of Directors

Definition

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

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

The Company's Board of Directors comprises of 12 members as follows:

	Name		Position
1.	Mr. Yanyong ⁽¹⁾	Kurovat	Chairman / Executive Director
2.	Prof. Paichitr	Rojanavanich	Independent Director/ Chairman of the Audit Committee
3.	Mr. Teerapol	Pussadej	Independent Director / Audit Committee Member
4.	Dr. Teerachai ⁽²⁾	Arunruangsirilert	Independent Director / Audit Committee Member
5.	Khunying Patama	Leesawadtrakul	Director / Executive Director
6.	Mr. Chainarong ⁽³⁾	Monthienvichienchai	Director / Non-Executive Director
7.	Mr. Ryuzo	Ogino	Director / Executive Director
8.	Ms. Soontareeya	Wongsirikul	Director / Executive Director
9.	Mr. Somchai	Leesawadtrakul	Director / Executive Director
10.	Mrs. Churairat	Panyarachun	Director / Non-Executive Director
11.	Asst. Prof. Komol	Wong-Apai	Director / Executive Director
12.	Ms. Methikan	Chutipongsiri	Director / Executive Director

Remarks:

- (1) The Meeting of Board of Directors No. 1/2017 held on 9 January 2017 has considered and resolved to appoint Mr. Yanyong Kurovat as Chairman of the Board of Directors with effect from on 9 January 2017 onwards.
- (2) The Meeting of Board of Directors No. 10/2017 held on 6 November 2017 has considered and acknowledged the directors' resignation of Mr. Sarin Jintanaseree, with effect from 31 October 2017 onwards, and unanimously resolved to appoint Dr. Teerachai Arunruangsirilert as Independent Director and Audit Committee member in replacement of Mr. Sarin Jintanaseree, with effect from 6 November 2017 onwards. In this regard, Dr. Teerachai Arunruangsirilert shall retain his office as only as Mr. Sarin Jintanaseree was entitled to retain the same starting from 6 November 2017 onwards.
- (3) Mr. Chainarong Monthienvichienchai, Independent director, Audit Committee Member and Chairman of the Corporate Governance Committee, has tendered his resignation from the Audit Committee member of the Company. He still remains the position of Director and Chairman of the Corporate Governance Committee with effect from 30 August 2017 onwards.

Authorized Directors are as follow:

“Mr. Yanyong Kurovat, or Mr. Ryuzo Ogino, or Ms. Soontareeya Wongsirikul or Mr. Somchai Leeswadtrakul, or Asst. Prof. Komol Wong-Apai, any two of these five directors to co-sign and affix the Company seal”

The Roles and Responsibilities of the Board of Directors

The Company’s Board of Directors has the power and duties in accordance with the law and resolutions of the shareholders’ meeting. However, the board cannot approve or consider anything except by approval of the majority vote of the attending directors of the board meeting on the following matters:

1. In the operation of the business of the Company, the Board of Directors must perform duties in accordance with the law, the objectives and articles of association of the Company, as well as the resolutions of meeting of shareholders with honesty and due care in the protection of 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 comply with the Company’s 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 sub-committees to assist in supervising, monitoring and controlling the Company’s key operations, which are Management, Audit Committee, Nomination and Remuneration Committee, Corporate Governance Committee and Risk Management Committee.
6. To authorized any person or persons to duly act on behalf of the Board of Directors in the time frame which the Board considered as proper. The Board of Directors 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 three 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 four months after the Company’s fiscal year-end date

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

(A) Independent Director

Definition

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, nor being a major shareholder, affiliates or other juristic persons with possible conflict of interest, including the shares held by their related persons (under Section 258 of Securities and Exchange Act)
2. Neither involving in management, non-controlling, nor being the Company's executive/employees, salaried consultant, competent authorized person to control the Company, its subsidiaries, affiliates or other juristic person with possible conflict of interest at present and in the last 3 year before appointment.
3. Not being a person related by blood or legal registration such as father, mother, spouse, sibling, and child, including spouse of the child, to executives, major shareholders, controlling persons, or persons to be nominated as executive or controlling person of the Company or its subsidiary, and be independent from major shareholders, executives and controlling persons.
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 the SET's requirement on connected transaction, except that he has no longer had such relation for at least 3 years.
5. Not be or used to be auditor of the Company, subsidiaries, affiliate companies, major shareholder, or authorized controller, and not being shareholder.
6. Not being a person who has been appointed as a representative of the Company's Director, major shareholders or shareholders who are related to the major shareholders.
7. Not having any characteristics which make him/her incapable in expressing independent opinions.
8. Be capable in protecting all shareholders' benefits equally and supervising in order to prohibit any conflict of interest between the Company and related persons, and able to attend the meetings of the Board of Directors in order to make a decision on significant issues.

Furthermore, this definition of independent directors has been revised so as to be stricter than that defined by the 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 considers that the aforementioned independent directors are able to exercise their knowledge and capability as well as provide opinions that are useful and appropriate to support the Company's business operation.

The Board of Directors comprises of the Chairman, 3 independent directors, 7 executive directors, and 2 non-executive directors, totaling 12 members. The Executive Directors are knowledgeable and able to provide in-depth comment regarding to steel industry as well as formulate strategic business plan, while non-executive and independent directors 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.

(B) Audit Committee

Definition

Audit Committee Member means 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 SEC and as per the SET's 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 the SET regulations. The Audit Committee Meeting also considered that Prof. Niputh Jitprasonk has good knowledge and expertise in accounting and finance, as well as long experience in auditing which is adequate to review the reliability of the financial statements. Therefore, the committee resolved to appoint Assoc. Prof. Niputh Jitprasonk as the Chairman of the Audit Committee, the biographies of who has been disclosed in the Audit Committee Member's Certificate of Biography submitted to the SET in 2008 according to the new regulation.

As at 31 January 2018, the Audit Committee comprises of the following 3 members, with 3 years term:

	Name		Position
1.	Prof. Paichitr	Rojanavanich	Chairman of the Audit Committee
2.	Mr. Teerapol	Pussadej	Audit Committee Member
3.	Dr. Teerachai ⁽¹⁾	Arunruangsirilert	Audit Committee Member

Remarks:

- (1) The Meeting of Board of Directors No. 10/2017 held on 6 November 2017 has considered and resolved to appoint Dr. Teerachai Arunruangsirilert as Independent Director and Audit Committee member, with effect from 6 November 2017 onwards.
- (2) Mr. Chainarong Monthienvichienchai has tendered his resignation from the Audit Committee member of the Company, with effect from 30 August 2017 onwards.
- (3) Three Audit Committee members have 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.

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 the SET's 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 Review the Company's measures regarding the Anti-Corruption, a part of good corporate governance encouraged by the Thai Institute of Directors.
8. To carry out any other tasks assigned by the Board of Directors and agreed by the Audit Committee.
9. 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 the SEC and/or the 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.

(C) Nomination and Remuneration Committee

Definition

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 the Stock Exchange of Thailand (SET).

As at 31 January 2018, the Nomination and Remuneration Committee comprises of 4 members as follows:

	Name	Position
1.	Mr. Teerapol Pussadej	Chairman of Nomination and Remuneration Committee
2.	Dr. Teerachai Arunruangsirilert	Nomination and Remuneration Committee Member
3.	Mr. Somchai Leeswadtrakul	Nomination and Remuneration Committee Member
4.	Mrs. Churairat Panyarachun	Nomination and Remuneration Committee Member

Responsibilities of the Nomination and Remuneration Committee

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

(D) Corporate Governance Committee

Definition

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 (SET).

As at 31 January 2018, the Corporate Governance Committee comprises of 3 members as follows:

	Name	Position
1.	Mr. Chainarong Monthienvichienchai	Chairman of Corporate Governance Committee
2.	Mr. Yanyong Kurovat	Corporate Governance Committee Member
3.	Mr. Somchai Leesawadtrakul	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.

(E) Risk Management Committee

Definition

Risk Management Committee Members means a person 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.

As at 31 January 2018, the Risk Management Committee comprises of 4 members as follows:

	Name	Position
1.	Prof. Paichitr Rojanavanich	Chairman of Risk Management Committee
2.	Mr. Teerapol Pussadej	Risk Management Committee Member
3.	Dr. Teerachai Arunruangsirilert	Risk Management Committee Member
4.	Ms. Soontareeya Wongsirikul	Risk Management Committee Member

Responsibilities of the Risk Management Committee

1. To set risk management policy that can be applied to all the organization.
2. To review and assess the effectiveness of the risk management at least 4 times a year and every period that the risk level changes, including paying attention and monitor risk warning signs as well as irregular items.

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

Executives

As at 31 January 2018, the Company's Executives are as follows:

	Name	Position
1.	Khunying Patama Leeswadtrakul	Chief Corporate Social Responsibility Officer
2.	Mr. Amrendra Prasad Choudhary	Chief Executive Officer
3.	Mr. Warawut Suwannasorn	Chief Production Officer
4.	Mr. Tushar Kanti Sahu	Chief Commercial Officer
5.	Ms. Soontareeya Wongsirikul	Chief Financial Officer
6.	Mr. Somchai Leeswadtrakul	Chief Government Liaison Officer
7.	Ms. Methikan Chutipongsiri	Chief Administration Officer

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 operate the Company's business in compliance with the law, the Company's objectives, Articles of Association, and Code of Conduct, including the Board of directors' resolutions with honest and for the Company's benefit.
3. 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.
4. To approve an execution or payment according to the Company's authorization regulations or annual budget approved by the Board of Directors.
5. 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.
6. 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.
7. 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.
8. 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.
9. To assign person(s) to perform task on his/her behalf as deemed appropriate. Such authorization can be terminated, changed or modified.
10. To report the Company's performance, progress of any projects and financial status to the Board of Directors.
11. 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 Directors and Chief Executive Officer

When the position of Company's directors or Chief Executive Officer 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, and 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 (SET) 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 directors 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 appoints 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. 6/2017 held on Friday, 14 July 2017 appointed Ms. Soontareeya Wongsirikul, director and Chief Financial Officer, as the Company Secretary with effect from 17 July 2017, 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.

Remuneration for the Board of Directors and the Management

As for 2017, 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 2017 in the same rates as the year 2016 with details on it as follows:

Remuneration for the Board of Directors for year 2017

Position	Position Remuneration (Baht/Month)	Monthly Remuneration (Baht/Month)	Meeting Allowance (Baht/Time)
Chairman of the Board of Directors	60,000	-	6,250
Director	-	20,000	5,000
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
Other	-	-	-

Remark:

1. The Risk Management Committee shall not receive the Monthly Remuneration and Meeting Allowance
2. The directors holding executive position and receive salary shall not receive any of the remuneration stated in the above table.

Remuneration for individual Directors for year 2017

Name of Directors	Remuneration for Director (Baht)	Meeting Allowance (Baht)			Total (Baht)
		Board of Directors	Audit Committee	Remuneration Committee	
1. Mr. Yanyong Kurovat	240,000	18,750	-	-	258,750
2. Prof. Paichitr Rojanavanich	720,000	55,000.00	43,750	-	818,750
3. Mr. Teerapol Pussadej	80,000	10,000	10,000	-	100,000
4. Dr. Teerachai ⁽¹⁾ Arunruangsirilert	80,000	10,000	10,000	-	100,000
5. Khunying Patama ⁽²⁾ Leesawadtrakul	560,000	68,750	-	-	628,750
6. Mr. Chainarong Monthienvichienchai	-	-	-	-	-
7. Mr. Ryuzo Ogino	-	-	-	-	-
8. Ms. Soontareeya ⁽²⁾ Wongsirikul	80,000	15,000	-	-	95,000
9. Mr. Somchai ⁽²⁾ Leesawadtrakul	80,000	10,000	-	-	90,000
10. Mrs. Churairat Panyarachun	80,000	20,000	-	-	100,000
11. Asst. Prof. Komol Wong-Apai	80,000	20,000	-	-	100,000
12. Ms. Methikan ⁽²⁾ Chutipongsiri					
Total	<u>2,000,000</u>	<u>227,500</u>	<u>63,750</u>	-	<u>2,291,250</u>

Remarks:

- (1) The Meeting of Board of Directors No. 10/2017 held on 6 November 2017 has considered and resolved to appoint Dr. Teerachai Arunruangsirilert as Independent Director and Audit Committee member, with effect from 6 November 2017 onwards.
- (2) The directors holding executive position and receive salary shall not receive any of the remuneration stated in the above table.

*Mr. Sarin Chintanaseri has tendered his resignation from the Audit Committee member of the Company, with effect from 31 October 2017 onwards. He had received the director remuneration for the period of 1 January to 31 October 2017, i.e. Remuneration for Director for a total amount of Baht 200,000, and Meeting Allowance for a total amount of Baht 35,000.

Monetary remuneration of the Executives in the form of salaries and other payments

Unit : Thousand Baht	2017 (31 December 2017)	2016 (31 December 2016)
Salary	15	15
Employee Benefits	4	4
Provident Fund	0	0
Others	19	19
Total	15	15

Remarks:

- (1) The Monetary remuneration of the Executives comprises of the remuneration for 5 executives.

Employees

Number of employees

As of 31 December 2017, the Company has a total of 651 employees, which are separated under the following core divisions:

Division	Number of Employees
The Management	15
Personnel and General Administration	30
Accounting, Finance and Warehouse	47
Purchasing and Logistic	53
Sales and Marketing	5
Information for Management	14
Production	234
Planning and Product Development	49
Engineering and Maintenance	196
Health, Safety and the Environment	6
Internal Audit	2
Total	651

Employee Compensation

As of 31 December 2017, details of total remuneration paid to employees of the Company are as the following:

Compensation	Amount (Million Baht)
Salary	326.83
Fringe Benefit	20.03
Contribution to the Provident Fund	15.56
Total	362.42

Good Corporate Governance

Through the year 2017, 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 2017, the Company’s CG practices were divided into 5 parts, as follows:

Part 1 Shareholders’ Rights

1.1. CG on Shareholders’ Right Protection Policy

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

Policy on shareholders’ right protection

1. The Board of Directors is responsible for protecting and respecting basic rights of the Company’s shareholders, such as right to purchase, sell or transfer shares, right to the Company’s profit sharing; right to obtain sufficient information about the Company’s operation, right to attend the shareholders’ meeting to appoint or terminate directors and independent auditors, allocate dividend payment, formulate or amend the provisions or Memorandum of Association, approve capital increase or decrease, and special items, etc.
2. The Board of Directors has duty to promote and support shareholders to exercise their rights in various areas at the Annual General Shareholders’ Meeting, i.e. the right to propose meeting agenda in advance, the right to nominate persons as directors, the right to submit questions to the Company prior to the annual shareholders’ meeting and the right to openly express opinions and ask questions at the shareholders’ meeting, etc.
3. The Board of Directors shall not take any action which may violate or limit, or infringe the shareholders’ right to study the Company’s information that shall be disclosed according to the related requirements, and the right to attend shareholders’ meeting; for example, not to distribute significant information document unexpectedly added, not to add agenda or amend the important data without advance notice to shareholders.
4. The Board of Directors has responsibility to facilitate the applying of the shareholders’ rights such as giving the significant information updated via website, inviting the shareholders to visit factory, etc.

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

The Board of Directors and the Management have implemented the policy relating to shareholders' right that covers more the rights than those required by law, especially the right to general and significant information. At the Annual General Meeting of the Shareholders for the year 2017, the Company provided the shareholders with sufficient opportunity to study the information to the meeting date via the Company's website. Such information was also published in both Thai and English similar to the hard copy the Company submitted to shareholders.

1.3. Practice for shareholders before the shareholders' meeting, at the shareholders' meeting, and after the shareholders' meeting

To deliver to the documents of the Annual General Meeting of Shareholders ("Meeting"), the Company assigned the Thailand Securities Depository Company Limited (TSD), which is the Company's share registrar, to distribute the invitation to the Meeting 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.

At 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.

In addition, at the Meeting, for the purpose of transparency and good corporate governance imposed by Securities and Exchange Commission Thailand (SEC), the Company has invited shareholders to witness the vote-counting. There were no shareholders volunteered, but there was Mr. Supapong Tun-ngern, independent Legal Advisor to witness the vote-counting.

Furthermore, the Company has informed the Meeting the number and ratio of attending shareholders either by themselves or by appointment of proxies, the procedures of vote-casting, vote-counting, including notification of voting result.

After the 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 2017" for publishing on the Company's website in compliance with the regulations of SEC and SET.

The Company provided upon requested 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.

1.4. 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.

1.5. 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.

1.6. 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 enables shareholders who could not attend the meeting to follow up the meeting particulars.

1.7. Directors to attend the shareholders' meeting

With fully respect of shareholders' right, the attendance of Directors, Chief Executive Officer, and Chief Financial Officer, comprised 14 members attended the Annual General Meeting of the Shareholders for the year 2017.

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 1 independent director 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 2017. 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 2017, 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 2017 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 exceeding 0.5% of the total voting shares of the Company, maybe a sole shareholder or combined shareholders, holding continually such shares not less than 12 months from the holding date to the proposal date.
2. An issue shall be proposed through the "Agenda Proposal Form for the Annual General Meeting of Shareholders for the year 2017" with related complete and entire documents, to be submitted to the Company.
3. For an efficient AGM, the Company reserves its right not to include the following matters as the meeting agenda:
 - 1) Matters proposed by shareholders who are not qualified, as specified in criteria No. 1 or do not follow the procedures set forth by the Company in the criteria for shareholders to propose the Agenda of AGM.
 - 2) Matters as stipulated by laws for consideration at AGM, which have been pursued regularly by the Company.
 - 3) Matters relating to a normal course of business of the Company and matters already undertaken by the Company.
 - 4) Matters under the Company's management authority except ones causing material impacts on shareholders in general.
 - 5) Matters that shareholders already proposed in AGM within the past 12 months, and those under support by less than 10% of total voting shares, given that the factual events have not changed significantly.
 - 6) Matters unlikely to benefit the Company and matters previously submitted for consideration by other shareholders.
 - 7) Matters that violate applicable laws, rules, regulations of the government agencies or regulatory or involved agencies, or actions not in compliance with the objectives, Articles of Association and Statement of Business Conducts of the Company.
 - 8) Matters that are beyond the authority of the Company.
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 2017

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

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

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

The Company allowed and assisted any shareholders to nominate in advance qualified person for director position by providing the consideration criteria published via the data system of SET and the Company's website 3 months prior to the Annual General Meeting of Shareholders for the year 2017. 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. In 2017, none of shareholders made nomination. The Criteria for the Nomination of Candidate for Directorship in the Annual General Meeting (AGM) Agenda are as follows:

1. Qualification of shareholder who has the right to nominate a qualified person as a candidate for the Company's directorship election must be the Company's shareholder holding continuously minimum of five percent of the total shares issued by the Company by one shareholder or several shareholders combined and shareholders must have held those shares continuously for at least 12 months by the date the shareholder nominates a qualified candidate.
2. Nomination of a qualified person as candidate for directorship, Shareholder fully qualified as in criteria No.1 can fill out the following forms:
 - 1) Form Nominated Qualified Candidate for Directorship in AGM
 - 2) Form Personal Data on Qualified Candidate for Directorship in AGM
 - 3) Letter of Consent from the Nominated Candidate for Directorship in AGMTogether with other completed supplementary documents as required.
3. Candidate must have the qualifications in compliance with related laws and regulations as follows: Securities and Stock Exchange Commission, Thailand, The Stock Exchange of Thailand, The Public Company Limited Act B.E. 2535 and the Company's Memorandum of Association.
4. The above nominated candidate, together with complete supplementary documents, as required shall be scrutinized by the Nomination Committee according to the Nomination Process of the Company, before further submission to the Board of Directors for consideration. The Company will notify the Board of Director's (BOD) resolution after the BOD Meeting.

2.5 Encouraging the shareholders to use the Proxy Form

The Board of Directors encouraged the shareholders to use the Proxy Form in voting APPROVE, DISAPPROVE, ABSTAIN by providing the Proxy Form B. Besides, the Company provided the shareholders with the Proxy Form A (general Proxy Form) and the Proxy Form C (only for custodian) published on the website 14 days prior to the meeting date for download.

2.6 Encouraging the shareholders to vote

The Board of Directors provided convenience for shareholders who could not attend the meeting but wish to exercise their voting rights by allowing them to assign proxy. The Company arranged 2 independent directors to attend the meeting and vote on behalf of the shareholders. Two independent directors are Prof. Paichitr Rojanavanich (Chairman of the Audit Committee and independent director) and Mr. Chainarong Monthienvichienchai (Independent Director and Audit Committee Member) Shareholders can appoint one of the two independent directors as their proxy.

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

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

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

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

Part 3 Roles of stakeholders

3.1 Good Corporate Governance policy related to stakeholders

The Company respected and gave priority to all groups stakeholders' rights, not only particular to the applicable laws. In the past year, the Company newly considered indicating the stakeholders and established the additional policy and measure on monitoring the stakeholders in accordance with the Good Corporate Governance (CG) and CSR policy simultaneously adhered to conduct. The stakeholders of the Company shall be divided in 10 groups, as follows:

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

Part 4 Information disclosure and transparency

4.1 Results of the execution of good corporate governance policy

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

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

4.2 Remuneration for the directors and the management

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

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

1. Remuneration of the Company's directors, Chief Executive Officer and top executives shall be set in accordance with their duty, scope of responsibility, fairness and attractiveness, which should be compared to those for directors in other listed companies in the same industry and similar size, including the Company's performance, business surroundings, and overall economic conditions.
2. The Nomination and Remuneration Committee shall be responsible for initial consideration and propose for the approval of the Board of Directors and the Annual General Meeting of the Shareholders the maximum remuneration of the year, position remuneration and meeting allowance.
3. The Nomination and Remuneration Committee shall comply with the resolution of the Annual General Meeting of the Shareholders on the remuneration budget and details which are also disclosed in the annual report. The remuneration that the directors received from positions in other companies, such as consultancy fee, and directorship in the Company's subsidiaries shall also be disclosed.
4. Any director who currently holds management position in the Company and receives the remuneration in the forms of monthly salary will not be entitled to receive the remuneration.

The Nomination and Remuneration Committee proposed to the Board of Directors and the Annual General Meeting of the Shareholders for the year 2016 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 2017, 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.

In 2017, there were 13 the meetings of the Board of directors, in which held according to the Articles of Association of the Company and the Limited Public Company Act B.E.2535 (1992). There were the agenda and meeting documents submitted for the directors' consideration 7 days prior to the meeting day, and also the opportunities for directors to discuss on the significant matters with carefulness. In this connection, the Company Secretary and the legal advisor were attending the meeting in order to take minutes, respond the directors' inquiries and recommendations. Therefore, the directors or relevant persons can follow and monitor the matter properly.

In the Annual General Meeting of shareholders 2017, there were directors, Chief Financial Officer, the Company's auditor, and legal advisor. Details of meeting attendance of Directors for year 2017 are as follows:

No.	Name	Board of Directors Meeting/ Attendance	Audit Committee Meeting/ Attendance	Nomination and Remuneration Committee Meeting/ Attendance	The 2017 Annual General Meeting of shareholders / Attendance
1.	Mr. Yanyong ⁽¹⁾ Kurovat	13 / 13	-	1 / 1	✓
2.	Prof. Paichitr Rojanavanich	13 / 13	9 / 9	-	✓
3.	Mr. Teerapol Pussadej	13 / 13	9 / 9	1 / 1	✓
4.	Dr. Teerachai ⁽²⁾ Arunruangsirilert	3 / 3	2 / 2	0 / 0	-
5.	Khunying Patama Leesawadtrakul	4 / 13	-	-	✓
6.	Mr. Chainarong Monthienvichienchai	12 / 13	6 / 6	-	✓
7.	Mr. Ryuzo Ogino	10 / 13	-	-	✓
8.	Ms. Soontareeya Wongsirikul	13 / 13	-	-	✓
9.	Mr. Somchai Leesawadtrakul	12 / 13	-	1 / 1	✓
10.	Mrs. Churairat Panyarachun	12 / 13	-	0 / 0	✓
11.	Asst. Prof. Komol Wong-Apai	13 / 13	-	-	✓
12.	Ms. Methikan Chutipongsiri	12 / 13			✓

Remarks:

- (1) The Meeting of Board of Directors No. 1/2017 held on 9 January 2017 has considered and resolved to appoint Mr. Yanyong Kurovat as Chairman of the Board of Directors with effect from on 9 January 2017 onwards.
- (2) The Meeting of Board of Directors No. 10/2017 held on 6 November 2017 has considered and acknowledged the directors' resignation of Mr. Sarin Jintanaseree (attended the Board of directors meeting totaling 7 from 9) from the directorship of the Board of Director of the Company, with effect from 31 October 2017 onwards, and unanimously resolved to appoint Dr. Teerachai Arunruangsirilert as independent director and Audit Committee member in replacement of Mr. Sarin Jintanaseree, with effect from 6 November 2017 onwards. In this regard, Dr. Teerachai Arunruangsirilert shall retain his office as only as Mr. Sarin Jintanaseree was entitled to retain the same starting from 6 November 2017 onward

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.

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 Company managed the Board of Directors through the system "Check and Balance" and the policy of "Board Diversity". The Board of Directors comprises 11 members that have different qualifications, skills, experience and specialization being benefit to the Company, and ability to contribute their time and efforts to perform a duty to reinforce the Board of Directors. The Board of Directors shall select and appoint the committees in order to share its works for specific issues, as specified in the annual report under Management Structure.

The Board of Directors gives priority to transparency and therefore stipulated that the Board of Directors Chairman is an independent director and shall not be the same person as the Chief Executive Officer or President. The Board of Directors approved the definition of independent directors which is stricter than that required by SEC, for example, an independent director shall hold the shares not exceeding 0.5% in the Company.

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

The Board of Directors disclosed the list of the directors and committee members in terms of names, positions, age, education, shareholdings, work experience and relationship with the Company's executives in various channels, including the annual report and the Company's website. There is no director holding directorships more than 5 listed companies. At a meeting of the Board of Directors, there must not be less than one half of the total number of directors present to form a quorum. In addition, the meeting schedule for year was provided to directors in advance annually in order for the directors' attendance availability.

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 ensures 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, including the anti-corruption. 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 and executive directors totaling 7 persons, 2 non-executive directors and 3 independent directors, totaling 12 persons. The balance of power by non-executive directors is 25% 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 managing 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 was made for future reference and checking. It is the duty of the Board members to attend every meeting, except for a certain unavoidable case.

At the meeting of the Board of Directors of the beginning of the year 2017, the Company Secretary prepared meeting agenda and schedule for whole year for the Board of Directors to be able to schedule their time for the meetings.

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

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

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

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

5.11 Self-Assessment of the Board of Directors

For year 2017, the Company Secretary has prepared the “CG Self-Assessment for year 2017”, and submitted to individual directors for considering his/her achievement and for resolving problems individually, as well as for the work efficiency improvement.

5.12 Remuneration for directors and executives

In 2017, 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 2017 same as rates 2016 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.

In 2017, details of Directors’ attendance of training are as follows:

No.	Name and Position	Course	By Organization
1	Mr. Yanyong Kurovat, Director	Role of the Chairman Program (RCP 41/2017)	Thai Institute of Directors (IOD)
2	Ms. Soontareeya Wongsirikul, Director and Chief Financial Officer	<ul style="list-style-type: none"> Ethical Leadership Program (ELP 2017) Strategic CFO in Capital Markets Program (5/2017) 	Thai Institute of Directors (IOD) The Stock Exchange of Thailand

Risk Factors

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

Risk of Local Scrap Procurement

The scrap is the major raw materials for production and local scrap was consumed at around 25 to 35% of total RM consumption depending upon process requirement and its availability. The company has a plan to buy a good quality of local scrap by having the representatives acting as a middle man to participate in the auction or to find the local scrap for the company of which the company has a selling/buying agreement with representatives for supplying the local scrap continuously in all local scrap market situations. This process will make the representatives be confident in supplying scrap including having the scrap inventory for continuous consumed by the company.

Risk of logistics management

The fuel price is one of the major factor affecting transportation cost for delivery of the products to the customers. Therefore, the company uses the transportation agencies by signing the long term contracts with more than one transportation companies and has a clear agreement in term of fuel price fluctuation for any period including agreement on number of tracks/trailer with clean the compensation of accident during transportation.

Import Scrap and Pig Iron

Risk

- Price and quantity depend on the world market situations affecting cost of production at times.
- The order must be placed 2-3 months in advance to maintain consistency in availability so there are risks on price fluctuation at the time of cargo arrival at the mill.
- The transportation sometimes takes 30 days due to long voyage.
- Late delivery can be occurred.
- There are possibilities of quality issues, weight loss, variance in specifications, etc. which gets found at the time of cargo arrival which leads to the claims/compensation

Protective and Corrective the Risk

- Follows up closely on the world scrap market movements.
- Having optimum inventory for production.
- Sourcing new reliable suppliers continuously.
- Coordination with concerned agencies maintained in case of delayed delivery so that the readjustment of RM usage can be done in order to avoid stop production.

- Sourcing from new suppliers in nearby counties to leverage the transportation duration and can have less safety stock.
- Setting the safety stock level in order to avoid delay delivery or over stock.
- Specifying the claim conditions and compensation clearly in the sales/buying contracts.

Risk from product price volatility during the business downturn

Since the Company's products are used by related industries such as pipes and other infrastructure 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, operation results, etc.

Besides, the Company's hot rolled coil can be used in several other industries. For example, cold rolled steel can be used in an automobile industry while galvanized steel and plates are widely used in various industries. However, with the Company's production efficiency and competitiveness, it expects that during the downturn where demands are less, it will be able to produce wider range of value added steel and also part quantity for exports. Company has already developed its export markets and would be expanding further..

In addition, the governmental supportive policies to enhance the domestic steel industry also is a welcome steps to mitigate part of the risks. These measure helps in reducing import of hot rolled coils and the gradual improvement on the domestic prices at optimum level.

All efforts are made by the company to neutralize the impact of lowering in price due to volatility in the market by optimizing purchase cost of RM, reducing cost of production, etc.

Financial Risk

Risk on foreign exchange fluctuation

The fluctuation of foreign exchange can directly affect the Company's cost and profit and loss as most of main raw materials, which are scraps and pig irons, were imported from overseas and paid in US Dollar, while the income is in Thai Baht. Even though the Company does not enter into hedging, forwards contracts, this risk is moderate as the selling price is referred to the world market price quoted in US Dollar. In addition, the Company started to do some export to other countries in US Dollar, this can also lowering the exposure of foreign exchange risk to the Company.

The Company has successfully finished the debt restructuring by converting short term debts in US Dollar, partly to equity and partly received haircut, the remaining were converted to long term debts. The mentioned debts was a result of the world economic crisis in 2008, thus, the effect of foreign exchange fluctuation only affects in term of accounting basis, it does not affect the actual cash flow of the company.

Risks Concerning Environment and Personal

Risks from possible polluting production

The Company runs an industrial business of hot-rolled steel production, consisting of melting, casting and hot-rolling processes, which may cause pollutions in forms of air contamination, water contamination with metals, and the temperature of water outflows from the production line, high noise level etc. The Company has the protection systems for air pollution with dust collection system before discharging to the environment, water treatment for the cooling towers to treat the metals contaminated into the water outflows from the cooling towers. However, the said water outflows have not been disposed outside the plant, but reused in showering the hot metal slag and all evaporated into the air. Trees have been grown in a zigzag pattern round the plant area as barriers to dust and noise. The said protection measures have currently complied with the environmental laws and requirements. Anyhow, the Company is exposed to the risk of missing detection of some pollution that may damage the environment, thus may lead to the Company's increase in expense of improving the damaged environment, or the Company's increase in the pollution detection and control to be compliant with the possibly more strict laws or requirements in the future, thus may incur The Company higher expenses. These also include any possible expenses from prosecution(s) on the discharged pollutions that the Company cannot reduce.

Moreover, the Company has appointed an environmental-specialized firm to inspect the plant's environment quality every 6 months, and continuously presented the inspection reports to Office of Natural Resources and Environmental Policy and Planning, Department of Industrial Works, and Department of Primary Industries and Mining; the Company is thus certain that no troubles would arise from the said environmental matters.

Risks from business operations that may cause harms to the employees

The Company has run a heavy industry business that may cause harms to its employees from the melting, casting and hot-rolling processes, and transportation of heavy materials, so these may incur the Company higher expenses in prosecutions on claims for the injured, including fines, which may impact the Company's business, financial position and performance in the future.

The Company, however, has had Emergency Plan and Measures for Workplace Safety up to standard as accepted by the government agencies and private organizations concerned, as well as the certificates for TIS/OHSAS 18001 standard on the prevention or mitigation from the risks to accidents at work. Based on the past records, the Company's accident rates have been low since establishment, and there has been no claim on infringement to its employees.

Risks related to public policy and the relevant regulations.

Risks from Free Trade Agreement (FTA), which covers hot rolled steel products

Thailand is obliged to comply with the following steel trade agreements:

- The Japan-Thailand Economic Partnership Agreement (JTEPA) ended at the end of 2016, allowing Japan to export hot rolled steel products to Thailand without further quota restriction and import tariff has been reduced to zero since January 1, 2017 which affected the market opportunities and sell volume of the company.

- In addition, the Free Trade Agreement “ASEAN and China”, “ASEAN and Hong Kong”, “ASEAN and South Korea” and other free trade agreements. Currently, there is a requirement to exempt import tariff (zero) for other alloy steel products, stainless steel, high-speed steel and silicon steel for electrical works in coil, sheet and plate (which are not sufficiently produced for domestic demand) from the partner countries since the end of 2009 resulted in the exemption of import tariffs favoring producers and exporters from the partner countries intend to export to Thailand increasingly. The importation of other alloy steel products such as boron or chromium or other additives have increased steadily to compete with hot-rolled steel (Carbon steel) that can be produced domestically.
- The risk of free trade agreements (FTAs) covering hot rolled steel products and the risk from Unfair trade can be managed, controlled and mitigated by requesting the government to apply trade protections and remedies measures. Currently, Thailand has two applicable laws which are

1. Risk management by using Anti-dumping and Countervailing measures under the Anti-Dumping and Countervailing Act, 1999

Hot Rolled Steel Industry is a basic commodity for the development of the country and there are many large manufacturers around the world. So, under intense competition in the free trade world especially during the ongoing economic downturn for many years, the producers are struggling to survive by export the excess products to other countries in forms of price-dumping (ie, export selling price is cheaper than local selling price). As a result, the market price mechanism in importing countries has been distorted. It can be said that it destroys the market of domestic industry and leads to unfair competition. Therefore, anti-dumping policy is an important measure to alleviate the damage of the domestic steel industry and make fair trade to all parties.

In addition, the importers have been trying to evade anti-dumping measures to avoid paying additional anti-dumping duties on regular import tariffs. Make the measures ineffective and inefficient. Moreover, the countervailing measure is still lacking the sub-law so that cannot apply the measure at the moment.

The Department of Foreign Trade has proposed the amendment of this law to be effective enforcement by:

- Expand the scope to cover and prevent evasion of anti-dumping and countervailing measures.
- Increased the measures to control and collect anti-dumping and countervailing duty to be more effective.
- Legislation of sub-law for countervailing measures.

For Thailand, The Ministry of Commerce has implemented anti-dumping measures for hot rolled steel flat products as follows:

1. Extension of anti-dumping measures for hot rolled steel flat products originating in the People's Republic of China and Malaysia for further 5 years, effective from June 23, 2017 to June 22, 2022.

2. Anti-dumping measures for hot rolled steel flat products - *boron added* originating in the People's Republic of China for a period of 5 years, effective from December 26, 2012 to December 25, 2017 (On December 14, 2017, The Department of Foreign Trade announces to extend the measure for one-year effective from December 26, 2017 to December 25, 2018. During this period, DFT will consider the necessary to renew the measures for another 5 years.)
3. Extension of the anti-dumping duty for hot rolled steel flat products imports from 14 countries for a further 5 years, effective from May 23, 2015 to May 22, 2020.
4. Anti-dumping measures for hot rolled steel flat products originating in the Federal Republic of Brazil, Islamic Republic of Iran and the Republic of Turkey for a period of 5 years, effective from May 16, 2017 to May 15, 2022.

The use of anti-dumping measures by the government has resulted in a significant reduction of trade problems caused by dumping. Therefore, it can also support and protect local hot rolled steel industry from unfair trade.

In addition, in the year 2017, the company cooperated with other local manufacturers file an application with the Department of Foreign Trade to consider the investigation of Anti-dumping measures for hot rolled steel flat products originating in Australia and Arab Republic of Egypt, the DFT launched its anti-dumping investigation in the Royal Gazette on November 29, 2017. The DFT has sent a questionnaire to stakeholders or related parties to clarify the information then DFT will gather all the information to consider the final results and announce to impose officially. Meanwhile, the company continues to monitor the dumping situation or in other ways that may arise from other countries to prevent the unfair trade that may occur to the hot rolled steel market in Thailand.

2. Risk management by using Safeguard Measures

Over the years, after the government has imposed anti-dumping measures, the imports price of hot rolled steel flat products have increased overall and are more difficult to import. Importers and exporters have changed their import patterns by trying to find a way out of enforcing anti-dumping measures by imported other alloy steel instead by adding only a small portion of alloy on the surface that is possible to change the Harmonized Code for imported or imported hot rolled steel flat products with a width of more than 1,550 mm. This would result in the avoidance of current anti-dumping measures and also benefits from the reduction of import duties under the FTA as mentioned above. Imports of such products have increased steadily in recent years. This is a major cause of the impact on the domestic hot rolled steel manufacturers as well as the company. Therefore, the company has cooperated with other hot rolled steel manufacturers in the country filling a request to The Ministry of Commerce, consider of such effect and consider introducing safeguard measures to protect against increased imports to address the problem. At the moment, Ministry of Commerce has imposed safeguard measures for hot rolled steel flat products as follows;

- Safeguard measure for hot rolled steel flat products with alloy (Coil, Sheet, and Plate). Effective since February 2013 for a period of 3 years and has expired at the end of the February 2019 and renew the measure for another 3 years, it will continue to impose from February 27, 2016 - February 26, 2019.

- Safeguard measure for hot rolled steel flat products with non-alloy (Coil, Sheet, and Plate - Width > 1,550 mm.). Effective from June 2014 onwards for a period of 3 years, and extended the measure by end of June 2016 for another 3 years, it will continue to impose from June 7, 2017 - June 6, 2020.

The safeguard measures have contributed to help hot rolled steel industry in Thailand. It also alleviates the problem and help domestic manufacturers to adjust to compete with imported products.

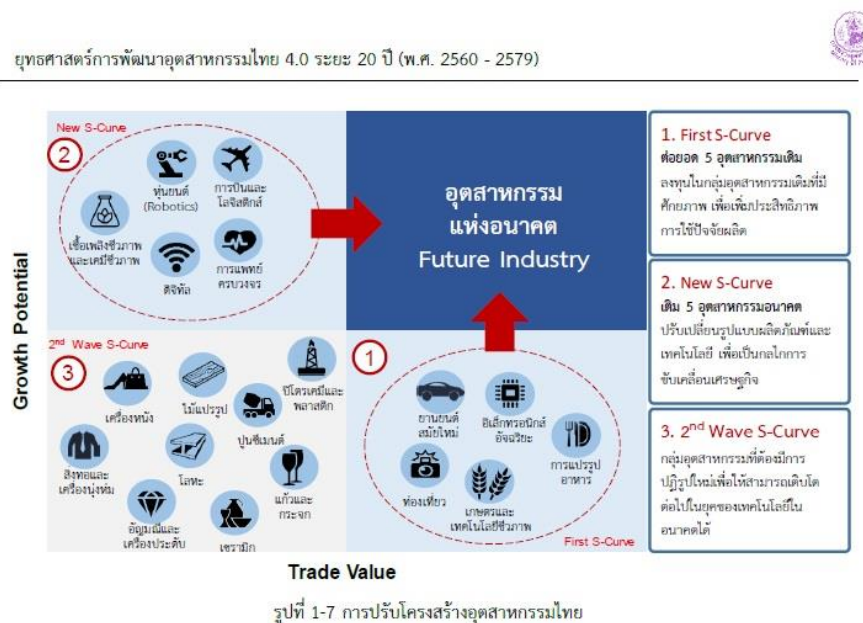
Risks from price control by the government

Throughout the year 2560, hot rolled steel product is one of many items controlled by the Ministry of Commerce. In practice, it tracks the volume and price movements of domestic products. The company also cooperated with the Department of Internal Trade to provide information on products and prices. In case of each hot rolled steel manufacturer including the company would like to adjust the price of the product, must informing the Department of Internal Trade and provide all the details as requested or in case of Ministry of Commerce applies price fixation measure for consumer goods or commodities. This may affect the ability to generate revenue and profit slightly some time in the future. It can be said that the company has low risk in price control by the government.

However, when the company needs to raise prices to the required level, the details of raw material cost and production cost can be clarified in line with the actual sales price, which is reasonable and can be further increased.

Risks from government policies that affect business operations and revenues of the company

The company is in heavy industry so that government policies may impact on the company's revenue and profit.



Source: Ministry of Industry

In October 2016, the Government announced the Strategic Plan for Thai Industrial Development 4.0 for a period of 20 years (2017 - 2036), targeting the future development of Thailand's industry by focus on Group 1, First S-Curve and Group 2, New S-Curve. However, the steel industry is in the third group (industries that should be reformed) which are high investment and difficult to change technology in production.

Therefore, the company and other steel manufacturers are necessary to reduce the risk by joining with building materials cluster, Machine cluster and the automotive cluster because steel is the raw material of these target industries. In order to reduce the risk of business operations that may be affected by the policy and to allow the steel industry for further development.

However, the Company is promoted by the Board of Investment and protected under the anti-dumping measures and safeguard measures. Therefore, the company may have a risk from business operations that may be affected if the government changes its policy. The company expects that changes in the policy regarding the Board of Investment will not affect the business operations because the company has already received the promotional certificates and is currently effective.

For anti-dumping measures, it is a policy that the government may consider canceling if there is justifiable reason but Ministry of Commerce is focusing on the steel industry, which is the basic industry of the country and providing assistance when the industry is facing problems. Therefore, the company believes that there is no risk in cancellation of anti-dumping measures in the future. However, the company has the potential to produce standardized products which able to compete with competitors in the market in case of fair trade competitive.

General Risks

Risks caused by disruption in operations due to uncontrollable factors

The Company might face the business risks caused by several uncontrollable factors, such as sabotage, natural disasters, industrial accidents, terrorism, technical problems and faults.

Though the said factors were uncontrollable, the Company was confident in protection and solution to restrain the problems from leveling up so much as to result in significant loss of revenue by, for instances, regular trainings for the employees to be skilful and specialized, continuous training for them with knowledge to safely operate the equipment and machines, as well as the security serviced by both the Company's employees and a hired professional security firm in charge and strictly monitor the entrances and exits 24 hours a day. And the Company has been insured for the losses of or damages to the properties in case of actions with bad will and all natural disasters. In the Labor Relations Committee, the Company has involved committee members from the employees' side and the employer's side, as well as the Corporate and Social Responsibilities Committee, as representatives who have taken care of the employees' proper and fair working conditions and welfares.

Internal Control and Audit System

Internal Control

The Board of Directors of the Company has given an importance to the effective internal control system for both managerial and operational levels. The Board of Directors and management have a duty and direct responsibility to provide and maintain the internal control and the assessment of adequacy of internal control system, comprising the 5 sections: 1. Control Environment, 2. Risk Management, 3. Control Activities, 4. Information and Communication, and 5. Monitoring Activities, which include the direction for business operations, information and communication development to support decision making process, defining scope of authorization, duties and financial approval limits for each level of the management, as well as clearly setting employees' work procedures, defining ethical framework, control measures of transaction between the Company and the parties likely to cause conflicts of interest, and applying the accounting policy in conformity with Generally Accepted Accounting Principles that the auditors independently express opinions and access material information.

The Company not only has had sufficient internal control on its transactions related to the major shareholders, directors, executives or their related parties, but also its Board of Directors have encouraged the management to continuously improve the quality of the internal control to strengthen Good Corporate Governance.

The Risk Management Committee prepared an Assessment of Adequacy of Internal Control Questionnaire for the year 2017 to be responded by the Company's management, and was already reviewed by The Audit Committee.

Assessment of Adequacy of Internal Control System

The Board of Directors considered the assessment of the Company's adequacy of internal control for 2017, as described under of the following 5 sections:

Section 1 Control Environment

The Company's Board of Directors and management encouraged the organizational culture aiming for integrity and ethics in the Company's operations, as well as directed and oversaw the operations to comply with the Company's vision and mission and have appropriate internal control environment, as follows:

In 2008, the Company revised the Company' Business Code of Conduct, which laid out the ethical policy and business code of conduct and with regard to ethics for the management and employees to be prohibited from actions that would cause any conflicts of interest with the Company and its business partners, and also the provision on penalties in case of violation.

The Company's Board of Directors, as independent on the management, were responsible for directing the Company's business operations, setting business targets for short term (1 year), medium term (5 years) and long term (10 years), along with annual budgeting process, with periodical follow-ups, and also reviews or revisions on the business plan during the implementation in accordance with the situations over time, meanwhile brought to the Board of Directors for consideration and approval.

The Company has made out the concise written policy and work procedures concerning financial transactions, procurement and general administration that have prevented frauds, also with authorization limits clearly stated. The Company has continuously developed the information systems as a tool to control possible frauds as well.

The Company has clearly defined its organizational structure, separating the administration into two parts, which are the production and maintenance functions, and the support functions, for the management's convenience and optimal efficiency in operations.

To lay out the policy and action plans, the Company has taken fair treatment to the business partners into consideration, by stating the policy and practical principles in the Company's Business Code of Conduct for the management and employees to keep good relationship with all business partners, as well as a measure on treating the business partners honestly, equally, keep confidentiality, and prohibited to receive gifts from the business partners.

The Company defines the qualifications for each position of human resources as criteria for recruitment and human resources development, succession plan for key positions together with standard and systematic performance appraisal process to consider fair rewards and motivation for the human resources towards good performance.

Section 2 Risk Management

The Company's Board of Directors have given priority to determining business targets and strategies, along with appointing the Risk Management Committee to direct and oversee the Company's risk management to be appropriate and effective, as per the following guidelines:

The Risk Management Committee has defined a company-wide framework for risk management and the risk management policy as guidelines for managing the risks that may affect the achievement for the Company's objectives.

The management always assessed the overall economic and business situations to analyze the internal and external risk factors, probabilities and the impacts that might occur to the Company to determine the risk mitigation measures at appropriate levels, by review and follow up on the implementation of Risk Management Plan on weekly and monthly bases, as deemed responsibilities to all the functional units to manage and control the risks within acceptable levels.

Section 3 Control Activities

The Company implemented the efficient and effective control activities to mitigate the risks for non-achievement of the Company's objectives, as follow:

The Company has prepared the written regulations, policy, rules and working manuals. The Company clearly defined the scope of responsibilities and authorization of Chief Executive Officer, the management and the employees of different levels as guidelines for operations and regularly conducts audits ensure compliance with the regulations, policy, rules and working manuals.

The Company has determined the measure and procedure for related transactions, and the policy for conflicts of interest altogether in the codes of conduct for the management and employees, with assigning the internal audit department to continuously perform audits and report direct to Audit Committee. Moreover, the Company prohibits any interested parties from approving transactions that would lead to conflicts of interest. In decision making to approve any transactions, the

Company mainly viewed the most benefits in a long run. If any transactions were likely to cause conflicts of interest, they had to be reported to Audit Committee or brought to Audit Committee for opinions, as the case may be.

The Company has deployed information system to support operations and in the automated control definitions, such as the automated control on segregation of duties, by clearly segregating duties in making approvals, accounting entries and properties administration, for cross-checking.

The Company followed up the actions to be taken under the bound contracts and agreements continuously, and has also administered the Subsidiaries' business operations. The Company has had the measures to keep its operations in conformity to the laws to minimize its business risks by employing an external specialized legal counsel to help review documents and give consultation on several proceedings. The Company also has internal audit department to perform audits based on the rules, regulations and laws concerned.

Section 4 Information and Communication

The Company gives importance to the quality of information and communication systems that are crucial support to efficient internal control performance, with the following administrative guideline for the information system:

In the Board of Directors' Meetings, Secretary to the Board and the management prepared documents and details of the important agenda for Board of Directors' consideration in advance as information for decision making. And if there were additional details afterwards, the Company provided them as supplemental meeting materials sent to the Board of Directors before or on the day of meeting.

The Company sent the Board of Directors' Meeting invitation letters and the minutes of the previous meetings together with the meeting materials to the Company's Directors for their information each meeting in advance, on average 7 days prior to the day of meeting.

The Company made out minutes of the Board of Directors' Meetings, recording the significant information as well as suggestions, comments and objections (if any), and brought the minutes to the Board of Directors for acceptance in the following meetings. Chairman of the Board gave chances to the Directors to independently rectify or add contents to the minutes.

The Company arranged storing places for accounting entries documents and important documents by category.

The Company has applied the accounting policy of Generally Accepted Accounting Principles, under the control and audit by external certified auditors.

The Company has had proper internal communication systems and channels. In addition, the Company has provided the external interested parties with communication channels via its website and e-mail.

Section 5 Monitoring Activities

The Company has a follow-up and evaluation process for adequacy of the internal control, along with the improvement and development guidelines to ensure efficiency and effectiveness of the Company's internal control, as follows:

The management reported the performance results to Executive Committee and the Company's Board of Directors every quarter. In addition, the Company prepared the annual budget for the following year, and would use it as benchmark for the performance appraisal and make systematic comparative analysis report to the Board of Directors.

The Company arranged management meetings weekly to follow up operation results and comparison with the targets in forms of KPI's (Key performance Indicators) and discuss the ways for corrective actions in case the targets were not achieved. Moreover, the Project Committee was appointed to support the Company's targets aiming at development of the operational systems to control the operations as targeted.

The Company arranged for audits on conformity to the established internal control system regularly by the internal audit department making a yearly audit plan that covered finance, operations and the actions taken under the regulations and laws concerned to evaluate efficiency and effectiveness, and also to audit the conformity to the existing internal control system.

The audit result report and progress report: The internal audit department was assigned to report direct to the Audit Committee at least once a month. And for preventive suppression, internal audit department regularly conducted audits and followed up the performance results of each department or unit. Besides, the internal audit department is responsible to follow up and evaluate the significant corrective actions in order to present to Audit Committee and the Board of Directors.

The Company has had a policy that its management to have duty and responsibility to report to the Board of Directors regarding the decisions made that significantly affected or might affect the Company's reputation and financial position, including the problems found, such as frauds or illegal actions.

In 2017, the Company did not find any conflicts of interest, frauds or abnormalities, or material defects in the internal control system, any violations to the laws under Securities and Exchange Act, requirements of the Stock Exchange of Thailand or any laws related to the Company's business.

Related Transactions

Details of transactions between the company and parties which may have conflict of interest

Parties which may have conflict of interest	Type of relationship	Activity	Value in 2017 (mil. baht)	Ending balance 2017 (mil. baht)	Description, terms and conditions
Sukhumvit Inter Development Co., Ltd. <u>Type of business</u> Property development with concentration on office building, industrial estate and others	Having common shareholders with the company	Deposit monies - other related businesses	-	2	The cost of untreated water
SSP Press Co., Ltd.	Having common director with subsidiary	- Deposit - other related business - Other creditor and Accrued expense - other related business	- 7	1 20	Space rental and related services for Head Office
Anoma Hotel Bangkok Co., Ltd. <u>Type of business</u> -Hotel, food and drinks	A juristic entity with common directors and management member as GJ Steel	Other creditor and Expense payable – related businesses	2	3	Fees for the privilege to use the facility to organize various meetings
Oriental Access Co., Ltd. (“OAC”) <u>Type of business</u> Business consulting	A juristic entity whose shares are 99.97% indirectly owned via Siam Professional Holdings Co., Ltd. and having common directors with the company	- Debtor for consulting fee on behalf of a subsidiary. - Provision for bad debt - (Reverse) provision for bad debt - Debtor (obligation from giving guarantee on behalf of a subsidiary) - Provision for bad debt - Loan to a subsidiary - Provision for bad debt - Interest receivable from a subsidiary - Provision for bad debt	- - (108) - - - - - -	1,137 (1,137) - 1,313 (1,313) 2,547 (2,547) 209 (209)	- Fee for consulting services provided by the company to OAC on managing production process and business consultation - Shareholders use the new shares as security to collateralize OAC’s liabilities.
G J Steel PCL (“GJS”) <u>Type of Business</u> Produce hot rolled steel sheets	A juristic entity in which the company and subsidiary indirectly hold 18.72% shares and having common directors.	- Receivable from tolling service - Debtor for buying raw material and other items. - Advanced received-subsidaries - Short Term Loan – subsidiaries - Accrued interest - subsidiaries	536 937 1,422 94 7	98 25 167 94 7	- Tolling Service - Sale of scrap 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 Promissory note.
Siam Professional Holdings Co., Ltd. (SPH)	A 99.99% subsidiary, having common directors	- Lend monies to subsidiary - Provision for bad debt - Interest receivable from subsidiary - Provision for bad debt	- - - -	7 (7) 1 (1)	For investment

Parties which may have conflict of interest	Type of relationship	Activity	Value in 2017 (mil. baht)	Ending balance 2017 (mil. baht)	Description, terms and conditions
GS Securities Holding Co., Ltd. (GS Securities)	A 99.99% subsidiary, having common directors	<ul style="list-style-type: none"> - Creditor of subsidiary - Short term loan - subsidiary - Long term loan - subsidiary - Other creditor and accrued expenses - other related - Interest payable - subsidiary 	<ul style="list-style-type: none"> - 294 - 5 58 	<ul style="list-style-type: none"> 19 1,027 1,086 5 226 	- Special Purpose Vehicle for debt restructuring
Advance Metal Fabrications Co., Ltd. (Advance)	A director has relationship with the company's major shareholder	<ul style="list-style-type: none"> - Debtor-other related business - Provision for bad debt - Debtor from sale of raw material - Provision for bad debt - Debtor from sale of iron scraps - Provision for bad debt - Creditor - other related business - Advance received from other related customer 	<ul style="list-style-type: none"> (54) 54 (1) 1 (338) 338 (19) (1) 	<ul style="list-style-type: none"> - - - - - - - - 	<ul style="list-style-type: none"> - Sale of hot rolled steel sheets at market price under normal trade terms, the same as with other customers in good financial position and good payment records. - Sale of iron scraps at cost plus profits under normal trade terms, the same with other customers. - Purchase of iron scraps for use in the production process. The purchase price is fixed on cost plus normal profit under normal trade terms which is no higher than the price the company pays other suppliers.
Asia Metal Co., Ltd. PCL	A related company having common director with a subsidiary	Advance received from customers - related business	-	1	- Sale of hot rolled steel sheets at market price under normal trade terms similar to other customers which have good financial position and pay in line with the company's payment terms.
Grand Asia Steel Processing Center Co., Ltd. (Formerly Asia Metal Fabrication Co., Ltd.)	A subsidiary of a related company	<ul style="list-style-type: none"> - Advance payment for land / building / equipment Purchase - Provision for bad debt - Creditor for machinery and construction works 	<ul style="list-style-type: none"> - - - 	<ul style="list-style-type: none"> 8 (8) 1 	- Construction contractor
Superior Overseas (Thailand) Co., Ltd.	Related business with the company's shareholders	<ul style="list-style-type: none"> - Other creditor and accrued expenses - other related - Accrued interest - other related business 	<ul style="list-style-type: none"> - 29 	<ul style="list-style-type: none"> 479 221 	Guaranteed Debt
Mahachai Steel Center Co., Ltd.	Related business with the company's shareholders	<ul style="list-style-type: none"> - Creditor - other related business - Advanced Payment for scraps - Other creditor and accrued expenses - other related business - Accrued interest other related business - Debtor - related business 	<ul style="list-style-type: none"> 5,577 221 127 57 319 	<ul style="list-style-type: none"> 275 221 23 7 - 	<ul style="list-style-type: none"> - Purchase of iron scraps for use in the production process. The purchase price is based on the cost plus normal profit under normal trade terms. The price is not higher than offered by other iron scraps suppliers. - Sale of hot rolled steel sheets at market price under normal trade terms similar to other customers which have good financial position and pay in line with the company's payment terms.

Parties which may have conflict of interest	Type of relationship	Activity	Value in 2017 (mil. baht)	Ending balance 2017 (mil. baht)	Description, terms and conditions
Metal Inter Co., Ltd.	Related business with the company's shareholders	<ul style="list-style-type: none"> - Debtor - other related business - Creditor - other related business. - Accrued interest other related business 	153 1,398 1	- 162 1	<ul style="list-style-type: none"> - Sale of hot rolled steel sheets at market price under normal trade terms similar to other customers which have good financial position and pay in line with the company's payment terms. - Purchase of iron scraps for use in the production process. The purchase price is based on the cost plus normal profit under normal trade terms. The price is not higher than offered by other iron scraps suppliers.
The Steel Public Company Limited	Related business with the company's shareholders	Debtor - other related business	2,950	8	- Sales of hot rolled steel sheet at market price in line with normal trade terms similar to other customers with good financial position and pay according to the company's payment terms.
Liberty Steel Siam Co.,Ltd.	Related business with the company's shareholders	<ul style="list-style-type: none"> - Debtor - other related business - Creditor - other related business. 	1,869 597	8 4	<ul style="list-style-type: none"> - Sales of hot rolled steel sheet at market price in line with normal trade terms similar to other customers with good financial position and pay according to the company's payment terms. - Purchase of iron scraps for use in the production process. The purchase price is based on the cost plus normal profit under normal trade terms. The price is not higher than offered by other iron scraps suppliers.
Asia Credit Opportunities I (Mauritius) Limited (ACO I)	GJS's Major shareholder (Since 21 September 2017)	<ul style="list-style-type: none"> - -Other creditor and accrued expenses- other related business - Accrued interest -other related business 	4,201 3,534	4,201 3,534	Transferring debt to new creditor
Ms. Nangnoi Triwut	A relative of subsidiary's director	<ul style="list-style-type: none"> - Short term loan- other related person - Accrued Interest - other related person 	- 4	30 9	On 28 March 2012, the company entered into an agreement to borrow from Ms. Nangnoi Triwut amounting 30 million baht at the interest rate of 12% p.a. Under the terms of the agreement, the company offered shares of G J Steel held by the company
Mr. Nirum Ngarmchamnunridhi	A company's shareholder	<ul style="list-style-type: none"> - Long term loan from other related person, payable within 1 year - Long term loan from a related person - Accrued interest - other related person 	28 (66) 42	138 176 7	On 17 February 2014, the company's Board of Directors meeting approved the signing of a loan agreement with a customer who provides financial support by way of long term loan of 400 million baht with tenor of 5 years at interests rate of 12% p.a.
Mr. Veerachai Suteerachai	Director of related Company	Other creditor and accrued expenses -other related person	78	78	Transferring Kwang SOGO debt to new creditor

Steps or measures for approval to enter into related transactions with related companies or individuals who may have conflict of interest.

The company has strict measures to protect every shareholder by setting standards to control transactions with related companies or individuals who may have conflict of interest, as follows:

1. In approving to enter into transactions with related company, business ally and individual who may have conflict of interest (together called “Parties which may have conflict of interest”), the Board of Directors and the Audit Committee shall consider and set a clear policy as follows:
 - The Board of Directors must abide by the laws stipulated by the Securities and Exchange Act, regulations, announcements, directives of the Securities Exchange Commission and the Stock Exchange of Thailand (SET) including abiding by the SET’s guidelines on declaration of information on connected transactions, the obtainment, distribution of the company’s key assets or its subsidiaries and to comply with the accounting standards set by the Accountants Association.
 - Set clear guidelines on the management and approval authority of managers at different levels.
 - In the event the chairman of the Management Committee or an individual who may have conflict of interest , gain or loss with the company, related companies or individual who may have conflict of interest, the chairman of the Management Committee cannot approve such transaction.
 - In the event a director or an individual who may have conflict of interest, gain or loss with the company, related companies or individuals who may have conflict of interest, the Management Committee must propose the said matter to the company’s Board of Directors for consideration and approve such transaction.
 - In the event a director or an individual who may have conflict of interest, gain or loss with the company, related companies or individuals who may have conflict of interest, such director cannot approve such transaction.
 - A shareholder who may have conflict of interest in any related transaction, such shareholder cannot approve the transaction.
2. In the case where the transaction is a normal trade transaction with a related company or individual who may have conflict of interest (e.g. in purchasing raw material or avail services, selling of products etc).
 - The internal audit department shall examine each of such transactions on monthly basis in order to check whether there is any reference price with the market and contains normal terms & conditions comparable to other external trade partners for the maximum benefits to the company and report the outcome to the Audit Committee for consideration each quarter.
 - The Audit Committee shall consider and provide opinions on the necessity and reasonableness of the proposed transaction for the maximum benefit to the company by considering the price and trade terms relative to external trade partners for the same product or resembling the same product. In the case the Audit Committee discover any deviation from the given policy, the Audit Committee shall inform the Board of Directors or the chairman of the Management Committee and jointly find a solution.

3. In the case of other transactions such as lending or borrowing monies, obtainment and distribution of key assets or entering into agreements etc. the company will arrange for the Audit Committee to provide opinions on the appropriateness of the price including the necessity and reasonableness of such transaction. If the Audit Committee lacks the necessary expertise to consider such related transaction, the company shall arrange for an independent expert or the company's external auditor to consider and provide opinions on the said related transaction to enable a decision by the company's Board of Directors or the shareholders, whatever the case may be.

Policy on related transactions in the future

The company has a policy to enter into related transactions in future by setting various terms and conditions in line with normal trade transactions and at market price similar to those entered with external party for the maximum benefit to the company. In the circumstance, the company has no policy to provide financial assistance or provide guarantee to related companies or an individual who may have conflict of interest. For any related transaction in future with individual who may have such conflict of interest, the company shall request the Audit Committee or the company's external auditor or an independent expert, as the case may be, to consider and provide opinions with regards to the appropriateness of the price and the reasonableness in entering into such transaction. Moreover, the company shall abide by the measures or steps for approving related and connected transactions in line with the announcement of the Securities and Exchange Commission.

Corporate Social Responsibility

G J Steel Public Company Limited by Khunying Patama Leeswadtrakul, Chief of Corporate Social Responsibility has provided policy and fully supported for social activities and environment every year both internal and external. The CSR activities are as below:

Internal Activities

Participating in social development

Blood donation to Thai Red Cross Society

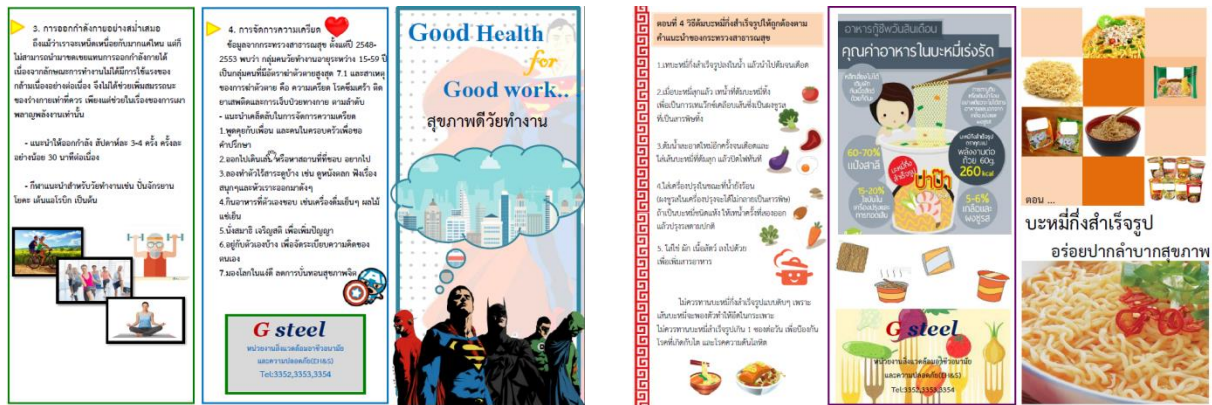
The company arranged for the employees to donate blood with the Thai Red Cross Association twice in 2017 on 17 January 2017 and 14 September 2017. There were 144 employees participating in blood donation, totaling 64,700 cc.



Awareness of employees' wellness

Health Check and wellness knowledge

Apart from arranging annual health check-up for employees, the company campaigned for employees to understand the cause of disease, things to be careful about and ways of prevention by internally distributing leaflets via e-mail, folded sheets and as attachments to the bulletin boards.



Health and family promotion to protect prematurity

The Company participates in maternal, newborn and child health for Thai family to protect prematurity with Siriraj Hospital.



Supporting on Thai Culture

Arrange activities for supporting the local cultures and traditions conservation

The company organized an activity on Songkran holidays or the Thai New Year inside the company's plant site annually and the ceremony 'pour water on the hand' of senior management. In addition, the company supports budget and participate in Songkran related activities such as pouring water on the hands of senior citizens at the Nonglalo community, Ban Khai District, Rayong Province. These activities also serve as preservation of Thai culture.



Internal Activities by Inner CSR team

The company arranged the activities for employee to increase teamwork, relation, motivation and family awareness on below detail,

Celebration of mother day activity



The company provides the sport activity for employee to play Petanque as a team.



External Activities

Participating in educational development

Student training Project

The company supports the student training project by accepting students from various institutions to receive trainings at the Rayong factory annually to give them opportunity to study and train in areas correspond to their studies both at vocational and college levels. In 2017, the company accepts students from 8 institutions with totaling 28 students. Please see the university list below,



No.	University	Total (Persons)
1	King Mongkut's University of Technology North Bangkok	2
2	Rajamangala University of Technology Tawan-ok	1
3	Rajamangala University of Technology Isan	3
4	Khon Kaen University	4
5	Thammasat University	1
6	Rangsit University	1
7	Rajabhat Rajanagarindra University	1
8	Rambhaibarni Rajabhat University	2
9	Sripathum University Chonburi Campus	1
10	Prince of Songkla University	2
11	Rayong Business Administration Technological College	1
12	Rayong Technical College	9
Total		28

Collaboration with university

The Company had met professor at Suranaree University of Technology to collaboration in education on 8 September 2017.



Field trips for primary grade student projects

The company supported the project “Field trips for children by G Steel” to community schools “Baan Mab Tong school” by arranging the company’s air-conditioned buses for the convenience of the students and teachers including organizing game activities on the bus in order to provide the students with more experience on field trips about 34 students participated in the projects.



Children Day Activity

To company support Children Day activity with Subdistrict Administrative Organization of Nong Lalok, Ban Khai District, Rayong.



Participating in community economic development

The company gives opportunity to farmers in the Tambon Nonglaork community to bring their produce for sale to employees directly at the factory to help the local community earn more income without incurring any expense every year.



Participating in social and public interest

“Open House Learning Project”

The company has a policy to “open opportunity for learning” to various groups, regardless of whether they belong to public or private sector, to impart hot rolled coil sheet production knowledge including environmental management system. In 2017, the company opened for Thailand Customs Department, The Association of Thai Steel Industries and Phibun Mangsahan School to observe the production process and the environmental management system.



Providing financial support for local community activities

In addition to activities or various projects, the company provided financial support and jointly participate in the activities of local communities at Nonglalo sub-district such as ‘The third month cultural activities’, ‘Mother’s day activities’, ‘Give royal Kathin robes’, ‘Red Cross fair in Rayong Province’, ‘Give computer to the police station’, ‘Support football sport cup at Nonglalo’ etc.

Management's Discussion and Analysis

Discussion and analysis of financial position and performance of the year 2017

In 2017, the Company and subsidiary's total net profit equals Baht 366 million comparing with last year which has net loss Baht 1,048 million. Separate financial statement, the Company has net loss Baht 1,006 million for the year 2017 and Baht 1,097 million for the year 2016.

In 2017, the Company and subsidiary's total revenue increase from the year 2016 which mainly result from the increase in average hot-rolled coil selling price per ton compare to the year 2016. In term of cost, the Company and subsidiary's cost of sale per ton increase compare to the previous year due to the increase in sale quantity and raw material price.

Performance

Revenue from sale and cost of sale

The Company and subsidiary recorded a sales volume of 1,381,336 tons for the year 2017, increased by 54,984 tons from the year 2016 or increased by 4% (Separated Financial Statement: 569,224 tons and 604,379 tons, for the year 2017 and 2016 respectively).

Total revenue from sales and services of the Company and subsidiary for the year 2017 amounted to Baht 25,705 million comparing with the year 2016 which was Baht 21,684 million (Separate: Baht 11,063 million and Baht 10,014 million for the year 2017 and 2016, respectively). Revenue from sales and services increased comparing with last year due to the increase of average selling price.

Consolidated cost of goods sold and cost of service for the year 2017 amounted to Baht 24,977 million comparing with the year 2016 which was Baht 20,559 million, increased Baht 4,418 million due to the increase in sale volume as well as the increase in raw material price. (Separate: Baht 11,240 million for the year 2017 and Baht 9,693 million for the year 2016, increase Baht 1,548 million due to the increase in sale volume, tolling service as well as the increase in raw material price). Total gross profit of year 2017 amounting to Baht 728 million comparing with Baht 1,125 million for the year 2016, (Separate: gross loss Baht (177) million for the year 2017 and gross profit Baht 321 million for the year 2016). Although raw material price increase lead to the increase in production cost, the company and subsidiary still could generate the Cash Margin which indicate that the Company was well in operation management.

Net gain on foreign exchange rate

The Company recorded consolidated net gain on foreign exchange for the year 2017 amounting to Baht 1,245 million (Separate: Baht 826 million). The gain is attributed to the appreciation of the Thai Baht versus the US dollar.

Gain from debt restructuring

The Company has gain from debt restructuring in the year 2017 amounting Baht 1,514 million (765+749) (Consolidated) resulting from the partial accrued interest haircut according to the debt to equity conversion program of its subsidiary which get approval from the extraordinary general shareholder meeting no.1/2017 on date 30 August 2017. (Separate: Baht 780 million from the reversed of provision for deferred difference from debt restructuring)

Selling expenses

Total selling expenses of the Company and subsidiary for the year 2017 and 2016 amounting to Baht 483 million and Baht 458 million, respectively, increased by Baht 25 million. (Separate: Baht 298 million for the year 2017 and Baht 298 million for the year 2016). Major factor come from the increase of sale volume.

Administrative expense

Total administrative expense of the Company and subsidiary for the year 2017 and 2016 amounting to Baht 868 million and Baht 983 million, respectively, decrease by Baht 115 Million. (Separate: Baht 341 million and Baht 454 million, respectively, decrease by Baht 113 million). The major reason came from the expenses recorded in the year 2016 resulting from the additional claimed from the creditor due to the Company breached some condition in the agreement.

Other Expenses

Other expenses of the Company and subsidiary for the year 2017 amounted to Baht 1,040 million. The Company (separate) is Baht 1,383 million which mainly came from loss on impairment of assets Baht 1,222 million and loss from disposal investment Baht 120 million.

Loss on impairment of assets

Major expense came from loss on impairment of assets under construction Baht 998 million which come from the appraisal by independent appraiser and impairment of investment in subsidiary (GJ Steel) Baht 184 million because GJ Steel increase registered capital which lead to the increase in number of shares so shareholding portion in subsidiary reduce (Number of shares the company hold does not change).

Loss on sale of long term investment

The Company received listed share from the debt repayment by one of its receivable and put this share as the collateral for the loan with one bank totaling 55 million shares or 1.42% of total registered shares of that company. Subsequently, the Company partially sold these shares in the Stock Exchange (Auto matching) for debt repayment to the bank as per the conditions of the loan agreement, totaling 48 million shares or 1.24% of total registered shares of the aforementioned company which cause the Company to record loss on sale of long term investment in the year 2017 amounting Baht 120 million.

Financial cost

The Company and subsidiary has total financial cost for the year 2017 and 2016 amounted to Baht 995 million and Baht 933 million respectively, increase by Baht 62 million because of the increase of GJ Steel's loan from abroad (Separate: Baht 790 million and 836 million, respectively, decrease by Baht 46 million resulting from the repayment of short term loan which lead to the decrease of financial cost.)

Financial position

Total Assets

As of 31 December 2017, the Company and subsidiary has total asset amounted to Baht 32,172 million, decreased 1.36% from year 2016 which has total asset Baht 32,615 million. Total assets separate into current assets amounted to Baht 5,337 million, increased 72.87% from year 2016 and non-current assets amounted to Baht 26,835 million, decreased 9.12% from year 2016. Current assets mainly increased from the increase of inventory of the Subsidiary Company.

Cash and cash equivalent

The Company and subsidiary has cash and cash equivalent as at 31 December 2017 amounted to Baht 591 million, decreased Baht 32 million or 5.19% from last year since the Company and subsidiary has

- Net cash flows provided by operating activities Baht 160 million

- Net cash flows provided by investing activities Baht 132 million which proceeds from disposal of temporary investment Baht 82 million. The Company sold partially shares of receivable which pay for the goods to repay loans from financial institution and Proceeds from disposal of investment in subsidiary Baht 60 million.
- Net cash flows used in financing activities Baht 324 million. Major items came from the finance costs paid, payment of liabilities during debt restructuring, repayment short-term loans from financial institution, totaling Baht 1,802 million and Proceeds from long-term loans from related parties Baht 1,443 million.

(See more details in Statement of cash flows)

Trade accounts receivable

As of 31 December 2017, the Company and subsidiary has trade accounts receivable amounted to Baht 1,076 million, deducted allowance for doubtful account Baht 1,028 million, remaining net trade accounts receivable amounted to Baht 48 million. (As the end of year 2016, the Company and subsidiary has trade accounts receivable amounted to Baht 1,364 million, deducted allowance for doubtful account Baht 1,092 million, remaining net trade accounts receivable amounted to Baht 272 million). Net account receivable was decreased by Baht 224 million mainly as a result of the settlement between trade accounts receivable with trade account payable of Subsidiary Company Baht 172 million.

The allowance for doubtful accounts policy, the Company and subsidiary assess primarily on analysis of payment histories and future expectations of customer payments. At end of the year 2017, the Company and subsidiary set allowance for doubtful accounts amounted to Baht 1,028 million.

Inventories

Inventories as of 31 December 2017 of the Company and subsidiary amounted to Baht 4,110 million or 12.78% of total assets, increased Baht 2,119 million from the year 2016 which resulted from the increase of finished goods and others of Subsidiary Company. The Company (separate), total inventory decrease by Baht 289 million, finished goods decrease by Baht 303 million. In year 2017, The Company (separate) set allowance for raw material left Baht 92 million. Presently, the matter is under the investigation process of police officers in order to conclude the final offence and damage.

Total liabilities

Total liabilities of the Company and subsidiary as at 31 December 2017 amounted to Baht 19,781 million, decreased Baht 1,965 million or 9.04% from the previous year which resulted from;

Current liabilities decreased Baht 3,019 million derived from:

- Trade accounts payable decreased Baht 6,153 million as a result of the Company received the notice of assignment to debtor from such 7 Major Foreign Creditors including all amount payable under the contracts to new foreign company and the Company reclassified such creditor to other payables.
- Provisions decreased Baht 2,886 million due to transferred out provisions of Court case claim Baht 2,231 million due to the Company received the notice of assignment to debtor from such one Major Trade Creditors including all amount payable under the contracts to new foreign company. And reversed provisions for deferred difference from debt restructuring Baht 765 million.

Non-current liabilities increased Baht 1,054 million

- Mainly came from Long-term loan from related party Baht 1,413 Million which is foreign loans of Subsidiary Company (GJ Steel) Baht 1,479 million.

Shareholders' equity

As of 31 December 2017 the Company and its subsidiaries had the shareholders' equity of Baht 12,391 million which increased by Baht 1,523 million or 14.01% from last year due to net profit generated by the Subsidiary Company.

Summary of significant financial ratio (consolidated financial statements)

Financial Ratio	2017	2016	2015
Liquidity ratio (time)	0.31	0.15	0.13
Debt-to-equity ratio (time)	1.60	2.00	1.81
Gross Profit margin (%)	2.83	5.19	(4.14)
Net profit margin to sales* (%)	(1.51)	(4.81)	(14.12)
Average return on equity** (%)	(18.81)	(39.07)	(66.78)
Average return on assets*** (%)	(1.20)	(3.16)	(9.09)
Net profit (loss) per share (Baht)	(0.06)	(0.15)	(0.47)
Net book value**** (Baht)	0.29	0.31	0.47

* Calculate from the profit (loss) of the parent company which excluding Non-controlling interests

** Calculate from the profit (loss) of the parent company divided by total shareholders' equity (Exclude Non-controlling interests)

*** Calculate from the profit (loss) of the parent company which excluding Non-controlling interests

**** Calculate from total shareholders' equity (Exclude Non-controlling interests)

Commitments and off-balance sheet liabilities management

The Company has disclosed as per details in the note No. 47 to the financial statement for the year 2017.

Factor effect to the future operation

As due to the Company and its subsidiaries has major imported raw materials for both scrap and pig iron from oversea, therefore there are major expenses in US dollar currency in which the exchange rate is uncontrollable factor. As a result, the exchange rate is the major factor effect to the future operation of both the Company and its subsidiaries. In case of Thai Baht is devalued as compared to US dollar, then the production cost will be increased. However, the Company and its subsidiaries manages the risk of exchange rate by benchmark the selling price with the world market selling price, which primary refers to US dollar. It likewise purchase and sell in the same currency which could reduce risk from exchange rate fluctuation in a certain level. Besides, the Company has the adaptation plan in respect of various projects aiming to reduce production cost in order to be able to competitive with the competitors and the importers. These projects are in the form of energy cost saving, increase efficiency as well as minimize loss in the production process, etc.

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

The Audit Committee of G Steel Public Company Limited was appointed by the Board of Directors Meeting, which consists of three independent directors as follows:

- | | | | |
|----|----------------|-------------------|---------------------------------|
| 1. | Prof. Paichit | Rojanavanich | Chairman of the Audit Committee |
| 2. | Mr. Teerapol | Pussadet | Audit Committee member |
| 3. | Dr. Theerachai | Arunruangsirilert | Audit Committee member |

Miss Sophit Changaroon was appointed by the Audit Committee as secretary to the Audit Committee.

The Audit Committee of G Steel Public Company Limited is responsible for reviewing the internal control system, approving the report or disclosure of the Internal Audit Department, and to propose the Board of Directors for acknowledgment or approval, including coordinating with the certified public accountant in order to acknowledge the reviewing results, the auditing result, and the remarks of the certified public accountants, together with the recommendation to the Board of Directors, for the purpose of transparency, the adequate internal control system, and to comply with relevant laws and regulations. In addition, the Audit Committee is responsible for the endorsement of the appointment of the auditors and the determination of auditor remuneration to the Board of Directors for further proposal for the general meeting of shareholders' approval.

In the fiscal year ended 31 December 2017, 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 found no material defect in the internal control system that had significant impact on the Company's financial statements. The Audit Committee reports the result to the Board of Directors.

The Audit Committee did not find any essential shortcomings in the internal audit with impact on the financial statement significantly. The Audit Committee reports the result to the Board of Directors.

The Audit Committee

<i>-Paichit Rojanavanich-</i> (Prof. Paichit Rojanavanich) Chairman of the Audit Committee	<i>-Teerapol Pussadet-</i> (Mr. Teerapol Pussadet) Audit Committee member	<i>-Teerachai Arunruangsirilert-</i> (Dr. Teerachai Arunruangsirilert) Audit Committee member
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INDEPENDENT AUDITOR'S REPORT

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

Opinion

I have audited the consolidated financial statements of G Steel Public Company Limited and its subsidiaries (the "Group") and the separate financial statements of G Steel Public Company Limited. (the "Company") which comprise the consolidated and separate statements of financial position as of December 31, 2017, the related consolidated and separate statements of changes in equity, comprehensive income and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the financial position of G Steel Public Company Limited and its subsidiaries and of G Steel Public Company Limited as of December 31, 2017, and financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards ("TFRSs").

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing ("TSAs"). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of my report. I am independent of the Group in accordance with the Federation of Accounting Professions's Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to my audit of the consolidated and separate financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Material Uncertainty Related to Going Concern

As of December 31, 2017 and 2016 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 December 31,		As of December 31,	
	2017	2016	2017	2016
(1) Profit(Loss) for the years	366	(1,048)	(1,006)	(1,097)
(2) Deficit	23,099	22,924	25,839	24,809
(3) Current liabilities exceed current assets	11,923	17,192	13,851	15,187
(4) Equity attributable to owners of the company (Capital deficiency)	1,973	2,148	(767)	263
(5) EBITDA	3,281	1,812	661	624

These were affected by various factors including the default payment on the debt restructuring plan, the meeting of the Company's Shareholders has resolved the disapproval its business rehabilitation plan according to the Debts to Equity Conversion Plan by a way of allocation and offering of the newly issued ordinary shares of the Company according to the Debts to Equity Conversion Scheme as agreed with a new creditor, the fluctuation of global economics and the dumping of goods from foreign steel manufacturers and at the end of year 2017, there is an impairment of the assets under construction under BOI promotional privileges amounted to Baht 998 million as described in Note 14 to the financial statements. These factors may cause the significant doubt on going concern of the 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 positive EBITDA and plans as described in note 1.2 to the financial statements.

However, my opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of my audit of the consolidated and separate financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters. In addition to the matters described in the Material Uncertainty Related to Going Concern section, I have determined the matters described below to be the key audit matters to be communicated in my report.

Key Audit Matters included Audited Procedures are as follows:

Impairment of property, plant and equipment

As describe in notes 4(h), 4(k) and 14 to the financial statements, the Group's and the Company's property, plant and equipment which are stated at cost less accumulated depreciation and impairment losses are significant amount. The management exercise judgment in determining the impairment loss due to the recoverable amount of the property, plant and equipment is determined on value in use by estimate future cash flows that the entity expects to derive from the assets which related to the projection of future operating performance, future plan and determination of an appropriate discount rate and key assumptions. Therefore, I have identified that considering the impairment loss of property, plant and equipment is the significant matter that requires special attention in the audit.

My audit procedure on such matter

I verified the impairment of property, plant and equipment by consider and assess the reasonable and supportable assumptions and approaches in preparation of the estimate of future cash inflows or outflows which the Group and the Company expected to derive from the continuing use of the property, plant and equipment. Including assess the Group and the Company's reasonable discount rate which used for calculation of the recoverable amount of the property, plant and equipment and considered the adequacy of the information disclosure related to impairment of property, plant and equipment.

Emphasis of Matter

As discussed in note 9 to the financial statement, in the 3rd quarter of 2017, the Company has raw materials (scrap steel) left which may be considered misappropriate, fraud or stolen. Estimated preliminary damage cost is approximate Baht 88 million of which the Company set fully provision

Later, in the 4th quarter of 2017, the Company prepared yearly stock count of its goods and raw materials as at 31 December 2017 and found that quantity of the Company's raw materials (scrap) has lost from the stock total amount of Baht 92 million. Therefore, the Company set up increasing allowance for loss on raw materials amounting to Baht 4 million in the 4th quarter of 2017. Presently, the matter is under the investigation process of police officers in order to conclude the final offence and damage. However, the Company's management assured that the Company does not have any more damage. And on November 1 and 6, 2017, the Company had to pay USD 2 million (approximate Baht 68 million) to a supporter but raw material (scrap steel) has not been transferred as usually from control yard which the Company has recorded as advance payment for raw material at transaction date. At the present, the Company is in the recalling process.

However, my opinion is not modified in respect of these matters.

Other matter

The consolidated financial statements and the separate financial statements of G Steel Public Company Limited and its subsidiaries and of G Steel Public Company Limited for the year ended December 31, 2016, presented here in for comparison, were audited by another auditor in my office in accordance with Standards on Auditing and expressed an unqualified opinion with a paragraph regarding the material uncertainty related to going concern under his report dated February 24, 2017.

Other Information

Management is responsible for the other information. The other information comprise the information included in the annual report of the Group, but does not include the financial statements and my auditor's report thereon, which is expected to be made available to me after the date of this auditor's report.

My opinion on the consolidated and separate financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the consolidated and separate financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and the management of the Group.

Responsibilities of Management and Those Charged with Governance for the Consolidated and Separate Financial Statements

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

In preparing the consolidated and separate financial statements, management is responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's and the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

My objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with TSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with TSAs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current year and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

(NATSARAK SAROCHANUNJEEN)

Certified Public Accountant

Registration No. 4563

A.M.T. & ASSOCIATES

Bangkok, Thailand

February 23, 2018

G Steel Public Company Limited and its Subsidiaries
Statements of financial position

		Consolidated financial statements		Separate financial statements	
		As at 31 December		As at 31 December	
Assets	Note	2017	2016	2017	2016
<i>(in Baht)</i>					
Current assets					
Cash and cash equivalents	7, 44	590,829,674	623,204,436	11,452,729	9,849,574
Temporary investment-trading security		12,237,280	-	12,237,280	-
Trade accounts receivable	5, 6, 8	48,130,779	272,386,276	113,342,452	76,426,546
Amounts receivable from related parties	5	-	-	24,715,253	-
Inventories	9	4,110,175,850	1,991,563,424	848,340,383	1,136,937,580
Receivables from scrap sales	5, 10	-	-	-	-
Other current assets	5, 6, 11	575,422,352	199,985,142	353,003,313	97,287,293
Total current assets		5,336,795,935	3,087,139,278	1,363,091,410	1,320,500,993
Non-current assets					
Investments in subsidiaries	12	-	-	3,237,606,205	4,026,239,106
Advance payment for purchases of property, plant and equipment	13	210,000,000	210,000,000	-	-
Property, plant and equipment	14	26,004,879,478	28,738,713,460	11,366,883,611	13,180,568,619
Intangible assets	15	11,865,768	15,175,302	5,641,122	7,368,387
Other non-current assets	5, 6, 17	608,510,802	563,639,912	295,283,194	279,212,944
Total non-current assets		26,835,256,048	29,527,528,674	14,905,414,132	17,493,389,056
Total assets		32,172,051,983	32,614,667,952	16,268,505,542	18,813,890,049

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

G Steel Public Company Limited and its Subsidiaries
Statements of financial position

		Consolidated		Separate	
		financial statements		financial statements	
		As at 31 December		As at 31 December	
Liabilities and equity	<i>Note</i>	2017	2016	2017	2016
		<i>(in Baht)</i>			
<i>Current liabilities</i>					
Short-term loans from financial institution	19, 44	212,503,281	315,856,617	212,503,281	315,856,617
Trade accounts payable	5, 6, 21, 44	1,326,191,392	7,479,044,201	578,693,784	5,439,635,285
Amount due to related parties	5	-	-	18,954,304	18,954,304
Current portion of liabilities under rehabilitation plan	27	535,319,947	464,261,240	330,960,069	238,527,280
Current portion of long-term loan from related party	5, 19	138,000,000	108,000,000	138,000,000	108,000,000
Current portion of bonds	19, 44	509,538,905	558,485,181	509,538,905	558,485,181
Short-term loan from related parties	5, 19	1,506,200,847	30,000,000	1,150,508,935	1,350,768,677
Short-term loan from other parties	19	107,478,776	137,394,363	107,478,776	118,894,363
Loan from shareholder	5	3,850,000	3,850,000	3,850,000	3,850,000
Advances received from customers	5, 23	203,320,156	204,365,281	177,933,573	14,269,238
Other payables and accrued expenses	5, 6, 22	7,147,117,390	3,506,161,450	6,440,177,095	2,279,775,425
Accrued interest expenses	24	4,936,687,630	3,969,002,936	4,965,641,906	2,696,246,002
Provisions	25	269,778,189	3,156,211,637	511,129,864	3,302,980,453
Other current liabilities	5, 19, 26	364,141,016	346,309,392	68,268,923	61,153,995
Total current liabilities		17,260,127,529	20,278,942,298	15,213,639,415	16,507,396,820
<i>Non-current liabilities</i>					
Liabilities under rehabilitation plan - net of					
current portion	27	148,039,761	245,112,540	148,039,761	245,112,540
Trade accounts payable	21, 44	-	-	-	-
Long-term loan from related party	5, 19	1,655,358,073	242,000,000	1,262,448,332	1,328,448,332
Other payables and accrued expenses	22	545,272,948	875,194,706	312,957,081	418,972,838
Accrued interest expenses	24	16,048,307	-	16,048,307	-
Provision	25	24,236,632	-	24,236,632	-
Employee benefit obligations	28	130,347,668	105,191,970	58,193,192	51,209,768
Other non-current liabilities		1,805,104	-	-	-
Total non-current liabilities		2,521,108,493	1,467,499,216	1,821,923,305	2,043,743,478
Total liabilities		19,781,236,022	21,746,441,514	17,035,562,720	18,551,140,298

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

G Steel Public Company Limited and its Subsidiaries
Statements of financial position

		Consolidated		Separate	
		financial statements		financial statements	
		As at 31 December		As at 31 December	
Liabilities and equity	<i>Note</i>	2017	2016	2017	2016
<i>(in Baht)</i>					
Equity					
Share capital	29				
Authorised share capital		48,775,743,730	48,775,743,730	48,775,743,730	48,775,743,730
Issued and paid-up share capital		34,250,904,820	34,250,904,820	34,250,904,820	34,250,904,820
Warrants	31	14,049,679	14,049,679	14,049,679	14,049,679
Additional (Discount) 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		(23,098,903,934)	(22,923,616,189)	(25,839,019,983)	(24,809,213,054)
Equity attributable to owners of the Company		1,973,058,871	2,148,346,616	(767,057,178)	262,749,751
Non-controlling interests		10,417,757,090	8,719,879,822	-	-
Total equity (Capital deficiency)		12,390,815,961	10,868,226,438	(767,057,178)	262,749,751
Total liabilities and equity		32,172,051,983	32,614,667,952	16,268,505,542	18,813,890,049

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

G Steel Public Company Limited and its Subsidiaries
Statements of comprehensive income

	Note	Consolidated		Separate	
		financial statements		financial statements	
		For the year ended 31 December		For the year ended 31 December	
		2017	2016	2017	2016
		(in Baht)			
Income					
Revenue from sale	5, 6, 32	25,704,984,906	21,683,626,134	10,526,923,225	10,014,154,489
Revenue from service - Tolling		-	-	536,229,649	-
Reversal of bad and doubtful debts expense	37	146,896,987	6,533,609	258,042,569	17,619,972
Reversal of provision for loss on purchase orders for undelivered raw material	25	-	25,955,666	-	25,955,666
Reversal of provision differences from debt restructuring	25	764,902,439	-	764,902,439	-
Net foreign exchange gains		1,244,854,761	35,451,868	825,953,027	2,288,906
Gain from debt restructuring	21, 33	749,429,449	58,936,660	15,406,048	51,225,325
Other incomes		127,551,176	109,172,524	118,008,277	87,430,195
Total income		28,738,619,718	21,919,676,461	13,045,465,234	10,198,674,553
Expenses					
Cost of sale					
- Cost of goods sold	5, 6	24,775,709,769	20,370,578,026	10,476,506,660	9,562,042,758
- Idle cost		195,526,445	257,303,382	195,526,445	191,177,238
- Loss on devaluation of inventories (Reversal of)		5,297,811	(69,090,813)	1,246,467	(60,483,349)
Total Cost of sale		24,976,534,025	20,558,790,595	10,673,279,572	9,692,736,647
Cost of services - Tolling		-	-	566,957,270	-
Selling expenses	34	482,757,281	458,055,684	297,547,465	298,241,785
Administrative expenses	5, 35	868,463,782	983,017,367	340,976,613	454,049,198
Other expenses	39	1,039,640,151	13,864,960	1,382,683,720	14,611,585
Finance costs	41	994,832,973	933,015,611	789,742,645	835,816,216
Total expenses		28,362,228,212	22,946,744,217	14,051,187,285	11,295,455,431
Profit (loss) before income tax expense		376,391,506	(1,027,067,756)	(1,005,722,051)	(1,096,780,878)
Income tax expense	42	10,852,287	21,424,438	-	-
Profit (loss) for the years		365,539,219	(1,048,492,194)	(1,005,722,051)	(1,096,780,878)
Other comprehensive income (loss) for the years					
Item that will not be reclassified subsequently to profit or loss :					
Actuarial gain (loss) on defined employee benefit plans	28	(39,626,331)	-	(24,084,878)	-
Total comprehensive income (loss) for the years		325,912,888	(1,048,492,194)	(1,029,806,929)	(1,096,780,878)

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

G Steel Public Company Limited and its Subsidiaries
Statements of comprehensive income

	<i>Note</i>	Consolidated		Separate	
		financial statements		financial statements	
		For the year ended 31 December		For the year ended 31 December	
		2017	2016	2017	2016
		<i>(in Baht)</i>			
Profit (loss) attributable to :					
Owners of the Company		(387,682,543)	(1,043,268,574)	(1,005,722,051)	(1,096,780,878)
Non-controlling interests		753,221,762	(5,223,620)	-	-
Profit (loss) for the years		365,539,219	(1,048,492,194)	(1,005,722,051)	(1,096,780,878)
Total comprehensive income (loss) :					
Owners of the Company		(414,676,874)	(1,043,268,574)	(1,029,806,929)	(1,096,780,878)
Non - controlling interests		740,589,762	(5,223,620)	-	-
Total comprehensive income (loss) for the years		325,912,888	(1,048,492,194)	(1,029,806,929)	(1,096,780,878)
Loss per share	<i>43</i>				
Basic loss per share		(0.06)	(0.15)	(0.15)	(0.16)

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

G Steel Public Company Limited and its subsidiaries
Statement of changes in equity

Consolidated financial statements											
	Note	Issued and paid-up share capital	Warrants	Surplus on ordinary shares Share premium (discount)	Premium on capital reduction	Retained earnings (deficit) Legal reserve	Unappropriated (in Baht)	Other components of equity Other comprehensive income Actuarial gains (losses) on defined employee benefit plans	Equity attributable to owners of the Company	Non-controlling interests	Total equity
For the Year ended 31 December 2017											
Balance as at 1 January 2017		34,250,904,820	14,049,679	(10,163,275,674)	206,307,094	763,976,886	(22,923,616,189)	-	2,148,346,616	8,719,879,822	10,868,226,438
Transactions with owners, recorded directly in equity											
<i>Contributions by and distributions to owners of the Company</i>											
Issue of warrants	31	-	-	-	-	-	-	-	-	-	-
Issue of ordinary shares	29	-	-	-	-	-	-	-	-	-	-
Subsidiary disolter and liquidate		-	-	-	-	-	-	-	-	-	-
Total contributions by and distributions to owners of the Company		-	-	-	-	-	-	-	-	-	-
<i>Changes in ownership interests in subsidiaries</i>											
Acquisition of non - controlling interests without a change in control											
Issue of ordinary shares of subsidiary to non-controlling interests from debt to equity conversion	12	-	-	-	-	-	312,028,217	-	312,028,217	824,507,129	1,136,535,346
Sale of shares in subsidiary to non-controlling interests	12	-	-	-	-	-	(72,639,088)	-	(72,639,088)	132,780,377	60,141,289
Total changes in ownership interests in subsidiaries		-	-	-	-	-	239,389,129	-	239,389,129	957,287,506	1,196,676,635
Total transactions with owners, recorded directly in equity		-	-	-	-	-	239,389,129	-	239,389,129	957,287,506	1,196,676,635
Comprehensive income (loss) for the years											
Profit (loss) for the years		-	-	-	-	-	(387,682,543)	-	(387,682,543)	753,221,762	365,539,219
Other comprehensive income (loss)		-	-	-	-	-	-	(26,994,331)	(26,994,331)	(12,632,000)	(39,626,331)
Transferred to retained earnings		-	-	-	-	-	(26,994,331)	26,994,331	-	-	-
Total comprehensive income (loss) for the years		-	-	-	-	-	(414,676,874)	-	(414,676,874)	740,589,762	325,912,888
Balance as at 31 December 2017		34,250,904,820	14,049,679	(10,163,275,674)	206,307,094	763,976,886	(23,098,903,934)	-	1,973,058,871	10,417,757,090	12,390,815,961

G Steel Public Company Limited and its subsidiaries
Statement of changes in equity

Consolidated financial statements											
	Note	Issued and paid-up share capital	Warrants	Surplus on ordinary shares Share premium (discount)	Premium on capital reduction	Retained earnings (deficit) Legal reserve	Unappropriated (in Baht)	Other components of equity Other comprehensive income Actuarial gains (losses) on defined employee benefit plans	Equity attributable to owners of the Company	Non-controlling interests	Total equity
For the Year ended 31 December 2016											
Balance as at 1 January 2016		34,250,904,820	14,049,679	(10,163,275,674)	206,307,094	763,976,886	(21,880,351,825)	-	3,191,610,980	8,725,103,442	11,916,714,422
Transactions with owners, recorded directly in equity											
<i>Contributions by and distributions to owners of the Company</i>											
Issue of warrants	31	-	-	-	-	-	-	-	-	-	-
Issue of ordinary shares	29	-	-	-	-	-	-	-	-	-	-
Subsidiary disolver and liquidate		-	-	-	-	-	4,210	-	4,210	-	4,210
Total contributions by and distributions to owners of the Company		-	-	-	-	-	4,210	-	4,210	-	4,210
<i>Changes in ownership interests in subsidiaries</i>											
Acquisition of non - controlling interests without a change in control											
Issue of ordinary shares of subsidiary to non-controlling interests from debt to equity conversion	12	-	-	-	-	-	-	-	-	-	-
Sale of shares in subsidiary to non-controlling interests	12	-	-	-	-	-	-	-	-	-	-
Total changes in ownership interests in subsidiaries		-	-	-	-	-	-	-	-	-	-
Total transactions with owners, recorded directly in equity		-	-	-	-	-	4,210	-	4,210	-	4,210
Comprehensive income (loss) for the years											
Loss for the years		-	-	-	-	-	(1,043,268,574)	-	(1,043,268,574)	(5,223,620)	(1,048,492,194)
Total comprehensive income (loss) for the years		-	-	-	-	-	(1,043,268,574)	-	(1,043,268,574)	(5,223,620)	(1,048,492,194)
Balance as at 31 December 2016		34,250,904,820	14,049,679	(10,163,275,674)	206,307,094	763,976,886	(22,923,616,189)	-	2,148,346,616	8,719,879,822	10,868,226,438

G Steel Public Company Limited and its subsidiaries
Statement of changes in equity

		Separate financial statements						Other components of equity	
		Issued and paid-up share capital	Warrants	Share premium (discount)	Premium on capital reduction	Retained earnings (deficit)	Legal reserve (in Baht)	Unappropriated	Other comprehensive income
									Actuarial gains (losses) on defined employee benefit plans
									Total equity
For the Year ended 31 December 2017									
Balance at 1 January 2017		34,250,904,820	14,049,679	(10,163,275,674)	206,307,094	763,976,886	(24,809,213,054)	-	262,749,751
Transactions with owners, recorded directly in equity									
<i>Contributions by and distributions to owners of the Company</i>									
Issue of warrants	31	-	-	-	-	-	-	-	-
Issue of ordinary shares	29	-	-	-	-	-	-	-	-
<i>Total contributions by and distributions to owners of the Company</i>		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total transactions with owners, recorded directly in equity		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Comprehensive income (loss) for the years									
Loss for the years		-	-	-	-	-	(1,005,722,051)	-	(1,005,722,051)
Other comprehensive income (loss)		-	-	-	-	-	-	(24,084,878)	(24,084,878)
Transferred to retained earnings		-	-	-	-	-	(24,084,878)	24,084,878	-
Total comprehensive income for the years		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,029,806,929)</u>	<u>-</u>	<u>(1,029,806,929)</u>
Balance at 31 December 2017		<u>34,250,904,820</u>	<u>14,049,679</u>	<u>(10,163,275,674)</u>	<u>206,307,094</u>	<u>763,976,886</u>	<u>(25,839,019,983)</u>	<u>-</u>	<u>(767,057,178)</u>

G Steel Public Company Limited and its subsidiaries
Statement of changes in equity

		Separate financial statements					Other components of equity	
	Note	Issued and paid-up share capital	Warrants	Surplus on ordinary shares Share premium (discount)	Premium on capital reduction	Retained earnings (deficit) Legal reserve (in Baht)	Other comprehensive income Actuarial gains (losses) on defined employee benefit plans	Total equity
For the Year ended 31 December 2016								
Balance at 1 January 2016		34,250,904,820	14,049,679	(10,163,275,674)	206,307,094	763,976,886	(23,712,432,176)	1,359,530,629
Transactions with owners, recorded directly in equity								
<i>Contributions by and distributions to owners of the Company</i>								
Issue of warrants	31	-	-	-	-	-	-	-
Issue of ordinary shares	29	-	-	-	-	-	-	-
<i>Total contributions by and distributions to owners of the Company</i>		-	-	-	-	-	-	-
Total transactions with owners, recorded directly in equity		-	-	-	-	-	-	-
Comprehensive income (loss) for the years								
Loss for the years		-	-	-	-	-	(1,096,780,878)	(1,096,780,878)
Total comprehensive income for the years		-	-	-	-	-	(1,096,780,878)	(1,096,780,878)
Balance at 31 December 2016		34,250,904,820	14,049,679	(10,163,275,674)	206,307,094	763,976,886	(24,809,213,054)	262,749,751

G Steel Public Company Limited and its Subsidiaries
Statement of cash flows

		Consolidated		Separate	
		financial statements		financial statements	
		For the year ended 31 December		For the year ended 31 December	
	Note	2017	2016	2017	2016
		(in Baht)			
Cash flows from operating activities					
Gain (loss) for the years		365,539,219	(1,048,492,194)	(1,005,722,051)	(1,096,780,878)
Adjustments for					
Depreciation and amortisation		1,910,076,064	1,905,923,047	876,619,763	884,943,095
Unrealised (gain) loss on exchange rate		(1,528,899,083)	58,143,448	(1,325,987,887)	88,540,406
Gain on exchange rate form debt to equity conversion		(78,650,962)	-	-	-
Gain on adjustment in value of securities		(903,890)	-	(903,890)	-
(Gain) loss from disposal investment		(3,950,374)	-	120,674,442	-
Gain from debt restructuring	33	(749,429,449)	(58,936,660)	(15,406,048)	(51,225,325)
Loss on devaluation of inventories (Reversal of)		5,297,811	(69,090,813)	1,246,467	(60,483,349)
Reversal of loss on confirmed purchase orders for raw material		-	(25,955,666)	-	(25,955,666)
Reversal of bad and doubtful debts expense	37	(146,896,987)	(6,533,609)	(258,042,569)	(17,619,972)
Loss on impairment of assets	38	998,111,400	-	998,111,400	-
Loss on impairment of investments		-	-	223,835,864	1,461,446
Reversal of provisions from deferred debt restructuring difference		(764,902,439)	-	(764,902,439)	-
Loss on liquidation of a subsidiary		-	46,927	-	46,927
Loss on written off of assets		7,803,930	(1,126,263)	-	-
Provision for court case claim	25	18,623,108	-	18,623,108	-
Provision for a gurantee of subsidiary	25	-	-	22,342,795	13,103,212
Withholding tax write-off		12,215,635	-	1,617,403	-
Finance costs	41	994,832,973	933,015,611	789,742,645	835,816,216
Interest income		(4,062,068)	(3,355,444)	(258,760)	(323,618)
Employee benefit obligations - Current service cost and interest		9,372,568	8,759,021	5,446,606	2,234,989
Employee benefit obligations - Past service cost		(22,548,060)	-	(22,548,060)	-
Income tax expense		10,852,287	21,424,438	-	-
		1,032,481,683	1,713,821,843	(335,511,211)	573,757,483
Changes in operating assets and liabilities					
Trade accounts receivable		52,386,986	(30,734,699)	(36,915,906)	(49,680,883)
Amount due from related parties		-	-	(24,715,253)	4,784,317
Inventories		(2,123,910,237)	(234,397,377)	287,350,730	(49,259,220)
Other current assets		(346,044,752)	44,975,325	(212,569,692)	48,740,760
Other non-current assets		(207,239,705)	(304,582,963)	(71,241,387)	(135,848,558)
Trade accounts payable		593,180,298	(508,781,740)	259,356,705	(504,577,009)
Advances received from customers		(403,925)	770,642	164,305,535	(11,712,870)
Other payable and accrued expenses		(313,202,253)	(69,977,650)	(26,017,339)	20,116,797
Other current liabilities		1,503,506,435	(1,412,469)	9,470,386	(598,757)
Provision for tax-releated liabilities		-	72,240,064	-	-
Severance paid		(1,295,142)	-	-	-
Income tax paid		(29,603,040)	(7,044,573)	(13,742,352)	(258,990)
Net cash flows provided by (used in) operating activities		159,856,348	674,876,403	(229,784)	(104,536,930)

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

G Steel Public Company Limited and its Subsidiaries
Statement of cash flows

		Consolidated		Separate	
		financial statements		financial statements	
		For the year ended 31 December		For the year ended 31 December	
Note		2017	2016	2017	2016
		(in Baht)			
Cash flows from investing activities					
Interest received		4,062,068	3,312,727	258,760	323,618
Purchase of property, plant and equipment		(13,871,146)	(33,758,245)	(4,114,093)	(982,800)
Purchase of intangible assets		(407,918)	(1,454,200)	(33,660)	(820,700)
Cash received (payment) to long-term loans		-	-	(1,394)	708,486
Proceeds from disposal of temporary investment		82,266,984	-	82,266,984	-
Proceeds from disposal of investment in subsidiary		60,141,290	-	55,128,019	-
Proceeds from liquidation of subsidiary		-	953,043	-	953,043
Net cash flows provided by (used in) investing activities		132,191,278	(30,946,675)	133,504,616	181,647
Cash flows from financing activities					
Finance costs paid		(776,445,217)	(102,035,207)	(128,695,192)	(126,924,688)
Payment of liabilities under rehabilitation plan		(17,561,723)	(25,382,738)	(4,639,989)	(10,605,473)
Payment of liabilities during debt restructuring		(922,204,180)	-	-	-
Proceeds(Repayment)of short-term loans from financial institution		(103,353,335)	(49,200,000)	(103,353,335)	(49,200,000)
Proceeds(Repayment) of short-term loans from related parties		-	-	152,432,426	290,556,949
Proceeds(Repayment) of short-term loans from other parties		52,343,012	17,550,767	(11,415,587)	29,050,767
Proceeds(Repayment)from long-term loans from related parties		1,443,358,073	(20,000,000)	(36,000,000)	(20,000,000)
Net cash flows provided by (used in) financing activities		(323,863,370)	(179,067,178)	(131,671,677)	112,877,555
Net increase (decrease) in cash and cash equivalents					
		(31,815,744)	464,862,550	1,603,155	8,522,272
Cash and cash equivalents at 1 January	7	623,204,436	159,332,714	9,849,574	1,327,302
Cash and cash equivalents decrease on liquidation of a subsidiary		-	(953,043)	-	-
Effect from exchange rate changes on balances held in foreign currencies		(559,018)	(37,785)	-	-
Cash and cash equivalents at 31 December	7	590,829,674	623,204,436	11,452,729	9,849,574
Non-cash transactions					
Transfer provisions to other payables and accrued expense		72,240,064	-	-	-
Transfer provisions to trade accounts payable	25	-	101,035,926	-	101,035,926
Transfer provisions to accrued interest	25	2,065,435,684	386,548,529	2,065,435,684	386,548,529
Transfer trade account payables to accrued interest		-	649,846,422	-	649,846,422
Transfer trade account payables to accrued expenses		4,442,184,867	49,846,173	4,442,184,867	49,846,173
Transfer trade account payables to liabilities during debt restructuring		1,453,512,838	-	-	-
Transfer accrued expense to liabilities during debt restructuring		612,839,625	-	-	-
Transfer accrued interest to liabilities during debt restructuring		1,173,386,294	-	-	-
Transfer accrued interest to accrued expenses		206,577,995	-	-	-
Transfer accrued interest to provisions		24,236,632	-	24,236,632	-
Transfer accrued interest to short-term loans from related party		-	-	32,352,033	53,678,147
Transfer liabilities from rehabilitation plan to share capital	12	1,096,229,680	-	-	-
Settlement between trade accounts receivable with trade account payable		171,868,511	-	-	-

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

G Steel Public Company Limited and its Subsidiaries**Notes to the financial statements****For the year ended 31 December 2017**

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The financial statements were approved and authorised for issue by the Board of Directors on 23 February 2018.

1 General information, going concern and the debt restructuring

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 2017, the Company’s major shareholders were Superior Overseas (Thailand) Company Limited (4.46% shareholding) (“Superior”), incorporated in Thailand, Mr. Nirum Ngarmcharmanrit (7.34% shareholding), Khunying Patama Leeswadtrakul Group (5.78% shareholding), Mr. Nuttapol Jurangkool (5.64% shareholding), Mr. Taweechat Jurangkool (3.96% shareholding) and Mr. Kritsanon Kevalae (3.51% shareholding).

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

G Steel Public Company Limited and its Subsidiaries

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Details of the Company's subsidiaries as at 31 December 2017 and 2016 were as follows:

Name of the entity	Type of business	Country of incorporation	The Group Ownership interest (%)	
			2017	2016
<i>Direct subsidiaries</i>				
Siam Professional Holdings Co., Ltd. (“SPH”)	Investment holdings company	Thailand	99.99	99.99
GS Securities Holdings Co., Ltd. (“GS Securities”)	Special-purpose restructuring entity	Thailand	99.99	99.99
GS Notes Holding Co., Ltd.* (“GS Notes”)	Special-purpose restructuring entity	Thailand	-	99.99
GS Notes Holdings 2 Co., Ltd. * (“GS Notes 2”)	Special-purpose restructuring entity	Thailand	-	99.99
G J Steel Public Co., Ltd. (“G J Steel”) (held by the Company 15.08% (2016 : 20.79%) and GS Securities 3.64% (2016 : 4.91%))	Manufacture and distribution of hot rolled coil steel products	Thailand	18.72	25.70
<i>Indirect subsidiaries</i>				
Oriental Access Co., Ltd. (“OAC”) (held by SPH 99.97%)	Consulting service and investing	Thailand	99.97	99.97

*Two subsidiaries, GS Notes and GS Notes 2 were registered to dissolve the Companies with the Ministry of Commerce on 22 September 2017 as approved by the special resolution of the shareholders at the extra ordinary shareholders' meeting on 20 September 2017. However, the consolidated financial statements for the year ended 31 December 2017 includes the result of the subsidiaries operations for the period up to the date of their dissolution.

G Steel Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2017

The Company and its subsidiaries shareholding in G J Steel as at 31 December 2017 was 18.72% (2016: 25.70% *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 2017 and 2016, 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	
	2017	2016	2017	2016
(1) Profit (Loss) for the years	366	(1,048)	(1,006)	1,097
(2) Deficit	23,099	22,924	25,839	24,809
(3) Current liabilities exceed current assets	11,923	17,192	13,851	15,187
(4) Equity attributable to owners of the Company (Capital Deficiency)	1,973	2,148	(767)	263
(5) EBITDA	3,281	1,812	661	624

These were affected by various factors including the default payment on the debt restructuring plan, the meeting of the Company’s Shareholders has resolved the disapproval its business rehabilitation plan according to the Debts to Equity Conversion Plan by a way of allocation and offering of the newly issued ordinary shares of the Company according to the Debts to Equity Conversion Scheme as agreed with a new creditor, the fluctuation of global economics and the dumping of goods from foreign steel manufacturers and at the end of year 2017, there is an impairment of the assets under construction under BOI promotional privileges amounted to Baht 998 million as described in Note 14 to the financial statements. These factors may cause the significant doubt on going concern of the 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 positive EBITDA and plans as followings :

G Steel Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2017

a) Negotiation with default creditors

The management is confident that the Company and G J Steel can manage its liabilities, currently the Company and G J Steel can negotiate major trade creditor restructuring which has progressed as described in Note 1.3 to financial statement together with debt-to-equity scheme under to the allocation and offering of the newly issued ordinary shares of the Company and G J Steel. Whereby the debt-to-equity scheme must get the approval from the Extraordinary Shareholders' meeting on 30 August 2017. Which the resolution of those meetings as follow :

The Company

The result of the Extraordinary General Meeting of Shareholders of the Company on August 30, 2017, the meeting disapproved the debt restructuring plan including the issuing and allotment of new ordinary shares according to the debt to equity conversion scheme agreed with the major investor.

On 4 October 2017 and 5 November 2017 the New creditor sent a letter to the Company demand for payment of debts within 13 November 2017 if the Company does not settle debt or propose an alternative plan the new creditor will initial formal legal proceeding including but not limited to enforcing the debts

On 13 November 2017, the Board of Directors meeting approved the submission of the petition requesting for entering into business rehabilitation plan. This is for the Company to negotiate as well as finding solution with creditors and can proceed necessary actions in order to continue its business as normal. The Company, then, submits the petition requesting for entering into business rehabilitation plan to the Central Bankruptcy Court and the Court will have preliminary hearing on 26 February 2018. Subsequently, on 8 December 2017, while waiting for the court approval of the rehabilitation plan, in order to have working capital and continual operation, the Company submits the petition requesting for the approval of emergency working capital in the form of loan from other related party amounting USD 65 million and the court receive petition and has preliminary hearing of the said emergency working capital on 5 February 2018. And the result of the hearing on that date, the court did not approve yet since there is a related party file an objection. Therefore, the Court will have another hearing for the emergency working capital on 26 February 2018.

However, to temporarily alleviate the financial crisis for the Company and to reserve and maintain its assets for business operations as well as to provide opportunity and a period of time for the Company to find solutions and conclusion with the creditor without legal execution by creditors for debt repayment. So after the Central Bankruptcy Court has accepted the petition requesting for entering into business rehabilitation, the Company then get protection from civil legal execution and the suspension of services by utilities provider under the term and condition by law. Also, the Company is forbidden to repay debt or create indebtedness or any actions that will create encumbrance of its assets except necessary actions for normal business operation.

G J Steel

G J Steel has negotiate debt restructuring with major trade creditors which in the third quarter of 2017, G J Steel has completed the debt conversion as described in note 1.3 and note 29 to financial statements.

G Steel Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2017

b) Source of funding

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

1. Increasing of the cash flow through sale by manufacturing and selling the hot rolled coil
2. Reach an agreement with G J Steel in support of the increased credit line
3. Negotiating the credit line with the financial institutions
4. Accelerating the debt collection from its debtor
5. Selling through the method of advance payment
6. Hot rolled coils tolling service to G J Steel which starting on November 2017 and expect keep on doing tolling service until the 2nd quarter of year 2018

c) The production

The Company and G J Steel has the production during the off-peak period (which has lower demand for electricity and hence lower tariff rate) and increase utilization nearly full capacity for off-peak period during. G J Steel can increase utilization nearly full capacity in year 2017 and plan to increase production for 5 hours in the 2nd half of 2018 since G J Steel expects to drawdown remaining of loan facilities in year 2018 as per the detail in the note to financial statement no.18

For the Company, even though debt restructuring plan was not success, management plan to find additional working capital in order to continue and increase production nearly full capacity in the 1st half of 2019. However, to maintain its liquidity and business, the Company submit the petition requesting for entering into business rehabilitation plan to the Central Bankruptcy Court and the Court will have preliminary hearing on 26 February 2018. While waiting for the court approval of the rehabilitation plan, in order to generate liquidity and has continual production as well as increase sale volume of GJ Steel since the market demand of hot rolled coiled increase and GJ Steel itself cannot keep up with the market demand, therefore, the Company start doing tolling service for GJ Steel which begin since mid of November 2017 and expect to go on until the 2nd quarter of 2018 unless there is the progress of the said rehabilitation plan.

The Company and G J Steel expect that the local demand of hot-rolled coil will increase, in order to reduce the production unit cost. The Company have adjustment plan in respect of various projects aiming to reduce production cost in order to be competitive with the competitors and the importer. Projects are in the form of energy reduction, increase efficiency as well as minimize loss in the production process, etc.

d) 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.

G Steel Public Company Limited and its Subsidiaries

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For the year ended 31 December 2017

e) Credit facilities for operation

The Company and G J Steel get collaboration from various raw material suppliers both local and oversea with Supplier Credit in term of Collateral Management Agreement (“CMA”). In addition the Company and G J Steel also get another source of Credit facilities as described in note 18 and note 20 to financial statements.

The Company and G J Steel have used the supplier credit facilities as working capital for many years to purchase of scrap which is the main raw material of the production.

However, after the Company submit the petition requesting for entering into business rehabilitation plan to the Central Bankruptcy Court on 14 November 2017, the Company has cancelled the aforementioned contract which will have the Company reduce expenses under the CMA contracts.

f) 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 surges to Thailand that also have dampened the stability of Thailand’s economy. Up to the present, Ministry of Commerce has 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 follows:

Antidumping Measures (5-year term)

	Import Goods	Origin	AD Duty Rate	Effective
1	Hot-rolled steel flat products in coil and not in coil	14 countries	Various rate up to 128.11% of C.I.F. value	23 May 2015 to 22 May 2020
2	Hot-rolled steel flat products in coil and not in coil	China and Malaysia	China 30.91% of C.I.F. value Malaysia 23.57 - 42.51% of C.I.F. value	23 Jun 2017 to 22 Jun 2022 *
3	Hot-rolled steel flat products in coil and not in coil	Brazil, Iran and Turkey	Brazil 34.40% of C.I.F. value Iran 7.25 - 38.27% of C.I.F. value Turkey 6.88 - 38.23% of C.I.F. value	16 May 2017 to 15 May 2022 **
4	Boron-added steel hot rolled flat products in coil and not in coil	China	14.28 - 19.47% of C.I.F. value	26 Dec 2012 to 25 Dec 2017 ***

G Steel Public Company Limited and its Subsidiaries

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* The domestic industry filed petition to Department of Foreign Trade along with the evident information concerned requesting for continuation review of the imposition of antidumping measure for the next 5 years. The Department later issued on 14 June 2016 (published on the royal gazette on 23 June 2016) the “Notification for Initiation of Necessity Review for Continuation of the Antidumping Measure on Hot-Rolled Steel Flat Products Originated from the People’s Republic of China and Malaysia”, as the start of the antidumping measure continuation review procedure, in which several interested parties were participating and the existing antidumping duties have been imposed continuously for within another one year. And then the antidumping continuation review procedure was finished when Thailand’s Antidumping and Countervailing Committee issued the “Notification of Determination for the Necessity of Continuation of the Antidumping Measure”, dated 19 June 2017, as published on the royal gazette on 22 June 2017 that determine to impose the antidumping duties, at the rate unchanged, on the Hot-Rolled Steel Flat Products Originated from the People’s Republic of China and Malaysia for the next 5 years, with effect from 23 June 2017 through 22 June 2022.

** The domestic industry filed petition to Department of Foreign Trade along with the evident information concerned requesting for determination of the imposition of antidumping measure for the next 5 years. The Department later issued on 14 January 2016 (published on the royal gazette on 18 January 2016) the “Notification for Initiation of the investigation of the Antidumping Proceedings on imports of Hot-Rolled Steel Flat Products in coils and not in coils Originating in Federal Republic of Brazil, Islamic Republic of Iran and the Turkish Republic”, as the start of the investigating of the antidumping procedure, in which several interested parties were participating. And during the investigating process, the Department later issued on 11 November 2016 (published on the royal gazette on 15 November 2016) the “Notification for the Determination of the Antidumping Measure on imports of Hot-Rolled Steel Flat Products in coils and not in coils Originating in Federal Republic of Brazil, Islamic Republic of Iran and the Turkish Republic”, by determine temporary measure to impose the provisional anti-dumping duties by collecting temporary duties or collateral for payment of temporary duties (a letter of commercial bank guarantee) for four-month since 16 November 2016. And then the Department later issued on 13 March 2017 (published on the royal gazette on 14 March 2017) to extend the provisional measures for two more months from the end of 15 March 2017 to the end of 15 May 2017. And the latest, the investigation of the antidumping procedure was finished when Thailand’s Antidumping and Countervailing Committee issued the “Notification for the Determination of the Antidumping Measure”, dated 11 May 2017, as published on the royal gazette on 15 May 2017 that determine to impose the antidumping duties on the Hot-Rolled Steel Flat Products in coils and not in coils Originated from Federal Republic of Brazil, Islamic Republic of Iran and the Turkish Republic for the next 5 years, with effect from 16 May 2017 through 15 May 2022.

*** The domestic industry filed petition to Department of Foreign Trade along with the evident information concerned requesting for continuation review of the imposition of antidumping measure for the next 5 years. The Department later issued on 30 November 2017 (published on the royal gazette on 13 December 2017) the “Notification for Initiation of Necessity Review for Continuation of the Antidumping Measure on Boron-added Steel Hot Rolled Flat Products Originated from the People’s Republic of China”, as the start of the antidumping measure continuation review procedure, in which several interested parties were participating. And the existing antidumping duties have been imposed continuously for within another one year after the previous expiry date 25 December 2017.

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Safeguard Measures (3-year term)

	Import Goods	Origin	SG Duty Rate	Effective
1	Other-alloy steel hot-rolled flat products in coil and not in coil	any countries (except the developing countries that account for less than 3% of share in total import volume to Thailand)	Imported 27 Feb 2016 - 26 Feb 2017 41.67% of C.I.F. value Imported 27 Feb 2017 - 26 Feb 2018 40.42% of C.I.F. value Imported 27 Feb 2018 - 26 Feb 2019 39.21% of C.I.F. value	27 Feb 2016 to 26 Feb 2019
2	Non-alloy steel hot-rolled flat products in coil and not in coil	any countries (except the developing countries that account for less than 3% of share in total import volume to Thailand)	Imported 7 Jun 2017 - 6 Jun 2018 21.00% of C.I.F. value Imported 7 Jun 2018 - 6 Jun 2019 20.87% of C.I.F. value Imported 7 Jun 2019 - 6 Jun 2020 20.74% of C.I.F. value	7 Jun 2017 to 6 Jun 2020 (Extend the duration from 7 Jun 2014 to 6 Jun 2017) ****

**** The domestic industry filed petition to Department of Foreign Trade along with the evident information concerned requesting for continuation of the imposition of safeguard duties for the next 3 years. The Department later issued on 3 Oct 2016 (published on the royal gazette on 3 Oct 2016) the “Notification for Initiation of Necessity Review for Continuation of the Safeguard Measure on Hot-Rolled Steel Flat Products”, as the start of the safeguard measure review procedure, in which several interested parties have participated. And then the safeguard review procedure was finished when Thailand’s Safeguard Committee issued the notification for safeguard review determination, dated 2 June 2017, as published on the royal gazette on 6 June 2017. The said safeguard measure, therefore, has been continued to be effective through the next 3 years, so will expire on 6 June 2020.

g) Local demand of Hot - Rolled Steel Flat Products

Hot Rolled Steel (million metric ton)	Year 2017	Year 2016	Increase / (Decrease)
Production	2.92	2.68	0.24
Import	3.87	4.68	(0.81)
Export	0.010	0.016	(0.006)
Consumption	6.78	7.34	(0.56)

For the trend of the steel industry, World Steel Association forecasts that the demand of ASEAN steel consumption in the year 2018 will increase by 6.8% per annum. For Thailand, local demand for steel consumption is expected to increase around 0 - 3% per annum following the demand from local downstream industry.

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

G Steel Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2017

1.3 Creditors Restructuring

Major Trade Creditors Restructuring

The Company

Previously, the Company has five Major Trade Creditors with aggregated claims of USD 167 million (Baht 5,999 million) as at 31 December 2016 which the Company has defaulted on the compromise agreement.

On 31 January 2017 and 16 February 2017, the Company received the notice of assignment to debtor from such five Major Trade Creditors and other two creditors including all amount payable under the contracts to new foreign company (hereinafter referred to as “new creditor”) and the Company reclassified the said creditor to other payable.

On 15 March 2017, the New Creditor sent a letter to the Company to confirm an outstanding claims as at 28 February 2017 of USD 226 million (USD 128 million of principal and USD 98 million of accrued interest).

The Company has the progress of the debt restructuring with new creditor as the following:

- 1) Referred to the resolution from the board of Company’s directors meeting no. 4/2017 on 9 May 2017 approved the Company (“Borrower”) entering for the loan agreement with the foreign company (“Lender”) who is the shareholder of the new creditor, with a credit facility of USD 41 million, term in 5 years, interest rate at 12.00% p.a., by of lands, buildings and machinery of the Company as the collateral, for repayment the partial of trade debts in amount of USD 7.05 million divided into principal of USD 3.98 million and interest of USD 3.07 million and the Company will utilize the remaining loan after the Partial Repayment to repay its other creditors and as working capital for its business operation. In addition, the Company has to pay the Front End Fee at a rate of 2.0% of the drawdown. Later on 12 May 2017, the Company entered for the said loan agreement.

Currently, the Company has not drawn any loan under the Credit Agreement since the provision of loans under the said Credit Agreement is subject to various conditions precedent, e.g. the Company must obtain approval from its Board of Directors’ meeting and shareholders’ meeting for entry into the Credit Agreement.

- 2) On 26 May 2017, the Company had entered the Memorandum of Understanding (“MOU”) with the foreign company in which who is the shareholder of the new creditor. Under the said MOU, the plans for the debt restructuring of the Company are as follow:
 - a) the Company will utilize USD 7.05 million, for the partial repayment of the Trade Debt to the new creditor as per No.1 above (the “Partial Repayment”) and the Company will utilize the remaining loan after the Partial Repayment to repay its other creditors and as working capital for its business operation
 - b) After the Partial Repayment, the Company’s outstanding debt owed to the new creditor will be USD 219.28 million (divided into principal of USD 123.90 million and interest of USD 95.38 million) (the “**Pre-Debt to Equity Conversion Debt**”)

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For the year ended 31 December 2017

- c) The new creditor agreed to reduce a part of the outstanding Trade Debt (i.e. a haircut) by waiver of the Interest Portion of USD 95.38 million. As a result, the Company will not have any outstanding interest in the Pre-Debt to Equity Conversion Debt on the day that the shareholders' meeting approves the Allocation and Offering of the Newly Issued Ordinary Shares of the Company under the Debt to Equity Conversion Scheme. (The said interest amount is calculated up until 28 February 2017. However, the waiver of interest under the debt restructuring plan includes the interest after 28 February 2017 up until 30 August 2017, the date of the Extraordinary General Meeting of Shareholders No. 1/2017, in the sum of USD 5.46 million).
- d) After the Partial Repayment in a) and the Trade Debt reduction in c), the Company's net outstanding debt before the debt to equity conversion is in the amount of USD 123.90 million (such amount is entirely principal) (the "Net Trade Debt")
- e) The Company wishes to repay the Net Trade Debt of USD 123.90 million, by way of the Allocation and Offering of the Newly Issued Ordinary Shares of the Company under the Debt to Equity Conversion Scheme

The result of the Extraordinary General Meeting of Shareholders of GSTEEL on August 30, 2017, the meeting disapproved the debt to equity conversion scheme and major investor cannot precede the debt restructuring of the Company.

On 13 November 2017, the Company's Board of Directors meeting approves the submission of rehabilitation plan of the Company. This creates opportunity for the Company to negotiate and find solutions with creditors as well as to precede necessary actions for the continual normal business operation. The central bankruptcy court will have preliminary hearing of the said rehabilitation plan on 26 February 2018.

As at 31 December 2017, the outstanding debt is USD 235 million (Baht 7,735 million). The principal is recorded under account other payables of USD 128 million (Baht 4,201 million) and interest is recorded under accrued interest of USD 108 million (Baht 3,534 million).

G J Steel

Previously, G J Steel has three Major Trade Creditors with aggregated claims of USD 83 million (Baht 3,004 million) as at 31 December 2016 which the Company has defaulted on the compromise agreement.

On 31 January 2017, G J Steel received the notice of assignment to debtor from such three Major Trade Creditors and another trade creditor including all amount payable under the contracts up until 31 January 2017 in amount of USD 91 million to new foreign company (hereinafter referred to as "new creditor"). On 3 February 2017, G J Steel has repayment for some portion of principal and interest payable to new creditor in amount of USD 40 million from the drawn down of loan facility as described in Note 20 to financial statement.

Later on 10 February 2017, new creditor has agreed to reduce interest payable to G J Steel in amount of USD 15 million, the outstanding debt is remaining to USD 36 million (principal was amounting to USD 33 million and interest payable was amounting to USD 3 million). G J Steel agrees to restructure the debt which shall be completed by 31 March 2017, the new creditor has agreed on interest chargeable on such principal in the rate of 4% p.a. and if the debt restructuring has not yet completed within 31 March 2017 then the interest rate shall be adjusted to 7.5% p.a. from the date of 31 March 2017 until the debt restructuring completed or has already repayment in full amount.

G Steel Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2017

On 24 March 2017 and later on 14 Jun 2017, G J Steel and new creditor has agreed to extend the period of debt restructuring until to 30 September 2017, whereby the interest chargeable on principal still at the rate of 4% p.a. and if the debt restructuring has not yet completed within 30 September 2017 then the interest rate shall be adjusted to 7.5% p.a. from the date of 30 September 2017 until the debt restructuring completed or has already repayment in full amount.

On 26 May 2017, G J Steel had entered the Memorandum of Understanding (“MOU”) with the foreign company in which who is the shareholder of the new creditor. Under the said MOU, the plans for the debt restructuring of G J Steel are as follow:

- a) G J Steel had a total debts of USD 36.70 million including debts of USD 32.35 million and interest payable of USD 4.35 million which calculation until 30 August 2017.
- b) The new creditor agreed to waive the partial of interest payable of USD 3.77 million as a result G J Steel net outstanding debt before the debt-to-equity conversion shall be USD 32.93 million. By mean of under the its condition that the allocation and offering of the newly issued ordinary shares of G J Steel under to the debt-to-equity conversion scheme must get the approval from the Extraordinary Shareholders’ meeting no.1/2017 on 30 August 2017 before.

On 30 August 2017, the Extraordinary Shareholders’ meeting no.1/2017 had approved the allocation and offering of the newly issued ordinary shares of G J Steel under to the debt-to-equity conversion scheme as described in Note 29 to financial statement.

On 11 September 2017, G J Steel entered to Share Subscription Agreement with Asia Credit Opportunities I (Mauritius) Limited which is the new creditor whereby the agreement stipulated debt conversion conditions and the requirements to be complied before the capital increase, and the deadline for completion is 30 September 2017. On 21 September 2017, G J Steel has already converted its debt to equity under the agreement as described in Note 29 to financial statement.

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The movement of liabilities under the process of debt restructuring for the year ended 31 December 2017 was as below:

	<i>Note</i>	(in million Baht)
As at 31 December 2016		-
Transfer from Trade accounts payable	21	1,454
Transfer from Other payables and accrued expenses	22	613
Transfer from Accrued interest	24	1,173
Total liabilities at 31 January 2017		3,240
<i>Deduct</i> Repayment during the 1 st Quarter		(1,438)
<i>Deduct</i> Gain from the Creditor waived the debt during the 1 st Quarter		(531)
<i>Additional</i> Accrued interest from 1 February 2017 to 30 August 2017		31
<i>Deduct</i> Gain from the Creditor waived the debt during the 3 rd Quarter		(125)
<i>Deduct</i> Debt-to-equity conversion during the 3 rd Quarter		(1,096)
Effect of exchange rate during the period		(81)
Ending balance of liabilities under the process of debt restructuring		-
As at 31 December 2017		-

Other Creditors Restructuring

G J Steel

GJ Steel has entered into debt restructuring agreements with other creditors. for the year period ended 31 December 2017 was as follow :

	Consolidated and Separate financial statements (in million Baht)
As at 31 December 2016	91
<i>Less</i> Repayment during the period	(25)
Effect of exchange rate	(1)
Ending balance of liabilities under the process of debt restructuring	
As at 31 December 2017	65

G Steel Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2017

2 Basis of preparation of the financial statements

2 (a) *Statement of compliance*

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

During the year, the Group adopted a number of revised and new accounting standards, issued by the Federation of Accounting Professions, which are effective for financial statements year beginning on or after January 1, 2017 and relevant to the company’s business. Adoption of the above financial reporting standards in the current year do not have material effect on the financial statements.

In addition to the above new and revised TFRS, during the year to present, the FAP has issued a number of other new and revised TFRS which are effective for financial statements beginning on or after 1 January 2018 and have not been adopted in the preparation of these financial statements. Those new and revised TFRS that are relevant to the Company’s operations are disclosed to the financial statements 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.

G Steel Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2017

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 on-going basis. Revisions to accounting estimates are recognised in the period in which estimates are revised and in any future periods affected.

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

Note 8 and 11	Allowance for doubtful accounts
Note 9	Allowance for devaluation of inventories
Note 12	Allowance for impairment in Subsidiaries
Note 13	Allowance for impairment of Advance payment for purchase of property, plant and equipment
Note 14	Appraisal valuations and allowance for impairment of property, plant and equipment
Note 15	Appraisal valuations and allowance for impairment of intangible assets
Note 17	Appraisal valuations and allowance for impairment of suspended construction in progress
Note 28	Measurement of defined employee benefit obligations
Note 25, 46 and 47	Provisions, Litigations and Contingent liabilities
Note 44	Valuation of financial instruments

G Steel Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2017

3 Financial Reporting Standards which are not effective for the current year

During the year, the Federation of Accounting Professions has issued the revised and new accounting standards, financial reporting standards, accounting standard interpretations and financial reporting standard interpretations, which are effective for financial statements period beginning on or after 1 January 2018 indicated as follows;

Accounting Standard

TAS	1	Presentation of Financial Statements (revised 2017)
TAS	2	Inventories (revised 2017)
TAS	7	Statement of Cash Flows (revised 2017)
TAS	8	Accounting Policies, Changes in Accounting Estimates and Errors (revised 2017)
TAS	10	Events after the Reporting Period (revised 2017)
TAS	11	Construction Contracts (revised 2017)
TAS	12	Income Taxes (revised 2017)
TAS	16	Property, Plant and Equipment (revised 2017)
TAS	17	Leases (revised 2017)
TAS	18	Revenue (revised 2017)
TAS	19	Employee Benefits (revised 2017)
TAS	20	Accounting for Government Grants and Disclosure of Government Assistance (revised 2017)
TAS	21	The Effects of Changes in Foreign Exchange Rates (revised 2017)
TAS	23	Borrowing Costs (revised 2017)
TAS	24	Related Party Disclosures (revised 2017)
TAS	26	Accounting and Reporting by Retirement Benefit Plans (revised 2017)
TAS	27	Separate Financial Statements (revised 2017)
TAS	28	Investments in Associates and Joint Ventures (revised 2017)
TAS	29	Financial Reporting in Hyperinflationary Economies (revised 2017)
TAS	33	Earnings per Share (revised 2017)
TAS	34	Interim Financial Reporting (revised 2017)
TAS	36	Impairment of Assets (revised 2017)
TAS	37	Provisions, Contingent Liabilities and Contingent Assets (revised 2017)
TAS	38	Intangible Assets (revised 2017)
TAS	40	Investment Property (revised 2017)
TAS	41	Agriculture (revised 2017)

Financial Reporting Standard

TFRS	2	Share - based Payment (revised 2017)
TFRS	3	Business Combinations (revised 2017)
TFRS	4	Insurance Contracts (revised 2017)

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Notes to the financial statements

For the year ended 31 December 2017

Financial Reporting Standard

- TFRS 5 Non - current Assets Held for Sale and Discontinued Operations (revised 2017)
- TFRS 6 Exploration for and Evaluation of Mineral Resources (revised 2017)
- TFRS 8 Operating Segments (revised 2017)
- TFRS 10 Consolidated Financial Statements (revised 2017)
- TFRS 11 Joint Arrangements (revised 2017)
- TFRS 12 Disclosure of Interests in Other Entities (revised 2017)
- TFRS 13 Fair Value Measurement (revised 2017)

Accounting Standard Interpretation

- TSIC 10 Government Assistance - No Specific Relation to Operating Activities (revised 2017)
- TSIC 15 Operating Leases - Incentives (revised 2017)
- TSIC 25 Income Taxes - Changes in the Tax Status of an Entity or its Shareholders (revised 2017)
- TSIC 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease (revised 2017)
- TSIC 29 Service Concession Arrangements : Disclosures (revised 2017)
- TSIC 31 Revenue - Barter Transactions Involving Advertising Services (revised 2017)
- TSIC 32 Intangible Assets - Web Site Costs (revised 2017)

Financial Reporting Standard Interpretation

- TFRIC 1 Changes in Existing Decommissioning, Restoration and Similar Liabilities (revised 2017)
- TFRIC 4 Determining whether an Arrangement contains a Lease (revised 2017)
- TFRIC 5 Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds (revised 2017)
- TFRIC 7 Applying the Restatement Approach under TAS 29 (revised 2017)
Financial Reporting in Hyperinflationary Economies (revised 2017)
- TFRIC 10 Interim Financial Reporting and Impairment (revised 2017)
- TFRIC 12 Service Concession Arrangements (revised 2017)
- TFRIC 13 Customer Loyalty Programmes (revised 2017)
- TFRIC 14 TAS 19 (revised 2017) - The Limit on a Defined Benefit Asset,
Minimum Funding Requirements and their Interaction (revised 2017)
- TFRIC 15 Agreements for the Construction of Real Estate (revised 2017)
- TFRIC 17 Distributions of Non - cash Assets to Owners (revised 2017)
- TFRIC 18 Transfers of Assets from Customers (revised 2017)
- TFRIC 20 Stripping Costs in the Production Phase of a Surface Mine (revised 2017)
- TFRIC 21 Levies (revised 2017)

G Steel Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2017

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 24, TAS 27, TAS 33, TAS 34, TAS 36, TAS 37, TAS 38 and TFRS 2, TFRS 8, TFRS 10, TFRS 13 and TFRIC 10 will not have material impact on the financial statements when it is applied. For the other TAS, TFRS, TSIC and TFRIC are not relevant to the Company's business, therefore they do not have impact on the financial statement when they are applied.

4 Significant accounting policies

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

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 recognised amount of any non-controlling interest in the acquire, 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 acquire, 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 acquire 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 acquire, 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 acquire 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 acquire.

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.

G Steel Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2017

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 derecognizes 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 unrealized income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealized 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. Unrealized losses are eliminated in the same way as unrealized 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.

G Steel Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2017

4 (d) *Temporary investment*

Investment in trading security is stated at fair value. Gains or losses arising from changes in the value of security are included in statement of comprehensive income.

The weighted average method is used for computation of the cost of investment

4 (e) *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 (f) *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 (g) *Investments in subsidiaries*

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

Disposal of investments

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

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

G Steel Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2017

4 (h) 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.

G Steel Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2017

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	2 - 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 (i) *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.

Amortization

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

Amortization 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

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

4 (j) *Deferred costs of rolls*

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

G Steel Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2017

4 (k) *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 (l) *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 (m) *Trade and other accounts payable*

Trade and other accounts payable are stated at cost.

G Steel Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2017

4 (n) 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 (o) 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.

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G Steel Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2017

4(p) 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.

Tolling service

Revenue from service- tolling hire of work are recognised as revenue when goods are delivered or invoices are issued.

Interest income

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

4 (q) 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 (r) 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.

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Notes to the financial statements

For the year ended 31 December 2017

4 (s) *Income taxes*

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.

G Steel Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2017

4 (t) *Gain(loss)per share*

The Group presents basic and diluted gain(loss) per share data for its ordinary shares. Basic gain(loss) per share is calculated by dividing the gain(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 gain(loss) per share is determined by adjusting the gain(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 (u) *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.

G Steel Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2017

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, 18.72% shareholding by the Company and its subsidiaries (2016: 25.70%)
OAC	Thailand	Consulting service and investing	Indirect subsidiary, common directors
GS Notes	Thailand	Special-purpose restructuring entity	Subsidiary, common directors, 99.99% shareholding (registered the dissolution of the company on 22 September 2017)
GS Securities	Thailand	Special-purpose restructuring entity	Subsidiary, common directors, 99.99% shareholding
GS Notes	Thailand	Special-purpose restructuring entity	Subsidiary, common directors, 99.99% shareholding (registered the dissolution of the company on 22 September 2017)
GS Notes 2	Thailand	Special-purpose restructuring entity	Subsidiary, common directors, 99.99% shareholding (registered the dissolution of the company on 22 September 2017)
GJS Notes	Thailand	Special-purpose restructuring entity	Subsidiary of G J Steel (registered the dissolution of the company on 18 April 2016 and completed liquidation on 30 June 2017)
Sukhumvit Inter Development Co., Ltd.	Thailand	Trading of raw water	Common Shareholder with the Company
Million Miles Co., Ltd.	Thailand	Transportation	Director related to major shareholder of the Company

G Steel Public Company Limited and its Subsidiaries**Notes to the financial statements****For the year ended 31 December 2017**

Name of entities	Country of incorporation / nationality	Type of business	Nature of relationships
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 directors with G J Steel
Asia Metal PCL.	Thailand	Manufacture and sale of steel	Common Shareholder with the Company
Arnoma Hotel Bangkok Co., Ltd.	Thailand	Hotel, food and beverage	Common directors with the Company and common Executive with G J Steel
Grand Asia Steel Processing Center Co.,Ltd. (Formerly Asia Metal Fabrication Co., Ltd.)	Thailand	Factory construction service	Subsidiary of related party with whom the Company
Panich Sawad Co.,Ltd.	Thailand	Sale of steel	Director related to major shareholder of the Company
Thailand Iron Works PCL.	Thailand	Manufacture and sale of galvanised steel	Common directors with G J Steel
Intelligent System Network Co., Ltd.	Thailand	Sale of computer hardware, software and system installation	Common directors with the Company and G J Steel (registered the dissolution of the company on 21 July 2017)
Felix River Kwai Resort (Kanchanaburi) Co., Ltd.	Thailand	Hotel, food and beverage	Common directors with G J Steel
Superior Overseas (Thailand) Co., Ltd.	Thailand	Management Advisory	Related party of the shareholder of the Company
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 (registered the dissolution of the company on 13 January 2016)
Metal Inter 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

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Name of entities	Country of incorporation / nationality	Type of business	Nature of relationships
			the shareholder of the Company
The Steel Public Co.,Ltd.	Thailand	Manufacture and sale of steel	Related party of the shareholder of the Company
Liberty Steel Siam Co.,Ltd	Thailand	Sale of steel	Related party of the shareholder of the Company
Asia Credit Opportunities I (Mauritius) Limited (“ACO I”)	Mauritius	Special-purpose for investment	Since September 21, 2017, Major shareholder which is a wholly-owned subsidiary of SSG Capital Partners III, L.P. (“SSG III”)
Link Capital I (Mauritius) Limited (“Link Capital I”)	Mauritius	Special-purpose for investment	Since September 21, 2017, Related party which is a wholly-owned subsidiary of SSG Capital Partners III, L.P. (“SSG III”)
Mrs. Naengnoi Trivuth	Thailand	-	Relative of subsidiary’s director
Mr. Nirum Ngarmcharmnanrit	Thailand	-	Shareholder of the Company
Mr. Veerachai Suteerachai	Thailand	-	Director of related Company
Key management personnel	Thailand	-	Persons having authority and responsibility for planning, activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the Group

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For the year ended 31 December 2017

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

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

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Significant transactions for the years ended 31 December 2017 and 2016 with related parties were as follows:

		Consolidated financial statements		Separate financial statements	
<i>Year ended 31 December</i>	<i>Note</i>	2017	2016	2017	2016
		<i>(in million Baht)</i>			
Subsidiaries					
Sale of raw material and finished goods		-	-	937	1
Revenue from hire of work		-	-	536	1
Other income		-	-	-	1
Purchase of raw material and finished goods		-	-	-	2
Financial costs		-	-	65	100
Other Expense		-	-	-	1
Other related parties					
Sale of finished goods		5,874	6,385	5,291	6,216
Purchase of raw material		9,005	7,081	7,572	5,390
Finance advisory service fee		-	2	-	-
Rental and service expenses		28	22	23	17
Sale agent fee		113	112	113	112
Finance costs		328	88	237	117
Key management personnel					
Key management personnel compensation					
Salary and bonus		53	51	15	15
Meeting allowance and other benefits		10	10	4	4
Total key management personal compensation	36	63	61	19	19

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Balances as at 31 December 2017 and 2016 with related parties were as follows:

		Consolidated financial statements		Separate financial statements	
	<i>Note</i>	2017	2016	2017	2016
		<i>(in million Baht)</i>			
Trade accounts receivable	8				
Subsidiary					
G J Steel		-	76	98	-
Other related parties					
The Steel Public Co.,Ltd		8	-	8	76
Advance Metal Fabrication Co., Ltd.		-	54	-	54
Total		8	130	106	130
Less allowance for doubtful accounts		-	(54)	-	(54)
Net		8	76	106	76
Amount receivable from related parties					
Receivable from sales of raw materials and other					
Subsidiary					
G J Steel		-	-	25	-
Other related party					
Advance Metal Fabrication Co., Ltd.		-	-	-	-
Less allowance for doubtful account		-	-	-	-
Net		-	-	25	-
Receivable from operating service income					
Subsidiary					
OAC		-	-	1,137	1,245
Less allowance for doubtful account		-	-	(1,137)	(1,245)
Net		-	-	-	-

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		Consolidated financial statements		Separate financial statements	
	Note	2017	2016	2017	2016
		(in million Baht)			
Receivable from guarantee obligation					
Subsidiary					
OAC		-	-	1,313	1,313
Less allowance for doubtful account		-	-	(1,313)	(1,313)
Net		-	-	-	-
Total		-	-	25	-
(Reversal of) bad and doubtful debts expense for the year					
	37	-	-	(108)	(9)
Decrease due to write-off		-	-	(54)	-
Received in advance					
Other related parties					
Mahachai Steel Center Co., Ltd.		241	37	221	-
Consolidated and Separate financial statements					
	Note	2017	2016		
		(in million Baht)			
Receivables from scrap sales					
	10				
Other related parties					
Advance Metal Fabrication Co., Ltd.				-	338
Less allowance for doubtful accounts				-	(338)
Net				-	-
Decrease due to write-off				(338)	-

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<i>Note</i>	Separate financial statements	
	2017	2016
	<i>(in million Baht)</i>	
<i>Advance payment for purchases of property, plant and equipment</i>		
<i>Other related parties</i>		
Asia Metal Fabrication Co., Ltd.	8	8
Less allowance for impairment asset	(8)	(8)
Net	<u>-</u>	<u>-</u>
<i>Other non - current assets</i>		
<i>Loans to and interest receivable from related parties</i>		
<i>Subsidiaries</i>		
<i>Loans to related parties</i>		
OAC	2,547	2,547
SPH	7	7
	<u>2,554</u>	<u>2,554</u>
Less allowance for doubtful accounts	(2,554)	(2,554)
Net	<u>-</u>	<u>-</u>

<i>Note</i>	Separate financial statements	
	2017	2016
	<i>(in million Baht)</i>	
<i>Interest receivable from related parties</i>		
OAC	209	209
SPH	1	1
	<u>210</u>	<u>210</u>
Less allowance for doubtful accounts	(210)	(210)
Net	<u>-</u>	<u>-</u>

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Movements of loans to related parties for the year ended 31 December 2017 and 2016 were as follows:

		Consolidated and Separate financial statements	
		2017	2016
		<i>(in million Baht)</i>	
<i>Loans to related parties</i>			
As at 1 January		2,554	2,555
Increase (Decrease)		-	(1)
As at 31 December		2,554	2,554

		Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
		<i>(in million Baht)</i>			
<i>Deposit - other related parties</i>					
Sukhumvit Inter Development Co., Ltd.	2	2	2	2	
SSP Place Co., Ltd.	1	1	1	1	
Total	3	3	3	3	3
<i>Trade accounts payable</i>					
<i>Other related parties</i>					
Advance Metal Fabrication Co., Ltd.	-	19	-	19	
Mahachai Steel Center Co., Ltd.	341	488	275	440	
Metal Inter Co.,Ltd.	162	358	162	358	
Liberty Steel Siam Co.,Ltd	4	-	4	47	
Panich Sawad Co.,Ltd	-	8	-	-	
Total	507	873	441	864	
<i>Current portion of long-term loan from related party</i>					
<i>Other related party</i>					
Mr. Nirum Ngarmcharmnarit	5(d)	138	108	138	108

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		Consolidated financial statements		Separate financial statements	
	<i>Note</i>	2017	2016	2017	2016
		<i>(in million Baht)</i>			
Advance received from customer	23				
Subsidiary					
G J Steel		-	-	167	-
Other related parties					
Asia Metal PCL.		1	1	1	1
Advance Metal Fabrication Co., Ltd.		-	1	-	1
The Steel Public Co.,Ltd		4	-	-	-
Total		5	2	168	2
Other payables and accrued expenses	22				
Other related parties					
GS Securities		-	-	5	-
Mr. Veerachai Suteerachai		78	-	78	-
Arnoma Hotel Bangkok Co., Ltd.		3	6	3	2
SSP Place Co., Ltd.		20	16	20	16
Mahachai Steel Center Co., Ltd.		23	11	23	11
Superior Overseas (Thailand) Co., Ltd		479	-	479	-
Asia Credit Opportunities I (Mauritius) Limited		4,201	-	4,201	-
Link Capital I		2	-	-	-
Total		4,806	33	4,809	29
Amount due to related party					
Subsidiary					
GS Securities		-	-	19	19
Accrued interest expense	24				
Subsidiary					
G J Steel		-	-	7	-
GS Securities		-	-	226	212
Other related parties					
Mrs. Naengnoi Trivuth		9	7	9	7
Mr. Nirum Ngarmcharmnanrit		7	-	7	-
Mahachai Steel Center Co., Ltd.		7	1	7	1
Metal Inter Co.,Ltd.		1	-	1	-
Superior Overseas (Thailand) Co., Ltd.		221	192	221	192
Link Capital I		106	-	-	-
Asia Credit Opportunities I (Mauritius) Limited		3,534	-	3,534	-
Total		3,885	200	3,779	412
Machinery and construction payables					
Other related party					
Asia metal fabrication Co.,Ltd.		2	1	2	1

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		Consolidated financial statements		Separate financial statements	
	<i>Note</i>	2017	2016	2017	2016
		<i>(in million Baht)</i>			
Other current liabilities	20				
Short-term loan					
Subsidiaries					
G J Steel		-	-	94	-
GS Securities		-	-	1,027	1,321
		<u>-</u>	<u>-</u>	<u>1,121</u>	<u>1,321</u>
Other related party					
Mrs. Naengnoi Trivuth		30	30	30	30
Link cap 1		1,476	-	-	-
		<u>1,506</u>	<u>30</u>	<u>1,151</u>	<u>1,351</u>

Movements of short-term loans from related parties for the year ended 31 December 2017 and 2016 were as follows:

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in million Baht)</i>			
Short-term loans from related parties				
As at 1 January	30	30	1,351	1,007
Increase	1,476	-	191	347
Decrease	-	-	(391)	(3)
As at 31 December	<u>1,506</u>	<u>30</u>	<u>1,151</u>	<u>1,351</u>

Other current liabilities - Short-term loan from related parties

Related person

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 the rate of 12% per annum. Under the terms of this loan, the Company pledged 500 million shares of G J Steel (Equivalent to 50 million shares after the change in the par value of shares) held by the Company as collateral for the benefit of the lender.

Related companies

Loan from GS Securities as of 31 December 2017, amount of Baht 1,027 million (*31 December 2016: Baht 1,321 million*) are upon demand promissory note bears interest at the rate of 1.25% per annum. (*31 December 2016: rate of 3.25% per annum*)

The Company has entered to short-term loan agreement from G J Steel in the credit facilities of Baht 94 million by which the principal and interest are to be repaid within the period of 6 months with interest rate at 12.5% p.a.

On 22 September 2017, the Company had made the memorandum of amendment to revise repayment within 15 November 2017.

As at 31 December 2017, loan from G J steel amount of Baht 94 million is a promissory note.

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For the year ended 31 December 2017

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

		Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
	Note	(in million Baht)			
Long-term loans from related parties					
Subsidiary					
GS Securities (See Note 5(a) and 5(e))		-	-	1,086	1,086
Related party					
Mr. Nirum Ngamchamnurit		176	242	176	242
Link cap 1	20	1,479	-	-	-
Total		1,655	242	1,262	1,328

Movements of long-term loans from related parties for the year ended 31 December 2017 and 2016 were as follows :

Loans from shareholders

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in million Baht)</i>			
Loans from Shareholder 1	4	4	4	4

Movements of loans from shareholders for the years ended at 31 December 2017 and 2016 were as follows :

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in million Baht)</i>			
<i>Loans from shareholders</i>				
As at 1 January	4	4	4	4
Decrease	-	-	-	-
As at 31 December	4	4	4	4

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Other significant agreements with related parties

- 5(a) 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 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.

On 26 December 2016, the Company had made the memorandum to extend the repayment to within 30 December 2019.

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.

On 30 May 2016, the Company had made the memorandum to revise interest rate from 8% per annum to 3.25 % per annum since 1 June 2016.

On 26 December 2016, the Company had made the memorandum to extend the repayment to within 30 December 2019.

- 5(b) 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 this agreement, G J Steel agreed to transfer the Company's shares of 33 million shares which held by OAC to the former 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 in 90 days from the transferred share date ("guarantee period").

Therefore, G J Steel entered into a memorandum with OAC to accept the liabilities arising from the compromised debt agreement in amounting of Baht 32.76 million. The said debt shall be mature on 30 June 2014. On 5 June 2015, G J Steel paid to OAC for the amount of Baht 29.54 million which the outstanding debts remained at Baht 3.22 million.

- 5(c) 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 this liabilities is in the process of negotiations to extend the repayment schedule.

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- 5(d) 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 the period of 5 years 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 for the period of 5 years. 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.

On 17 February 2014, the loan of Baht 400 million was drawn down by the Company.

On 27 March 2017, the Company had made the memorandum of amendment to revise repayment period to be 38 equal monthly installment of Baht 8 million commencing in September 2017.

On 29 February 2016, the Company entered into additional short - term secured loan agreement of Baht 30 million with the above related person, bears interest at the rate of 12% per annum, repayment in monthly installment of Baht 1 million commencing in January 2017 and guarantee by assets of a related person of the Company.

- 5(e) 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(f) 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 classifies the outstanding balance of loans to non-current liabilities since the 2nd quarter of 2014.

Then 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.

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Later on 29 May 2015, the Southern Bangkok Civil Court have made a judgment to the Company to pay the above shareholder amounted to Baht 592 million including interest 7.5% p.a. of Principal at Baht 392 million since 8 May 2015. Later the Company had enter into a memorandum with the shareholder that the Company will instalment within 9 months Since 10 August 2015 and the Shareholder will release OAC's obligations. Therefore, the Company transfer provision for guarantee subsidiary amount of Baht 522 million to other payable and accrued expenses and accrued interest.

On 4 May 2016, the Company had made the memorandum to extend the repayment period to within 28 February 2017.

On 28 February 2017, the Company had made the memorandum to extend the repayment period to within 31 August 2018.

- 5(g) On 14 November 2017 the Company entered into Tolling Agreement with G Steel whereby the Company (the metallic owner) shall supply the primary metallic and delivery to the plant and G Steel (the operator) shall process and convert metallic to Hot Roll Coils (HRC) extend to deliver such HRC to the Company's customers in according to the Company's sale order. Tolling agreement is valid one year from the contract date and automatically renew for another year if there is no notice of termination prior to expiration of 90 days. Its service fee shall be charged based on contractual prices.

6 Transactions with business alliances

Since its incaption, 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

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7 Cash and cash equivalents

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in million Baht)</i>			
Cash at bank - current accounts	-	592	-	-
Cash at bank - saving accounts	591	31	11	10
Total	591	623	11	10

The currency denomination of cash and cash equivalents as at 31 December 2016 and 2015 were as follows:

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in million Baht)</i>			
Thai Baht (THB)	583	615	8	7
United States Dollar (USD)	8	8	3	3
Total	591	623	11	10

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8 Trade accounts receivable

		Consolidated financial statements		Separate financial statements	
	<i>Note</i>	2017	2016	2017	2016
		<i>(in million Baht)</i>			
Related parties	5	8	130	106	130
Business alliances	6	363	363	363	363
Other parties		705	871	254	257
		<u>1,076</u>	<u>1,364</u>	<u>723</u>	<u>750</u>
<i>Less</i> allowance for doubtful accounts		<u>(1,028)</u>	<u>(1,092)</u>	<u>(610)</u>	<u>(674)</u>
Net		<u>48</u>	<u>272</u>	<u>113</u>	<u>76</u>
(Reversal of) bad and doubtful debts expense for the year	37	<u>(10)</u>	<u>-</u>	<u>(10)</u>	<u>(1)</u>
Decreased due to write-off		<u>(54)</u>	<u>-</u>	<u>(54)</u>	<u>-</u>

Aging analyses for trade accounts receivable were as follows:

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	(in million Baht)			
Related parties				
Not over due	-	-	98	-
Overdue:				
Less than 3 months	8	76	8	76
Over 12 months	-	54	-	54
Less allowance for doubtful account	-	(54)	-	(54)
Net	8	76	106	76
Business alliances				
Overdue:				
Over 12 months	363	363	363	363
Less allowance for doubtful accounts	(363)	(363)	(363)	(363)
Net	-	-	-	-
Other parties				
Not over due	-	3	-	-
Overdue:				
Less than 3 months	39	20	7	-
Over 12 months	666	848	247	257
	705	871	254	257
Less allowance for doubtful accounts	(665)	(675)	(247)	(257)
Net	40	196	7	-
Total	48	272	113	76

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Customary credit terms

The normal credit terms granted by the Company are by cash and not over 5 - 7 working days and G J Steel by cash and not over 7 working days for domestic sales, and cash and letters of credit at sight for export sales.

As such, full provision for receivables of Non-Performing customer have been set by the Group and the Company.

No sales transactions for the years ended 31 December 2017 and 2016 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.

The Company

As described in Note 10 to financial statement the Company combined the trade creditor from related party in related to the compromise agreement, according to the court's judgment to repay debt from such event the Company had reversed adjustment of the allowance for doubtful debts which it used to recognize in the past and recorded the different amount into statements of comprehensive income.

On 4 January 2016, the Company entered into the MOU purchasing of Hot Rolled Coils with a local company. This company agreed to purchase the Hot Rolled Coils from the Company in the monthly purchase quantity of not less than 50% of the produced until 16, February 2019.

According to Black Case No. 443/2556, Red Case No. 940/2556, the Company filed a complaint against a domestic customer (the "Non-Performing Customer") for the alleged breach of dishonoured cheque. Currently, the Civil Court made its final award and ordered that the Non-Performing Customer pay Baht 146 million with interest at the rate of 7.5% per annum. Under the repayment agreement, the Non-Performing Customer had to make the payments to the Company within July 2013.

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G J Steel

In year 2013, an account receivable due from related party subrogated the amounts, the receivable owed to a creditor of Baht 172 million in exchange with another receivable in the same amount. The account receivable subrogated also is the creditor of G J Steel in the greater amount than the receivable amount owe to G J Steel. On 20 November 2017, G J Steel entered into a debt settlement agreement with such debtor ("Party"). The Party agreed to pay the debt of Baht 172 million, which the Party was debtor, to settlement from debt of Baht 181 million, which the party was creditor and G J Steel agreed to pay the remaining amount of Baht 9 million within 7 March 2018.

In July 2013, G J Steel filed complaints against the Non-performing domestic Customers with Civil Court for breach of sale and purchase agreements. On 21 October 2013 the Civil Court ordered the Customer 1 to pay the amount of Baht 423 million and interest at 7.5% p.a. of the principal of Baht 352 million since filing date until the settlement date. However the Customer 1 could not paid as per the judgment debt. On 17 November 2016, the Customer 1 had a registration for dissolution. Currently G J Steel is under the settlement filed for liquidation. On 3 March 2014, G J Steel had made the compromise agreement with Customer 2 to pay the amount of Baht 78 million (principal amount of Baht 65 million and interest amount of Baht 13 million) by installation payment commencing on 25 March 2014 to 25 August 2016. However, the Customer 2 was defaulted the payments. However from year 2015 to the present G J Steel traced the land of the Customer 2 with Land Department, and not found their property. On 27 October 2017, G J Steel filed a lawsuit to Customer 2 against the Bankruptcy Court to ask Customer 2 to pay the debts to G J Steel in the amount of Baht 78 million and interest at 7.5% p.a. of the principal from the date of 25 March 2014. On 18 December 2017, the Court has ordered to seize the Customer 2's asset. On 24 January 2018, G J Steel has filed a request for payment with the Official Receiver and makes an appointment date for auditing payment request on 8 May 2018.

The currency denomination of accounts receivable as at 31 December 2017 and 2016 were as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
	<i>(in million Baht)</i>			
Thai Baht (THB)	975	1,253	622	639
United States Dollar (USD)	101	111	101	111
Total	1,076	1,364	723	750

G Steel Public Company Limited and its Subsidiaries**Notes to the financial statements****For the year ended 31 December 2017****9 Inventories**

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in million Baht)</i>			
Finished goods	1,544	642	31	334
Raw materials	662	529	242	286
Spare parts	908	740	447	420
Consumables	217	82	217	82
Others	924	47	24	35
	<u>4,255</u>	<u>2,040</u>	<u>961</u>	<u>1,157</u>
<i>Less</i> Allowance for devaluation of inventories	(53)	-	(21)	-
<i>Less</i> Allowance for raw material left	<u>(92)</u>	<u>(48)</u>	<u>(92)</u>	<u>(20)</u>
Net	<u>4,110</u>	<u>1,992</u>	<u>848</u>	<u>1,137</u>
Carrying value of inventories pledged to secure liabilities	<u>-</u>	<u>487</u>	<u>-</u>	<u>415</u>

As at 31 December 2017 and 2016, 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 36 million to secure the amount of Baht 36 million loan.

Lost on raw materials

In the 3rd quarter of 2017, the Company has raw materials (scrap steel) left which may be considered misappropriate, fraud or stolen. Estimated preliminary damage cost is approximate Baht 88 million of which the Company set fully provision Later, in the 4th quarter of 2017, the Company prepared yearly stock count of its goods and raw materials as at 31 December 2017 and found that quantity of the Company's raw materials (scarp) has lost from the stock total amount of Baht 92 million. Therefore, the Company set up increasing allowance for loss on raw materials amounting to Baht 4 million in the 4th quarter of 2017. Presently, the matter is under the investigation process of police officers in order to conclude the final offence and damage. However, the Company's management assured that the Company does not have any more damage.

On November 1 and 6, 2017, the Company had to pay USD 2 million (approximate Baht 68 million) to a supporter but raw material (scarp steel) has not been transferred as usually from control yard which the Company has recorded as advance payment for raw material at transaction date. At the present, the Company is in the recalling process.

G Steel Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2017

10 Receivables from scrap sales

	<i>Note</i>	Consolidate and Separate financial statements	
		2017	2016
		<i>(in million Baht)</i>	
Related party	5	-	338
Less allowance for doubtful accounts		-	(338)
Net		-	-
Decreased due to bad debt		(338)	-

Receivables from scrap sales are stated net, after offset transaction for machinery purchase, collection and other offsets.

On 23 December 2016, the Company and receivable from the sale of scrap (including trade receivable from related party amounted to Baht 54 million which fully set up allowance for doubtful accounts as described Note 8 to financial statement in and settle with trade creditor from related party amounted to Baht 19 million as described in Note 21 to financial statement) had entered to the compromise agreement according to the court's judgment to repay debt by trade receivable shall transfer the shares which listed in SET to the Company.

Later on 2 June 2017, the Company and the said trade receivable had completed transfer of ownership of shares, which the market value of those shares was at Baht 90 million. As the result, the Company recorded this transaction and reversed adjustment of the allowance for doubtful debts which it used to recognize in the past and recorded the different amount into statements of comprehensive income amounted to Baht 109 million.

G Steel Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2017

11 Other current assets

		Consolidated financial statements		Separate financial statements	
	Note	2017	2016	2017	2016
		<i>(in million Baht)</i>			
Other receivables		13	25	13	25
Less allowance for doubtful accounts		(7)	(20)	(7)	(20)
		<u>6</u>	<u>5</u>	<u>6</u>	<u>5</u>
Advance for purchases of goods and service	9	444	219	275	60
Less allowance for impairment		(100)	(115)	-	(18)
		<u>344</u>	<u>104</u>	<u>275</u>	<u>42</u>
Suspense value added tax		49	30	28	18
Others		176	61	44	32
Net		<u>575</u>	<u>200</u>	<u>353</u>	<u>97</u>
(Reversal) of bad and doubtful debts expense for the year	37	<u>(28)</u>	<u>(7)</u>	<u>(31)</u>	<u>(7)</u>

The currency denomination of other current assets as at 31 December 2017 and 2016 were as follows:

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in million Baht)</i>			
Thai Baht (THB)	278	169	97	89
United States Dollar (USD)	376	134	255	30
Other	28	32	8	16
	<u>682</u>	<u>335</u>	<u>360</u>	<u>135</u>
Less allowance	(107)	(135)	(7)	(38)
Total	<u>575</u>	<u>200</u>	<u>353</u>	<u>97</u>

G Steel Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2017

12 Investments in subsidiaries

Investments in subsidiaries as at 31 December 2017 and 2016 were as follows:

	Ownership interest		Paid-up capital		Separate financial statements				At cost - net	
	2017	2016	2017	2016	Cost		Impairment		2017	2016
	(%)		(in million Baht)		2017	2016	2017	2016		
<i>Subsidiaries</i>										
Ordinary shares:										
SPH	99.99	99.99	341	341	341	341	(341)	(341)	-	-
G J Steel	15.08	20.79	96,104	73,039	3,776	3,955	(1,657)	(1,473)	2,119	2,482
GS Securities	99.99	99.99	2,492	3,292	1,608	1,993	(491)	(491)	1,117	1,502
GS Notes*	-	99.99	2,722	2,722	1	1	-	-	1	1
GS Notes 2*	-	99.99	473	473	1	1	-	-	1	1
					<u>5,727</u>	<u>6,291</u>	<u>(2,489)</u>	<u>(2,305)</u>	<u>3,238</u>	<u>3,986</u>
Warrants:										
G J Steel**					-	40	-	-	-	40
					<u>-</u>	<u>40</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>40</u>
Total					<u><u>5,727</u></u>	<u><u>6,331</u></u>	<u><u>(2,489)</u></u>	<u><u>(2,305)</u></u>	<u><u>3,238</u></u>	<u><u>4,026</u></u>

G Steel Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2017

* Two subsidiaries, GS Notes and GS Notes 2 were registered to dissolve the Companies with the Ministry of Commerce on 22 September 2017 as approved by the special resolution of the shareholders at the extra ordinary shareholders' meeting on 20 September 2017. However, the consolidated financial statements for the year ended 31 December 2017 includes the result of the subsidiaries operations for the period up to the date of their dissolution.

The Company does not write-off those investments due to they are not yet complete of the liquidation.

**In year 2017 warrants of G J Steel are expired so they were write-off.

The movement of investments in subsidiaries during the year ended 31 December 2017 and 2016 are as follow:

	<i>Separate financial statements</i>	
	2017	2016
	<i>(in million Baht)</i>	
<i>Cost method</i>		
At 1 January	6,331	6,332
<i>Deductions</i>	(605)	(1)
At 31 December	<u>5,726</u>	<u>6,331</u>
<i>Impairment</i>		
At 1 January	(2,305)	(2,303)
Increase	(184)	(2)
At 31 December	<u>(2,489)</u>	<u>(2,305)</u>
Net	<u>3,237</u>	<u>4,026</u>

G J Steel

On 7 May 2014, OAC enters into a transfer of assets for debt repayment contract with Shareholder of the Company to agree for partial debt repayment against with the transferring ownership of G J Steel shares of 4,125 million shares and G J Steel warrants of 687 million units which were held by OAC. In September 2014, the Company had transferred ownership of G J Steel shares of 1,500 million shares to other non-related company, resulting to G Steel held 20.79% shareholding in G J Steel.

Later in June and July 2017, the Company sold the shares held in G J Steel of 100 million shares as a result the Company shareholding in G J Steel reduced to 20.05% before the share capital increase as described in Note 29 to financial statements .As a result of this transaction, the Company recorded loss on the disposal of sale of shares in the statement of comprehensive income of Baht 125 million.

After the share capital increase as described in Note 29 to financial statement, as at 31 December 2017 the percentage of shareholding in G J Steel of the Company and GS Securities is 18.72%.

As at 31 December 2017, the market price of ordinary shares of G J Steel was Baht 0.38 per share (31 December 2016: Baht 0.36 per share), equivalent to a valuation of the investment of Baht 798 million (31 December 2016: Baht 792 million).

As at 31 December 2017, the Company's investment in G J Steel at cost amounted to Baht 3,776 million (31 December 2016: Baht 3,955 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 2017 amounted to Baht 2,119 million (31 December 2016 : Baht 2,482 million).

G Steel Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2017

GS Securities

According to the special resolution from the Extraordinary Shareholder's Meeting No. 1/2017 on 10 April 2017 of GS Securities, agreed to reduce the share register in amount of THB 800 million from the existing registered shares capital THB 3,292 million (329.2 ordinary shares of Baht 10 each) to THB 2,492 million (249.2 ordinary shares of Baht 10 each) for elimination of the deficit whereas the residual amount shall return to the shareholder. The results of this transaction, the Company recorded the reduced investment in GS Securities in the amount of the cash received of THB 385 million in the separate financial statement.

G J Steel's shares and G J Steel's warrants as collateral for the benefit

The Company

As at 31 December 2017 and 2016, 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>	
	2017	2016
	<i>Number of shares (in million share)</i>	
<i>G J Steel's shares</i>		
Short-term loan from other party	60	60
Short-term loan from related party	50	50
Working capital lines of credit with related party	1,900	2,000
Working capital lines of credit with a Supporting customer 3	18	18
Total	2,028	2,128
	<i>(in million unit)</i>	
<i>G J Steel's warrants</i>		
Short-term loan from other party	-	500
Short-term loan from financial institution	-	120
Total	-	620

G Steel Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2017

On 1 May 2014, the Company entered into 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 (Equivalent to 10 million shares after the change in the par value of shares) as collateral for the repayment of the loan.

On 29 April 2016, the Company had made the memorandum to extend the repayment period within 30 April 2017.

On 28 April 2017, the Company had made the memorandum to extend the repayment period within 30 April 2018.

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 (Equivalent to 50 million shares after the change in the par value of shares) held by the Company as collateral for the benefit of the lender. Later the Company had made the memorandum to extend the repayment period within 30 June 2016.

On 23 June 2016, the Company had made the memorandum to extend the repayment period within 30 June 2017.

On 30 June 2017, the Company had made the memorandum to extend the repayment period within 30 June 2018.

GS Securities

On 28 February 2014, GS Securities entered into an agreement to pledge 2,000 million G J Steel shares (Equivalent to 200 million shares after the change in the par value of shares) held by GS Securities to supporting customer of the Company (Pledgee) as collateral for loan repayment of the Company.

On July 27, 2015, GS Securities entered into an agreement to pledge 3,200 million G J Steel shares (Equivalent to 320 million shares after the change in the par value of shares) held by GS Securities to supporting customer of the Company and G J Steel (Pledgee) as replaced collateral for debt repayment of the Company and G J Steel.

Later on November 2017, the Company repay debt to the said supporter no.3 and the Company prepare the letter to cancel the collateral borrowing agreement dated 20 February 2018. During the process of approval by the Company's management.

G Steel Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2017

GS Securities

GS Securities has been registered with the Ministry of Commerce on 27 April 2012. GS Securities has authorized share capital of Baht 1 million. GS Securities was established as part of the restructuring of the debts of the Company and the Group.

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

Later, on 27 March 2015, G J Steel and GS Securities have agreed to extend the remaining debentures which are maturing in year 2015 for another 3 years, bearing interest at the rate of 3% per annum.

G Steel Public Company Limited and its Subsidiaries**Notes to the financial statements****For the year ended 31 December 2017****13 Advance payment for purchases of property, plant and equipment**

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in million Baht)</i>			
Advance payment for :				
Land	210	210	-	-
Hot rolled coil expansion project	1,308	1,308	1,308	1,308
Coil conditioning line project	692	692	692	692
Others	55	55	-	-
	<u>2,265</u>	<u>2,265</u>	<u>2,000</u>	<u>2,000</u>
Less allowance for loss on impairment	<u>(2,055)</u>	<u>(2,055)</u>	<u>(2,000)</u>	<u>(2,000)</u>
Net	<u>210</u>	<u>210</u>	<u>-</u>	<u>-</u>

G J Steel

On 29 September 2015 G J Steel and the land seller agreed to mortgaged the 5 land title deeds which are presented as past of advances for purchases of property, plant and equipment amounted to Bath 210 million as collateral to Revenue Department, as security of tax instalment for both of the Company and G J Steel amounted to Baht 330 million (G J Steel Baht 206 million) (as described in Note 22 to financial statements).

G Steel Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2017

14 Property, plant and equipment

Consolidated financial statements								
	Note	Land and land improvements	Building and improvement	Machinery and equipment	Office equipment furniture and fixtures (in million Baht)	Vehicles	Assets under construction and installation	Total
<i>Cost</i>								
As at 31 December 2016		1,594	9,482	39,227	392	11	15,402	66,108
Additions		-	-	2	9	3	1	15
Disposals / Write off		-	-	(21)	(86)	-	-	(107)
Transfers		-	-	11	-	-	(11)	-
As at 31 December 2017		1,594	9,482	39,219	315	14	15,392	66,016
<i>Accumulated depreciation</i>								
As at 31 December 2016		34	5,303	18,205	373	11	-	23,926
Depreciation charge for the year		4	136	1,600	4	-	-	1,744
Disposals / Write off		-	-	(13)	(86)	-	-	(99)
As at 31 December 2017		38	5,439	19,792	291	11	-	25,571
<i>Allowance for loss on impairment</i>								
As at 31 December 2016		329	1,147	3,076	5	-	8,886	13,443
Additions	38	-	-	-	-	-	998	998
Disposals / Write off		-	-	(1)	-	-	-	(1)
As at 31 December 2017		329	1,147	3,075	5	-	9,884	14,440
<i>Net book value</i>								
As at 31 December 2016		1,231	3,032	17,946	14	-	6,516	28,739
As at 31 December 2017		1,227	2,896	16,352	19	3	5,508	26,005

G Steel Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2017

		Separate financial statements						
	Note	Land and land improvements	Building and improvement	Machinery and equipment	Office equipment furniture and fixtures (in million Baht)	Vehicles	Assets under construction and installation	Total
<i>Cost</i>								
As at 31 December 2016		736	3,237	21,277	154	9	8,627	34,040
Additions		-	-	2	2	-	-	4
Transfer		-	-	11	-	-	(11)	-
As at 31 December 2017		736	3,237	21,290	156	9	8,616	34,044
<i>Accumulated depreciation</i>								
As at 31 December 2016		-	1,225	9,648	146	9	-	11,028
Depreciation charge for the year		-	36	783	1	-	-	820
As at 31 December 2017		-	1,261	10,431	147	9	-	11,848
<i>Allowance for loss on impairment</i>								
As at 31 December 2016		306	1,071	2,685	5	-	5,764	9,831
Additions	38	-	-	-	-	-	998	998
As at 31 December 2017		306	1,071	2,685	5	-	6,762	10,829
<i>Net book value</i>								
As at 31 December 2016		430	941	8,944	3	-	2,863	13,181
As at 31 December 2017		430	905	8,174	4	-	1,854	11,367

G Steel Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2017

Assets under construction and installation

Details of assets under construction and installation as at 31 December 2017 and 2016 were as follows:

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in million Baht)</i>			
Hot rolled coil expansion	1,541	1,552	1,541	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	15,391	15,402	8,616	8,627

Impairment evaluation

The Company

In determination of assets impairment, the management of the Company has verified various factors and concluded that there is no factor indicated the value of land, buildings and equipment as of 31 December 2017 and 2016 may be impaired. However, for the sake of certainty, during the 4th quarter of year 2017, the management of the Company has retained an independent appraisers to evaluate the value of the land, buildings and equipment as of 31 December 2017 of the Company. Together with the assessing value in use of the assets by the Company's management with the discounted rate (before tax) of 10.93% p.a. in year 2017 and 13.13% p.a. in year 2016 and concluded that as of 31 December 2017 and 2016 there are no factor indicated that the book value of the land, buildings and equipment may be impaired except for a part of assets under construction and installation at cost of Baht 1,385 million which the Company has policy to terminate the project due to capital investment problem detailed as follows :

- Refer to the privilege received from the Board of Investment (BOI) under promotional certificate no.1579 (2)/2548 dated 29 June 2005, the Company got waived of import duty tax of machineries approved by the committee (BOI) and has to complete and start operation within 36 months from the certificate issued date. Nevertheless, the Company has capital investment problem during that period and the Company has continually requested for extension and the latest request is to extend from 29 June 2017 to be 29 June 2019. However, at present, the Company has not received approval from BOI yet. If the Company does not receive the said approval from BOI, this may lead to the revocation of the privilege and the Company may have import duty tax, VAT and penalty burden around Baht 850 million to pay to the Custom Department and Revenue Department. Therefore, to alleviate the aforementioned burden, the Company then has policy to sell the said assets (BOI) to Free Zone in order to received exemption of the said tax burden. The Company also hires the independent appraiser to appraise the fair value net of cost to sell of the asset under construction, the result of the appraisal indicate that the allowance for loss on impairment increase from Baht 349 million to Baht 1,347 million. The Company records impairment of the said assets amounting Baht 998 million in the 4th quarter of 2017.

G Steel Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2017

G J Steel

In determination of assets impairment, the management of G J Steel has verified various factors and concluded that there is no-factor indicated the value of property, plant and equipment as at 31 December 2017 and 2016 may be impaired. And in December 2016, the management of G J Steel has retained an independent appraiser to evaluate the value of the land, buildings and equipment as at 31 December 2016 together with the assessing value in use of the assets by G J Steel's management with the discounted rate (before tax) of is 12.92% p.a. in year 2017 and 11.95% p.a. in year 2016. It concluded that as at 31 December 2017 and 2016 there is no factor indicated that the book value of the land, buildings and equipment may be impaired.

Mortgage transaction of the Company

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 1,107 million as at 31 December 2017 (*31 December 2016: Baht 1,128 million*) as collateral for short-term loan from a financial institution not over Baht 510 million. Refer to Note 19 to financial statement.

Security for tax liabilities

The Company had mortgaged machinery (Pickle and Oil Line) with a net book value of baht 3,326 million as at 31 December 2017 (*31 December 2016: Baht 3,326 million*) with the Revenue Department to secure tax liabilities amounting to baht 599 million. Refer to Note 22, to financial statement.

Security for working capital lines of credit

The Company had mortgaged machinery (Heavy Gauge Shearing Line with a net book value of baht 544 million as at 31 December 2017 (*31 December 2016: Baht 544 million*) as collateral for working capital lines of credit. Refer to Note 19 to financial statement.

G Steel Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2017

Mortgage transaction of G J Steel

Under the rehabilitation plan and long-term loan from a foreign company

As at 31 December 2017, G J Steel's property, plant and equipment, with a net book value of Baht 9,215 million, were mortgaged under the rehabilitation plan (*31 December 2016: Baht 10,028 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, which had been fully paid. On 28 October 2013, the Southern Bangkok Civil Court ruled in favour 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.

Currently, two defendants of them have released the mortgaged assets.

As described in Note 19 to financial statement on 6 January 2017, G J Steel's Board of Directors meeting had approved the mortgaged most of land, plant and machinery for second ranking secure from facility of long-term loan from a foreign company for facility amount of USD 71 million in mortgage amount of Baht 4,022 million. Later on 13 November 2017, the Company's Board of Directors meeting has approved to increase the total mortgage amount to Baht 6,619 million.

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 766 million as at 31 December 2017 (*31 December 2016 : Baht 766 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 with the Central Office for Machinery Registration, Department of Industrial Works on 10 October 2013.

On 9 July 2015, the G J Steel's Board of Directors approved the letter to the Revenue Department to approve the instalment including. Accept for additional collateral and on 29 September 2015, GJ Steel has already registered the mortgage of land together with buildings with the Revenue Department (as describe in note 13 to financial statement).

Security for joint credit facility with G J Steel from a local bank.

On November 13, 2014, the G J Steel's Board of Directors approved to mortgage its machineries of G J Steel (Recoil Temper Mill (RTM) and the Acid Regeneration Plant (ARP) with a net book value of Baht 694 million as at 31 December 2017 (*31 December 2015 : Baht 783 million*) to secure the joint credit facility in total amount of Baht 602 million between G J Steel and the company from a local bank. On 3 March 2015, the G J Steel has mortgaged the machineries with The Central Office Equipment DIW.in amount of Baht 480 million.

G Steel Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2017

15 Intangible assets

	Consolidated financial statements		
	Computer software licence	Production licence (in million Baht)	Total
<i>Cost</i>			
As at 31 December 2016	228	41	269
Increase	-	-	-
Disposals / Write - off	(8)	-	(8)
As at 31 December 2017	220	41	261
<i>Accumulated amortisation</i>			
As at 31 December 2016	213	31	244
Amortisation charge for the year	3	2	5
Disposals / Write - off	(8)	-	(8)
As at 31 December 2017	208	33	241
<i>Allowance loss on impairment</i>			
As at 31 December 2016	-	10	10
Increase	-	(2)	(2)
As at 31 December 2017	-	8	8
<i>Net book value</i>			
As at 31 December 2016	15	-	15
As at 31 December 2017	12	-	12

G Steel Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2017

	Separate financial statements Software (in million Baht)
<i>Cost</i>	
As at 31 December 2016	17
Increase	-
	<hr/>
As at 31 December 2017	17
	<hr/>
<i>Accumulated amortisation</i>	
As at 31 December 2016	10
Amortisation charge for the year	1
	<hr/>
As at 31 December 2017	11
	<hr/>
<i>Net book value</i>	
As at 31 December 2016	7
	<hr/>
As at 31 December 2017	6
	<hr/>

G Steel Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2017

16 Deferred tax

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

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in million Baht)</i>			
Deductible temporary differences				
• Allowance for doubtful accounts				
- trade accounts receivable	206	218	122	135
• Allowance for doubtful account				
- devaluation of inventories	11	10	4	4
• Allowance for Lost on raw materials	-	-	18	-
• Allowance for doubtful accounts				
- other current assets	511	609	491	588
• Allowance for impairment losses on Investment	609	576	498	461
• Allowance impairment losses on property, plant and equipment	2,888	2,689	2,166	1,966
• Allowance impairment losses on Intangible assets	2	2	-	-
• Allowance for doubtful account				
- amount receivable from related party	112	112	-	-
• Allowance for doubtful account				
- loan to subsidiaries	553	553	553	553
• Allowance impairment				
- other non-current assets	822	822	400	400
• Depreciation gap	1,121	1,002	762	688
• Provision for guarantee subsidiary	48	44	48	44
• Provision for court case claim	38	448	38	448
• Provision for deferred difference from debt restructuring	20	169	20	169
• Employee benefits obligations	26	21	12	10
• Provision for tax-related liabilities	-	14	-	-
	<u>6,967</u>	<u>7,289</u>	<u>5,132</u>	<u>5,466</u>
Loss carry forward	<u>1,770</u>	<u>2,058</u>	<u>467</u>	<u>538</u>
Total	<u>8,737</u>	<u>9,347</u>	<u>5,599</u>	<u>6,004</u>

The tax losses expire in year 2017 to year 2021. 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.

G Steel Public Company Limited and its Subsidiaries

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For the year ended 31 December 2017

17 Other non-current assets

		Consolidated financial statements		Separate financial statements	
	Note	2017	2016	2017	2016
		<i>(in million Baht)</i>			
Suspended construction in progress		2,086	2,086	-	-
Less allowance for impairment		(2,053)	(2,053)	-	-
		<u>33</u>	<u>33</u>	<u>-</u>	<u>-</u>
Deposit-related party	5	3	3	3	3
Other deposits		24	25	5	6
Deferred cost of rolls		463	392	210	180
Rolls in transit		15	28	15	16
Advance for rolls		47	59	47	59
Others		24	24	15	15
Total		<u>609</u>	<u>564</u>	<u>295</u>	<u>279</u>

G J Steel

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.

As at 31 December 2015, the management has reconsidered the estimated recoverable amount of assets that the recoverable amount is lower than the net book value in the amount of Baht 11 million which was recorded as loss on impairment in the statement of income.

G Steel Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2017

18 Working capital facilities for operation

At present, the Group has working capital facilities from various sources as follow:

1. Related parties comprise with:

- trade credit facilities for purchase of raw material and spare parts for production in the amount of Baht 4,000 million.
- bank guarantee facilities in the aggregate amount of Baht 210 million.
- long-term loan in the amount of Baht 400 million.

For the above 3 items, the Company pledged G J Steel's shares, the Heavy Gauge Shearing Line and the 3rd parties assets as collateral.

- long - term loan in the amount of Baht 30 million, pledged the 3rd parties asset as collateral.

For the 1st item, trade credit facilities for purchase of raw material and spare parts for production in the amount Baht 4,000 million, the Company terminated the said contract since November 2017. After the said termination by the Company and to continue its business operation as normal, the Company start hot rolled coil tolling service for GJ Steel which began since mid of November 2017 and expect to go on until the 2nd quarter of 2018.

2. The Company and G J Steel get collaboration from various raw material suppliers both local and oversea with Supplier Credit in term of Collateral Management Agreement ("CMA"). The Company gets credit from local raw material supplier in term of raw material usage for 180,000 ton per year and joint CMA with G J Steel from 1 oversea raw material supplier amounting to USD 150-200 million.(31 December 2559: from 2 oversea raw material suppliers amounting to USD 159-210 million.)

Besides the above facilities joined with the Company, G J Steel gets CMA from 1 oversea raw material suppliers amounting to USD 10 - 15 million and CMA from 1 local raw material supplier in term of supporting production tonnage by 240,000 tons per year.(31 December 2559 : from 4 local raw material suppliers in term of supporting production tonnage by 660,000 tons per year.)

The Company and G J Steel have used this kind of supplier credit for many years as working capital for imported and usage of scrap which is the main raw material of the production.

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

3.1 Original loans and the existing accrued interest, has been restructured as follow:

- 3.1.1 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.
- 3.1.2 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.
- 3.1.3 Accrued interest expenses recorded in the system of the Company is approximately Baht 176 million. The Bank is in the process of adjusting the said accrued interest down by calculated default interest rate from 15% to 8% per annum and pay by 18 monthly installments as stated in the agreement starting from 31 March 2015.

G Steel Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2017

3.2 New facilities in the amount of Baht 602 million as follow :

3.2.1 Letter of Credit (L/C) in the amount of Baht 350 million which is the joint credit facilities between the Company and G J Steel.

3.2.2 Letter of guarantee (LG) 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.

As at 31 December 2017, G J Steel has utilized the bank guarantee in amounting of Baht 156 million (31 December 2016 : Baht 156 million).

On 4 August 2015 and 17 July 2015, the bank hand over G J Steel's deposit which use as collateral of the bank credit line, amount of Baht 70 million according to The Revenue Department's order. The bank noticed that the event cause the agreement default. The Company and G J Steel negotiate to revise some condition of the contract, which has been agreed by the bank and enter into new contract on 25 February 2016 as the following matter:

1. Re-scheduling monthly installments by extension loan repayment for another year, the end of the repayment schedule would be ended in August 2017. Moreover, the bank is allowing to sell some amount of pledged shares being collateral under the Facilities Agreement in order to decrease the debts and interests amount.
2. Cancelled the Letter of Credit Facility (L/C as sight) which unutilized.
3. Reducing the interest rate 1% from the primary rate. The reducing interest amount will be accrued through the repayment period and such accrued interest payment will be forgiven after full repayment.
4. Request for an approval of a waiver of default status and a consent to allow G J Steel to be able to mortgage some of its assets.

Later, on 8 August 2016, the Company request for re-scheduling monthly installments by extension loan repayment. This is under the bank consideration.

G Steel Public Company Limited and its Subsidiaries

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For the year ended 31 December 2017

4. On 6 January 2017, G J Steel Board of Directors meeting had approved for entering the long- term loan agreements in the facilities amount not exceeding of USD 111 million not only to solve the default long outstanding debt since in year 2012 but also to spend for working capital as the summarized transactions in following:

4.1 On 22 January 2017, the Company (borrower) has entered the long term loan agreement with Link Capital I (Mauritius) Limited (lender) (previously was non-related party and on 21 September 2017 onwards is considered as related party) with the fixed interest rate at 12 p.a., in a period of 5 years and collateral with second ranking in mortgage most of land, plant and machinery. The loan facilities are separately in 2 groups as described below.

- 1 The first loan facility of USD 41 million for the purpose of repayment of new creditor and includes all reimbursement expenses from lender such as due diligence expenses and other expenses related the processes to ensure the long term loan agreement completed. On 1 February 2017, G J Steel had drawn down the loan of USD 41 million in order to repayment principal and interest payable to new creditor as described to the interim financial statement in Note 1.3.
- 2 The second loan facility of USD 30 million for the purpose of working capital and capital expenditure. On 10 October 2017, G J Steel had drawn down the loan of USD 5 million. Subsequent on 19 December 2017, the new loan facility has been reduced to USD 25 million and additional the purpose of draw down as described in Note 44.3.2.

On 30 January 2018 and 14 February 2018, G J Steel has drawdown the second loan facility in the purpose of working capital (Non-Tolling Standby Letter of Credit) and Metallics Purchase Contract of USD 18.3 million.

- 4.2 For another credit facility of USD 40 million on 6 November 2017, G J Steel's Board of Directors meeting had approved for entering the loan agreements in the period not over 2 years which revised the existing facilities to USD 50 million for the purpose of increasing working capital for operation and purchasing of raw material, and increasing the capacity of G J Steel with the interest rate in between 2% - 12% p.a. depend on the loan facilities. On 13 November 2017 and 19 December 2017, G J Steel entered to amend the loan agreement from original contract as mentioned in Note 44.3.1 to revise the total loan facility not exceeding USD 121 million by applied the same collateral as mentioned in Note 44.3.1 with the followings:

1. Second loan facility reduced to USD 25 million and additional the purpose of drawdown for Metallic Purchase Contract and working capital (Non-Tolling Standby Letter of Credit).
2. Third loan facility of USD 50 million as short-term period of one year, interest rate of 12% p.a. for the purpose of supporting to tolling with the company, Metallic Purchase Contract and Tolling Standby Letter of Credit. During in November 2017, G J Steel had drawdown the loan of USD 40 million.

On 25 January 2018 and 14 February 2018, G J Steel has drawdown the third loan facility for Tolling Standby Letter of Credit in the purpose of Metallics Purchase Contract of USD 9.9 million.

G Steel Public Company Limited and its Subsidiaries

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3. Fourth loan facility of USD 5 million as short-term period of three-month, interest rate of 12% p.a. for the purpose of purchase of raw material. On 20 December 2017, G J Steel had drawdown the loan of USD 5 million.

19 Interest-bearing liabilities

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in million Baht)</i>			
Current				
Short-term loans from financial institutions (Secured)	213	316	213	316
Current portion of long-term loan from related parties (secured)	138	108	138	108
Bonds (unsecured)	510	558	510	558
Trade account payables				
Secured	303	512	275	440
Unsecured	216	3,219	213	1,736
	519	3,731	488	2,176
Other payables and accrued expenses				
Secured	-	-	-	-
Unsecured	5,762	2,316	5,758	1,688
	5,762	2,316	5,758	1,688
Debt restructuring plan (Unsecured)	41	234	41	234
	41	234	41	234
Other current liabilities (Short-term loans from related parties) (see Note 5)				
Secured	1,506	30	30	30
Unsecured	-	-	1,121	1,321
	1,506	30	1,151	1,351
Short-term loans from other parties				
Secured	71	83	71	83
Unsecured	36	55	36	36
	107	138	107	119
Total Current	8,796	7,431	8,406	6,550

G Steel Public Company Limited and its Subsidiaries
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For the year ended 31 December 2017

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in million Baht)</i>			
Non-current				
Long-term loan from related party				
Secured	1,655	242	176	242
Unsecured	-	-	1,086	1,086
Total Non-Current	1,655	242	1,262	1,328
Total	10,451	7,673	9,668	7,878

The periods to maturity of interest-bearing liabilities as at 31 December 2017 and 2016 were as follows:

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in million Baht)</i>			
Within one year	8,796	7,431	8,406	6,550
After one year but within five years	1,655	242	1,262	1,328
Total	10,451	7,673	9,668	7,878

Short-term loans from financial institution

On 25 February 2016, the Company had entered into new contract to extension loan repayment for another year, to be due in August 2017 (as described in note 18 to financial statement).

	Consolidate and Separate financial statements	
	31 December 2017 (Unaudited but reviewed)	31 December 2016 (Audited)
	<i>(in million Baht)</i>	
Liabilities under trust receipts (Bear interest at at MLR% per annum).	95	141
Less current portion	(95)	(141)
Net	-	-
Liabilities from bank guarantee of the electronic capacity charge (Bear interest at at MLR% per annum).	118	175
Less current portion	(118)	(175)
Net	-	-
Current portion of long-term loans from financial institution	213	316
Long-term loans from financial institution-net	-	-

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For the year ended 31 December 2017

As refer to note 14 to financial statement, Property, plant and equipment, Security for short-term loan from a financial institution.

Short-term loan from other parties

Loan from an individual

On 9 December 2010, the Company entered into a loan agreement with an individual No. 1 in the amount of Baht 15 million, which bears interest at the rate of 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 2016. On 23 June 2016, the Company had made the memorandum to extend the repayment within 30 June 2017.

On 30 June 2017, the Company had made the memorandum to extend the repayment within 30 June 2018

On 12 September 2014, the Company entered into a loan agreement with an individual No. 2 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. Later the Company had made the memorandum to extend the repayment period within 30 June 2016. On 23 June 2016, the Company had made the memorandum to extend the repayment within 30 June 2017.

On 30 June 2017, the Company had made the memorandum to extend the repayment within 30 June 2018

On 6 November 2014, the Company entered into the loan agreement with an individual No. 3 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. Later, the Company had made the memorandum to extend the repayment period within 30 June 2016. On 23 June 2016, the Company had made the memorandum to extend the repayment within 30 June 2017.

On 30 June 2017, the Company had made the memorandum to extend the repayment within 30 June 2018

On 16 November 2015, the Company entered into a loan agreement with another party for an amount up to Baht 30 million with interest rate at 8% per annum. The Company gradually receives the loan and the loan will be due in 1 year from the withdrawn date of each amount. The 1st loan will be paid on 11 November 2016.

On 16 November 2016, the Company had made the memorandum to extend the repayment will be due in 2 years from the withdrawn date of each amount. The 1st loan will be paid on 11 November 2017.

Therefore the Company is under the negotiate for extension of payment.

On 9 March 2016, the Company enters into another loan agreement with another party for an amount up to Baht 20.9 million with interest rate at 8% per annum. The Company gradually receives the loan and the loan will be due in 1 year from the withdrawn date of each amount. Under this loan agreement, the Company will provide a certain land deed as the collateral for the lender.

On 16 November 2016, the Company had made the memorandum to extend the repayment to be within 16 November 2017.

G Steel Public Company Limited and its Subsidiaries

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For the year ended 31 December 2017

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. However, the company has not yet deliver share of G J Steel amounted 800 million shares to the supporter and the company cannot provide and deliver goods in according to the supporter’s order. 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.

On 29 April 2016, the Company had made the memorandum to extend the repayment period within 30 April 2017.

On 28 April 2017, the Company had made the memorandum to extend the repayment period within 30 April 2018.

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. Later, the Company had made the memorandum to extend the repayment period within 30 June 2016.

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 loan amount of Baht 80 million. This is to replace the 727.2 million shares of G J Steel previously using to secure the said loan.

On 23 June 2016, the Company had amended loan agreement to extend the repayment period within 30 June 2017, which the Company had already paid.

As at 31 December 2017, the company entered into one short term loan agreements with a supporter totaling amount Baht 26 million (*31 December 2016 : two short term loan agreement Baht 37 million*).

G Steel Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2017

G J Steel

Short-term loans from other person

G J Steel enters into loan agreement with other person amounting to Baht 40 million. The loan is 1 year repayment period with 8 % p.a. interest rate, commencing each drawn down loan.

As at 31 December 2017 G J Steel has received the loan amounting to Baht 18.50 million (*31 December 2016 : Baht 18.50 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.

On 30 May 2016, the Company had made the memorandum to revise interest rate from 8% per annum to 3.25 % per annum since 1 June 2016.

On 26 December 2016, the Company had made the memorandum to extend the repayment to within 30 December 2019

Bonds

As at 31 December 2017 and 2016 the balance of the Company's bonds is amounting to US\$ 15.51 million, with 3% interest rate per annum, and no collateral which mature on October 2015. The Company had been received notice from bond holder's representative that due to unable to pay the bonds' interest on 30 December 2011, caused the Company default to the bonds.

However, till present, the Company had not been call to redeem the bonds. The movement during the year are as follow;

	Consolidated and Separate financial statements	
	2017	2016
	<i>(in million Baht)</i>	
Balance - beginning of the year	558	562
Effect of exchange rate	(48)	(4)
Balance - end of the year	510	558
Less Current portion of bonds	(510)	(558)
Total of bonds - net of current portion	-	-

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20 Loan from related party

G J Steel

		As at 31 December	
		2017	2016
		(in million Baht)	
	<i>Note</i>		
Loan 1 st USD 41 million	18	1,347	-
Loan 2 nd USD 5 million	18	164	-
Loan 3 rd USD 40 million	18	1,314	-
Loan 4 th USD 5 million	18	164	-
Total		2,989	-

		As at 31 December	
		2017	2016
		(in million Baht)	
	<i>Note</i>		
Shot-term loan from related party	18	1,478	-
<u>Deduct</u> Deferred cost of financing loan		(2)	-
		<u>1,476</u>	<u>-</u>
Long-term loan from related party	18	1,511	-
<u>Deduct</u> Deferred cost of financing loan		(31)	-
		<u>1,480</u>	<u>-</u>
Total		2,956	-

The movement of loan from related party for the year ended 31 December 2017 is as follow;

	(in million Baht)
At 31 December 2016	-
<u>Additional</u> Receive loan during the year	3,071
Effect of exchange rate	(82)
Total loan from related party	<u>2,989</u>
<u>Deduct</u> Deferred cost of financing loan	(33)
Loan from related party - Net	
At 31 December 2017	<u>2,956</u>

G Steel Public Company Limited and its Subsidiaries

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For the year ended 31 December 2017

The currency denomination of loan from related party as at 31 December 2017 and 2016 were as follows:

	2017	2016
	(in million Baht)	
United States Dollars (USD)	2,956	-
Total	2,956	-

21 Trade accounts payable

		Consolidated financial statements		Separate financial statements	
	Note	2017	2016	2017	2016
		(in million Baht)			
Current					
Related parties	5	507	873	441	864
Business alliances	6	5	-	5	-
Other parties		814	6,606	133	4,576
		<u>1,326</u>	<u>7,479</u>	<u>579</u>	<u>5,440</u>
Non-Current					
Long-term payable	1.3	-	-	-	-
Total		<u>1,326</u>	<u>7,479</u>	<u>579</u>	<u>5,440</u>

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 2017 are amounted to Baht 275 million and has to pay interest at the rate that the bank, charges to the Supporting Customer 1 at 3.03% to 3.38% per annum on the accrual balance on the credit facility (LC). (31 December 2016 : Baht 439 million, interest rate at 1.50% to 3.00% per annum).

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 198 million as at 31 December 2017 and pays interest from 1.00% per annum on the payables balance (31 December 2016 : Baht 442 million, interest rate at 1.00% to 5.86% per annum).

As at 31 December 2016, the Company default to pay debt as agree with various major trade payables. The default caused the Company obligate to pay the default interest rate at 5% - 7.5% per annum since the default date.

As at 31 December 2017 and 2016, G J Steel default to pay debt as agree with 3 major trade payables. The default caused G J Steel obligate to pay the default interest rate at 5% per annum since the default date.

G Steel Public Company Limited and its Subsidiaries

Notes to the financial statements

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The Company

On 31 January and 16 February 2017, the Company received the notice of assignment to debtor from such Major Trade Creditors including all amount payable under the contracts to new foreign company (hereinafter referred to as “new creditor”) and the Company reclassified the such creditor to other payable (as described Notes 1.3 to financial statement).

As described Note 10 to the financial statement in, the Company combined the trade creditor from related party to settle with trade creditor from related party and receivable from the sale of scrap from related party in related to the compromise agreement, according to the court’s judgment to repay debt. From such event the Company had reversed adjustment of the trade creditor from related party in full amount of Baht 19 million and recorded the different amount into statements of comprehensive income.

G J Steel

On 31 January 2017, G J Steel received the notice of assignment to debtor from 2 creditors in amount of USD 41 million including all amount payable under the contracts to new foreign company as described in Notes 1.3 to financial statement consequently on 31 January 2017 G J Steel reclassified the such creditors to liabilities under the process of debt restructuring.

The currency denomination of trade accounts payable as at 31 December 2017 and 2016 were as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
	<i>(in million Baht)</i>			
Thai Baht (THB)	868	924	251	472
United States Dollars (USD)	416	6,513	288	4,928
Others	42	42	40	40
Total	1,326	7,479	579	5,440

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Notes to the financial statements

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22 Other payables and accrued expenses

		Consolidated financial statements		Separate financial statements	
	Note	2017	2016	2017	2016
		(in million Baht)			
Current					
Related parties	5	4,757	33	4,760	29
Business alliances	6	23	50	23	50
Performance guarantee payable		-	624	-	-
Tax installments payable		369	354	195	180
Electricity payable and energy service payable		443	224	289	111
Others		1,555	2,221	1,173	1,910
		<u>7,147</u>	<u>3,506</u>	<u>6,440</u>	<u>2,280</u>
Non-Current					
Related parties	5	49	-	49	-
Tax installments payable		471	826	239	419
Others		25	49	25	-
		<u>545</u>	<u>875</u>	<u>313</u>	<u>419</u>
Total		<u>7,692</u>	<u>4,381</u>	<u>6,753</u>	<u>2,699</u>

The currency denomination of other payables and accrued expenses as at 31 December 2017 and 2016 were as follows:

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	(in million Baht)			
Thai Baht (THB)	3,353	3,335	2,467	2,322
United States Dollars (USD)	4,315	978	4,286	320
Others	24	68	-	57
Total	<u>7,692</u>	<u>4,381</u>	<u>6,753</u>	<u>2,699</u>

The performance guarantee payable

G J Steel provided a performance guarantee for an Intermediary to two End Use Customers. These two End Use Customers are also Major Trade Creditors of G J Steel. G J Steel has recognised liabilities as other payables and accrued expenses amounting to USD 17 million equivalents to Baht 624 million as at 31 December 2016 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.

Later on 31 January 2017, G J Steel received the notice of assignment to debtor from such creditor in amount of USD 17 million including all amount payable under the contracts to new foreign company as described in Notes 1.3 to financial statement consequently on 31 January 2017

G J Steel reclassified the such creditors to liabilities under the process of debt restructuring.

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Tax installments payable

As at 31 December 2017, the Group and the Company have outstanding balance of tax installment payable amounting to Baht 840 million and Baht 434 million, respectively (included the additional surcharge up to 31 December 2017 amounting to Baht 369 million and Baht 175 million, respectively) By the Group and the company presented as current liabilities. amounted to Baht 369 million and Baht 195 million respectively and presented as non-current liabilities amounted to Baht 471 million and Baht 239 million respectively under this repayment schedule, the Company and G J Steel mortgaged their 5 plot of land and construction, pickle and oil line as collateral together with the guaranteed by a company.

As at 31 December 2017 the company and G J Steel have to pay the above tax installments as follow:

The Company: to pay the tax in 29 installments at the amount of Baht 14.96 million each until April 2020.

G J Steel: to pay the tax in 28 installments at the amount of Baht 14.52 million each until April 2020.

Customs Department

As at 31 December 2017, G J Steel has paid tax liabilities with the Customs Department in a whole amount Baht 132 million (as described in Notes 25 and 47 to financial statements).

Other liabilities

On 17 July 2015 G J Steel enter into compromising agreement with a supporting customer, which had to pay amount of Baht 101.67 million as follow;

- Monthly payment of Baht 1.5 million commencing 28 August 2015 to 28 July 2016.
- Monthly payment of Baht 2.0 million commencing 28 August 2016 to 28 December 2017.
- The balance on 28 January 2018.

Any default of the installment payment is resuming debt compromising default which had to pay the balance in total amount. G J Steel has to pay interest at 7.5 % p.a. of the balance the debt.

On 25 January 2018, the Company has fully paid the remaining debts of Baht 49.7 million.

G Steel Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2017

23 Advances received from customers

		Consolidated financial statements		Separate financial statements	
	Note	2017	2016	2017	2016
		(in million Baht)			
Related parties	5	5	2	168	2
Other parties		198	202	10	12
Total		203	204	178	14

Advances received from customers of the Group and the Company as at 31 December 2017 and 2016 were denominated entirely in Thai Baht.

24 Accrued interest expenses

		Consolidated financial statements		Separate financial statements	
	Note	2017	2016	2017	2016
		(in million Baht)			
Current					
Bonds		127	119	127	119
Consigned inventories		-	1,330	-	1,330
Financial institutions		98	96	98	96
Performance guarantee payable	22	-	544	-	-
Compromise agreement		4,540	987	4,453	910
Others		172	893	288	241
Total - Current		4,937	3,969	4,966	2,696
Non-Current					
Compromise agreement		16	-	16	-
Others	1.3	-	-	-	-
Total - Non-Current		16	-	16	-
Total		4,953	3,969	4,982	2,696

The currency denomination of accrued interest expenses as at 31 December 2017 and 2016 were as follows:

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	(in million Baht)			
Thai Baht (THB)	442	558	624	619
United States Dollars (USD)	4,483	3,375	4,336	2,046
Others	28	36	22	31
Total	4,953	3,969	4,982	2,696

G J Steel

On 31 January 2017, G J Steel received the notice of assignment to debtor from Four Creditor including all amount payable under the contracts to new foreign company as described Note 1.3 to the interim financial statements in, consequently on 31 January 2017 G J Steel reclassified accrued interest for those Four Creditor to liabilities under of debt restructuring in totaling to USD 33 million.

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Notes to the financial statements

For the year ended 31 December 2017

25 Provisions

	Consolidated financial statements				
	Purchase orders for undelivered raw material	Court case claim (See Note 46)	Deferred difference from debt restructuring (See Note 1.3) (in million Baht)	Tax-related liabilities (See Note 22 and 47)	Total
As at 31 December 2016	-	2,241	843	72	3,156
Provisions made	-	16	-	-	16
Provisions transferred in	-	166	24	-	190
Provisions transferred out	-	(2,231)	-	(72)	(2,303)
Provisions reversed	-	-	(765)	-	(765)
Effect of exchange rate	-	-	-	-	-
As at 31 December 2017	-	192	102	-	294
As at 31 December 2016					
Current	-	2,241	843	72	3,156
Non-Current	-	-	-	-	-
Total	-	2,241	843	72	3,156
As at 31 December 2017					
Current	-	192	78	-	270
Non-Current	-	-	24	-	24
Total	-	192	102	-	294

G Steel Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2017

	Separate financial statements				
	Purchase orders for undelivered raw material	Court case claim (See Note 46)	Deferred difference from debt restructuring (See Note 1.3)	Guarantee subsidiary	Total
			(in million Baht)		
As at 31 December 2016	-	2,241	843	219	3,303
Provisions made	-	16	-	22	38
Provisions transferred in	-	166	24	-	190
Provisions transferred out	-	(2,231)	-	-	(2,231)
Provisions reversed	-	-	(765)	-	(765)
Effect of exchange rate	-	-	-	-	-
As at 31 December 2017	-	192	102	241	535
As at 31 December 2016					
Current	-	2,241	843	219	3,303
Non-Current	-	-	-	-	-
Total	-	2,241	843	219	3,303
As at 31 December 2017					
Current	-	192	78	241	511
Non-Current	-	-	24	-	24
Total	-	192	102	241	535

G Steel Public Company Limited and its Subsidiaries
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For the year ended 31 December 2017

Provision for guarantee subsidiaries

Based on the current financial position of OAC, OAC was unable to meet its obligations. The Company 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 241 million in the separate financial statement as at 31 December 2017 (31 December 2016 : Baht 219million).

Provision for deferred difference from debt restructuring

As at 31 December 2016, in Provision for deferred difference from debt restructuring amount of Baht 843 million there is amount of Baht 732 million of came from the debt to equity conversion in the year 2012 and 2013 with the two major foreign trade creditors. The Company issued new 3,786 million shares with the offering price of Baht 0.50 per share as per the debt to equity conversion program which was approved by the shareholder's meeting. However, at the conversion date, the share market price was Baht 0.15 - 0.37 per share and this occurred the difference of share price between the contract price and market share price amounting to Baht 732 million. Which the previous years the Company recorded the difference as Share discount and defer gain on debt restructuring with the same amount (as described in note 1.3 to financial statements) and difference amount of accrued interest between per book and per compromise contract amounted to Baht 33 million.

Later on 31 January 2017, the Company received the notice of assignment to debtors from the above two creditors including all amount payable under the contracts to new creditor (Refer to Note 1.3 to financial statements). Therefore, on 31 January 2017, the Company had reversed these provision for deferred difference from debt restructuring.

G Steel Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2017

26 Other current liabilities

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in million Baht)</i>			
Tax-related liabilities	284	259	17	5
Machinery and construction payables	74	79	45	48
Others	6	8	6	8
Total	364	346	68	61

The currency denomination of other current liabilities as at 31 December 2017 and 2016 were as follows:

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in million Baht)</i>			
Thai Baht (THB)	311	288	43	34
United States Dollars (USD)	51	56	25	27
Others	2	2	-	-
Total	364	346	68	61

27 Liabilities under rehabilitation plan

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in million Baht)</i>			
Balance - beginning of the year	709	736	484	494
<i>Less</i> Repayment and adjust exchange rate during the year	(26)	(27)	(5)	(10)
Balance - end of the year	683	709	479	484
<i>Less</i> Current portion of liabilities included under the rehabilitation plan	(535)	(464)	(331)	(239)
Total liabilities which were included under the rehabilitation plan - net of current portion	148	245	148	245

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The currency denomination of liabilities which were included under the rehabilitation plan as at 31 December 2017 and 2016 were as follows:

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in million Baht)</i>			
Thai Baht (THB)	580	597	479	484
United States Dollars (USD)	91	100	-	-
Others	12	12	-	-
Total	683	709	479	484

G J Steel's rehabilitation plan liabilities were duly 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 2017 and 2016 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, 4 suppliers filed a complaint against G J Steel for breach of the rehabilitation plan. three supplier with the litigation amount of Baht 5 million together with interest at the rate of 7.5% per annum from the date of filing the complaint until the date of full repayment is on the Court process and one supplier with the litigation amount of Baht 2 million have been compromised and settled.

28 Employee benefit obligations

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in million Baht)</i>			
Statement of financial position				
obligations for:				
Post-employment benefits	130	105	58	51
	130	105	58	51

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in million Baht)</i>			
Year ended 31 December				
Statement of comprehensive income:				
Recognised in profit or loss:				
Post-employment benefits	(13)	12	(17)	5
	(13)	12	(17)	5

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An unfunded plan based on Thai labor law

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

The statement of financial position obligation was determined as follows:

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in million Baht)</i>			
Present value of unfunded obligations	130	105	58	51
Statement of financial position obligation	130	105	58	51

Movement in the present value of the defined benefit obligations:

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in million Baht)</i>			
Defined benefit obligations at 1 January	105	96	51	49
Benefit paid	(1)	(3)	-	(3)
Current service costs and interest	9	12	6	5
Past service cost	(23)	-	(23)	-
Actuarial loss on defined employee benefit plans	40	-	24	-
Defined benefit obligations as at 31 December	130	105	58	51

Expense recognised in profit or loss:

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in million Baht)</i>			
Current service costs	6	8	4	3
Past service costs	(23)	-	(23)	-
Interest on obligation	3	4	2	2
Total	(14)	12	(17)	5

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

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in million Baht)</i>			
Cost of sales and administrative expenses	(14)	12	(17)	5
Total	(14)	12	(17)	5

Total actuarial losses(gains) were recognised in the other comprehensive income in the consolidate and Separate financial statements for the year ended 31 December 2017 is amount of losses Baht 40 million and Baht 24 million respectively.

Principal actuarial assumptions at the reporting date:

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(%)</i>			
Discount rate	2.80 p.a	3.7 - 3.9 p.a.	2.80 p.a	3.7 p.a.
Future salary increases rate	3.0-7.0	3.0 - 7.0	3.0-7.0	3.0 - 7.0
Employee turnover rate	4.0-15.0*	5.0 - 15.0*	4.0-15.0*	6.0 - 15.0*
Mortality rate	TMO17***	TMO08**	TMO17***	TMO08**

* Based on the weighted average by age group of employees

** Reference from TMO08 : Thai Mortality Ordinary Table 2008

*** Reference from TMO17 : Thai Mortality Ordinary Table 2017

Sensitivity analysis of significant actuarial assumptions

Significant actuarial assumptions for sensitivity analysis are discount rate, salary increase rate and employee turnover, while holding all other assumptions constant. The sensitivity analysis of change in the relevant actuarial assumption that were reasonably possible as of December 31, 2017 as follows:

- If the discount rate increases (decreases) by 1%, the employee benefit obligation in Consolidated financial statements would decrease Baht 12.80 million (increase Baht 14.96 million) and Separate financial statements would decrease Baht 5.06 million (increase Baht 5.83 million).
- If the salary increase rate increases (decreases) by 1%, the employee benefit obligation in Consolidated financial statements would increase Baht 14.56 million (decrease Baht 12.74 million) and Separate financial statements would increase Baht 5.74 million (decrease Baht 5.08 million).

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- If the employee turnover rate increases (decreases) by 10%, the employee benefit obligation in Consolidated financial statements would decrease Baht 6.97 million (increase Baht 7.51 million) and Separate financial statements would decrease Baht 2.59 million (increase Baht 4.37 million).

-If the life expectancy increases by one year for all employees, the employee benefit obligation in Consolidated financial statements would increase Baht 0.59 million and Separate financial statements would increase Baht 0.24 million.

In presenting the above sensitivity analysis, the present value of the employee benefit obligation has been calculated by using the same method that applied in calculating the employee benefit obligation recognised in the statement of financial position.

29 Share capital

The movements of share capital for the year ended 31 December 2017 and 2016 were as follows:

	<i>Par value per share (in Baht)</i>	<i>Number</i>	Consolidated and Separate financial statements		<i>Baht</i>
			2017 <i>Baht (million shares / million Baht)</i>	2016 <i>Number</i>	
Authorised					
As at 1 January					
- Ordinary shares	5.00	9,755	48,776	9,755	48,776
- Increase (Decrease)		-	-	-	-
As at 31 December					
- ordinary shares	5.00	9,755	48,776	9,755	48,776
Issued and paid up					
As at 1 January					
- Ordinary shares	5.00	6,850	34,251	6,850	34,251
- Increase (Decrease)		-	-	-	-
As at 31 December					
- ordinary shares	5.00	6,850	34,251	6,850	34,251

G J Steel

The allocation and offering of the newly issued ordinary shares of the Company under to the debt-to-equity conversion scheme.

On 30 August 2017, the Extraordinary Shareholders' Meeting No. 1/2017 had approved as the following issues:

1. Approved the debt-to-equity conversion scheme through the allocation and offering of not more than 3,343,000,000 newly issued ordinary shares, at the par value of Baht 6.90 per share to new creditor as repayment of the net trade debts to who is the new creditor as described in Note 1.3 to financial statement in amount of USD 32.34 million and interest payable which shall be converted to equity in amount of USD 0.59 million, the total debts be converted to equity shall be USD 32.93 million, or equivalent to Baht 1,136.54 million where the conversion price will be fixed at Baht 0.34 per share, and the aggregation shall be not greater than Baht 1,136.62 million.

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For the year ended 31 December 2017

2. Approved the capital increase of G J Steel's registered capital by not more than Baht 26,160,481,980, from the existing registered capital of Baht 103,137,868,438.50, to the new registered capital of Baht 129,298,350,418.50 by issuing not more than 3,791,374,200 newly issued ordinary shares, at the par value of Baht 6.90 per share for (1) to accommodate the allocation and offering of the newly issued ordinary shares of G J Steel under to the debt-to-equity conversion scheme, (2) to accommodate the rights adjustment pursuant to the Terms and Conditions, and Rights of the Issuers and Holders of the Warrants to Purchase Ordinary Shares No.2, (the "GJS-W2 Warrants"), the Warrants to Purchase Ordinary Shares No.3, (the "GJS-W3 Warrants") and the Warrants to Purchase Ordinary Shares No.4, (the "GJS-W4 Warrants") and approve the correction of additional in G J Steel's affidavit in clause no.4 in order to accommodate G J Steel's share register increased.

On 21 September 2017, G J Steel was registered the increase of G J Steel's registered capital with the Ministry of Commerce.

3. Approved the allocation and offering of the newly issued ordinary shares of G J Steel by issuing not more than 3,791,374,200 newly issued ordinary shares, at the par value of Baht 6.90 per share and assign to the board of G J Steel's directors and/or Chief Executive Officer and/or the person who the board of the Company's directors and/or Chief Executive Officer has been assigned, has the authority to consider the details of related the said allocation and offering of the newly issued ordinary shares by which the details of:

- 3.1 The allocation not more than 3,343,000,000 newly issued ordinary shares, at the par value of Baht 6.90 per share to new creditor where the conversion price will be fixed at Baht 0.34 per share, and the aggregation shall be not greater than Baht 1,136.62 million for paying net trade debt of USD 32.93 million or Baht 1,136.54 million under to the debt-to-equity conversion scheme. As a result, new creditor will become a majority shareholder of G J Steel with a shareholding of 24% of the total issued shares and indirect shareholding through G Steel of 18.97% of the total issued shares of G J Steel (after finish to increase G J Steel's issued and paid up share register). The said allocation and offering of G J Steel's newly issued ordinary shares under to the debt-to-equity conversion scheme, it is a transaction with the person who will have control over G J Steel which is a connected transaction with the listed company in according to the notification of Securities and Exchange Commission Thailand (SEC) no. Tor Jor 21/2008, Re: The Criteria For Connected Transaction and the Notification of SEC, Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Connected Transactions in 2003 (as amended) ("the Notification of Connected Transaction"), whereby the transaction size is 8.81% of G J steel Net Tangible Assets (NTA) as of 31 March 2017 which is greater than Baht 20 million or 3% of G J steel's NTA. G J Steel is required to disclose its information to the SET and take various actions include the following actions:

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- Disclose information on the connected transactions of G J Steel to the SET pursuant to the Connected Transaction Notifications;
- Obtain approval by G J Steel's shareholders meeting with a vote of not less than three-fourths of the total votes of the shareholders attending the meeting and having the right to vote;
- Appointment of independent financial advisor to perform relevant duties including the commentary as stated in the Notification of Connected Transaction, G J Steel will appoint JWS Financial Advisory Co., Ltd. as an independent financial advisor to perform various duties under the Notification of Connected Transaction.

In addition, the allocation and offering of new ordinary shares of G J Steel under to the Debt-to-Equity Conversion Scheme at Baht 0.34, the offering price is 35.50% discount of the market price which is over than 10% of market price in according to the Notification of SEC no. Tor Jor 72/2015, Re: Allowing Listed Companies to Offer Newly Issued Shares to a Limited Person (as amended) (the "Tor Jor 72/2015 Notification"). In this regards, the said allocation and offering of new ordinary shares of G J Steel under to the Debt-to-Equity Conversion Scheme has to get the resolution from the company's shareholders meeting with a vote of not less than three-fourths of the total votes of the shareholders attending the meeting and having the right to vote and there must not be a total number of shareholders from 10% of the total number of shareholders attending the meeting and having the right to vote against the offering of share at those price. Furthermore, although G J Steel get the approval from the Extraordinary Shareholders' Meeting no. 1/2017 for the allocation and offering of new ordinary shares of G J Steel to new creditor, G J Steel have to get the approval from Securities and Exchange Commission Thailand (SEC) in according to the Tor Jor 72/2015 Notification before offering the newly issued ordinary shares to new creditor.

By the way, the offering price above is lower than G J Steel's par value, G J Steel shall require to comply with the conditions and is approved by the meeting of shareholders of G J Steel as prescribed in section 52 of the Public Company Limited Act B.E. 2535 (as amended) (the "PLC Act"). In this regard, G J Steel is able to sell the shares with the price lower than G J Steel's par value because G J Steel has loss in G J Steel's operation more than 1 year and has accumulate loss appeared in G J Steel's financial statement as at 31 March 2017.

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- 3.2 The allocation of new ordinary shares of G J Steel not more than 166,799,822 at the par value of Baht 6.90 per share, to accommodate the adjustment of rights under the GJS-W2 Warrants which get the approval from the Extraordinary Shareholders Meeting no. 1/2009 on 18 December 2009 arising from the allocation and offering of new ordinary shares of G J Steel under to the Debt-to-Equity Conversion Scheme, as detail below:

	Before adjustment	After adjustment
<i>GJS-W2 Warrants</i>		
- Exercise Price (Baht)	2.07	1.9467
- Exercise Ratio	1 Unit : 0.363 Share	1 Unit : 0.386 Share

- 3.3 The allocation of new ordinary shares of G J Steel not more than 136,906,049 at the par value of Baht 6.90 per share, to accommodate the adjustment of rights under the GJS-W3 Warrants which get the approval from the Extraordinary Shareholders Meeting no. 1/2013 on 7 January 2013 arising from the allocation and offering of new ordinary shares of G J Steel under to the Debt-to-Equity Conversion Scheme, as detail below:

	Before adjustment	After adjustment
<i>GJS-W3 Warrants</i>		
- Exercise Price (Baht)	1.50	1.3722
- Exercise Ratio	1 Unit : 0.40 Share	1 Unit : 0.437 Share

- 3.4 The allocation of new ordinary shares of G J Steel not more than 144,668,329 at the par value of Baht 6.90 per share, to accommodate the adjustment of rights under the GJS-W4 Warrants which get the approval from the Extraordinary Shareholders Meeting no. 1/2013 on 7 January 2013 arising from the allocation and offering of new ordinary shares of G J Steel under to the Debt-to-Equity Conversion Scheme, as detail below:

	Before adjustment	After adjustment
<i>GJS-W4 Warrants</i>		
- Exercise Price (Baht)	1.50	1.3722
- Exercise Ratio	1 Unit : 0.40 Share	1 Unit : 0.437 Share

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4. Approved the allocation and offering of the newly issued ordinary shares of G J Steel to new creditor where the conversion price will be fixed at Baht 0.34 per share, and the aggregation shall be not greater than Baht 1,136.62 million for paying net trade debt of USD 32.93 million or Baht 1,136.54 million under to the Debt-to-Equity which offer newly issued shares to a specific investor (Private Placement) at the specific the offering price with a discount of more than 10% of market price according to Notification of SEC, Tor Jor 72/2015.
5. Approved the waive from the requirement to make a tender offer for all securities of the business (Whitewash) due to new creditor advised G J Steel that it did not wish to make a tender offer for all securities of G J Steel and that it wished to apply for a waiver from the requirement to make a tender offer for all securities of the business by virtue of the resolution of the shareholders' meeting of G J Steel (Whitewash) in accordance with Notification of the Office of the SEC No. Sor Chor 36/2546 Re: Rules for the Application for the Waiver from the Requirement to Make a Tender Offer for All Securities of the business by virtue of the Resolution of the Shareholder's Meeting of the Business.

Conversion debt-to-equity

On 21 September 2017 G J Steel has registered increase share capital by conversion debt of USD 32.93 million or equivalent to Baht 1,096 million to share capital of Baht 23,065 million (ordinary shares of 3,342,751,016 shares at par value Baht 6.90 per share) to new creditor as described in Note 1.3 to the financial statement.

Under conversion debt-to-equity, G J Steel fix the price at Baht 0.34 per share as the fair value for conversion debt-to-equity which this price is agreed by both parties together. Resulting to G J Steel has a discounted on ordinary share amounted to Baht 21,928 million and has loss from conversion debt-to-equity of Baht 40 million. However, this debt restructuring plan by debt-to-equity conversion scheme has net gain of Baht 734 million.

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.

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31 Warrants

	Offering price of warrant per unit (in Baht)	Consolidated and Separate financial statements			
		2017		2016	
		Unit	Amount	Unit	Amount
		(million units / in million Baht)			
Warrants					
At 1 January					
- First Warrants (GSTEL-W1)	0.002	5,676	11	5,676	11
- Second Warrants (GSTEL-W2)	0.002	1,349	3	1,349	3
- Third Warrants (GSTEL-W3)	0.000	7,500	-	7,500	-
		14,525	14	14,525	14
Movement in the period					
Issue of new warrants		-	-	-	-
Exercise of the rights to Common Shares		-	-	-	-
		-	-	-	-
At 31 December					
- First Warrants (GSTEL-W1)	0.002	5,676	11	5,676	11
- Second Warrants (GSTEL-W2)	0.002	1,349	3	1,349	3
- Third Warrants (GSTEL-W3)	0.000	7,500	-	7,500	-
Total		14,525	14	14,525	14

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The Company

Detail of warrants were as follows :

	<u>GSTEL - W1 (a)</u>	<u>GSTEL - W2 (a)</u>	<u>GSTEL - W3 (b)</u>
Exercise ratio (Unit : Share)	1 : 0.200	1 : 0.200	1 : 0.200
Price of exercise to one Common Share (Baht)	2.75	2.75	2.15
The first day of exercise	December 28, 2012	June 28, 2013	May 17, 2015
The last day of exercise	September 26, 2019	September 26, 2019	May 17, 2020

(a) Listed in The Stock Exchange of Thailand

(b) Non-listed in The Stock Exchange of Thailand

G J Steel

Detail of warrants are as follow:

	<u>GJS- W2 (a) and (c)</u>	<u>GJS- W3 (a)</u>	<u>GJS- W4 (b)</u>
Exercise ratio (Unit : Share)	1 : 0.386	1 : 0.437	1 : 0.437
Price of exercise to one Common Share (Baht)	1.9467	1.3722	1.3722
The first day of exercise	30 December 2010	28 June 2013	28 June 2013
The last day of exercise	12 December 2017	7 February 2020	11 February 2020

(a) Listed in The Stock Exchange of Thailand

(b) Non-listed in The Stock Exchange of Thailand

(c) On 12 December 2017 second warrants of 4,933 million units there was no warrant holders exercise and it was canceled by the Stock Exchange of Thailand on the following day.

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32 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 2017 and 2016 were as follows:

	Consolidated financial statements	
	2017	2016
	<i>(in million Baht)</i>	
<i>Segment revenue</i>		
Domestic	25,705	21,679
Export	-	5
Total	25,705	21,684
<i>Segment gross profit (loss)</i>		
Domestic	728	1,125
Export	-	-
Total	728	1,125

Information about major customers

For the year ended 31 December 2017 and 2016, the Group's revenues from domestic sales 1 customer and 4 customers, respectively is amount Baht 3,526 million and Baht 3,926 million, respectively.

G Steel Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2017

33 Gain from debt restructuring

		Consolidated financial statements		Separate financial statements	
	Note	2017	2016	2017	2016
		(in million Baht)			
<i>Nine-month period ended 30 September</i>					
Trade accounts payable		1	-	1	-
Accrued interest expenses	1.3	656	-	-	-
Accrued withholding tax		118	-	-	-
Other payables and accrued expenses		14	-	14	-
Loss from debt-to-equity conversion	25	(40)	-	-	-
Total		749	-	15	-

In year 2017 and 2016, the Group and the Company have gain from debt restructuring with trade accounts payable and liabilities under rehabilitation plan in the amount of Baht 780 million and Baht 59 million respectively in the consolidated financial statement and Baht 51 million and Baht 51 million respectively in the Separate financial statement.

34 Selling expenses

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	(in million Baht)			
Domestic shipping expenses	327	303	147	148
Commission expenses	150	150	150	150
Packing expenses	5	5	-	-
Total	482	458	297	298

35 Administrative expenses

		Consolidated financial statements		Separate financial statements	
	Note	2017	2016	2017	2016
		(in million Baht)			
Consulting expense		71	35	36	17
Idle cost - Depreciation and amortisation expenses	40	48	48	-	-
Depreciation and amortisation expenses	40	43	42	2	2
Employee benefit expenses	40	379	364	96	130
Demurrage		1	1	-	-
Others		326	493	207	305
Total		868	983	341	454

G Steel Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2017

36 Employee benefit expenses

		Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
	<i>Note</i>	<i>(in million Baht)</i>			
Management					
Wages and salaries		53	55	15	19
Welfare		8	5	4	-
Contribution to provident fund		2	1	-	-
	5	<u>63</u>	<u>61</u>	<u>19</u>	<u>19</u>
Other employees					
Wages and salaries		666	624	322	300
Welfare		175	164	24	39
Contribution to provident fund		35	32	15	12
		<u>876</u>	<u>820</u>	<u>361</u>	<u>351</u>
Total	40	939	881	380	370

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.

37 (Reversal of) bad and doubtful debt expenses

		Consolidated financial statements		Separate financial statements	
	Note	2017	2016	2017	2016
		(in million Baht)			
Amount receivable from related parties	5	-	-	(108)	(9)
Loans to and interest receivable from related parties	5	-	-	-	(1)
Trade account receivable	8	(10)	-	(10)	(1)
Receivables from scrap sales	10	(109)	-	(109)	-
Other current assets	11	(28)	(7)	(31)	(7)
Total		(147)	(7)	(258)	(18)

G Steel Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2017

38 Losses on impairment of assets

		Consolidated financial statements		Separate financial statements	
	<i>Note</i>	2017	2016	2017	2016
		<i>(in million Baht)</i>			
Investment in subsidiaries	12	-	-	184	2
Property, Plant and equipment		998	-	998	-
Warrants	12	-	-	40	-
Intangible assets	15	-	-	-	-
Other non-current assets - Suspended construction in progress	18	-	-	-	-
Total		<u>998</u>	<u>-</u>	<u>1,222</u>	<u>2</u>

39 Other expenses

		Consolidated financial statements		Separate financial statements	
	<i>Note</i>	2017	2016	2017	2016
		<i>(in million Baht)</i>			
Provision for guarantee subsidiary	25	-	-	22	13
Provision for court case claim	25	19	-	19	-
Loss on impairment of assets	38	998	-	1,222	2
Loss from disposal investment		-	-	120	-
Others		23	14	-	-
Total		<u>1,040</u>	<u>14</u>	<u>1,383</u>	<u>15</u>

G Steel Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2017

40 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	
	Note	2017	2016	2017	2016
		(in million Baht)			
Included in cost of sales of goods:					
Raw material and consumable used		18,575	14,762	7,890	6,675
Changes in inventories of finished goods decrease (increase)		(899)	(66)	303	57
Depreciation and amortization		1,674	1,626	730	739
Employee benefit expenses	36	560	345	272	84
Depreciation and amortization (including in idle cost)		146	190	146	144
Employee benefit expenses (including in idle cost)		12	27	12	12
Included in administrative expenses:					
Depreciation and amortization (including in idle cost)	35	48	48	-	-
Depreciation and amortization	35	43	42	2	2
Employee benefit expenses	35, 36	367	364	96	135
Operating lease expense		22	23	14	15
Loss on amortization of property, plant and equipment		8	-	-	-

41 Finance costs

		Consolidated financial statements		Separate financial statements	
	Note	2017	2016	2017	2016
		(in million Baht)			
Finance costs:					
Related parties	5	328	88	302	117
Bonds		19	19	19	19
Financial institutions		20	30	20	30
Other parties		628	796	449	670
Total		995	933	790	836

G Steel Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2017

42 Income tax expense

The Group and the Company did not record income tax expense in the statement of comprehensive income because the Company incurred losses in the current year and has significant losses brought forward from prior years. Deferred tax assets have not been recognised in respect of these losses as disclosed in Note 16.

The Group has applied the tax rate of 20% in measuring deferred tax assets and liabilities as at 31 December 2017 and 2016.

43 Profit (loss) per share

Basic loss per share

The calculation of basic loss per share for the year ended 31 December 2017 and 2016 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	
	<i>Note</i>	2017	2016	2017	2016
		<i>(in million Baht /million shares)</i>			
Profit (loss) for the year attributable to equity holders of the Company (basic)		<u>(388)</u>	<u>(1,043)</u>	<u>(1,006)</u>	<u>(1,096)</u>
Number of ordinary shares outstanding at 1 January		6,850	6,850	6,850	6,850
Effect of change debt-to-equity conversion	29	-	-	-	-
Weighted average number of ordinary shares outstanding (basic)		<u>6,850</u>	<u>6,850</u>	<u>6,850</u>	<u>6,850</u>
Earnings (loss) per share (basic) (in Baht)		<u>(0.06)</u>	<u>(0.15)</u>	<u>(0.15)</u>	<u>(0.16)</u>

Diluted Profit(loss) per share for the years ended 31 December 2017 and 2016 are not presented because the exercise price of the Company's warrants was higher than the market price of the Company's ordinary shares and these potential shares would decrease the earnings (loss) per share.

G Steel Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2017

44 Financial instruments

As at 31 December 2017 and 2016, 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 on-going 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 fixed rates, which are based on contract rates.

G Steel Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2017

The effective interest rates of financial assets and financial liabilities as at 31 December 2017 and 2016 and the periods to maturity or re-pricing were as follows:

		Consolidated financial statements			
	Effective Interest rate (% per annum)	Within 1 year	After 1 year but within 5 years (in million Baht)	After 5 years	Total
2017					
<i>Financial assets :</i>					
Cash and cash equivalents	0.25-0.625	591	-	-	591
Deposits at financial institution	1.375	1	-	-	1
Total		592	-	-	592
<i>Financial liabilities:</i>					
Short term loans from financial institutions	MLR	213	-	-	213
Short-term loans from related party	12.0	1,506	-	-	1,506
Short-term loans from other parties	7.75 - 15.0	107	-	-	107
Long-term loans from related party	12.0	138	1,655	-	1,793
Bonds	3.0	510	-	-	510
Trade accounts payable	1.0 - 7.5	519	-	-	519
Other payables and accrued expense	7.5 , MLR+2,MLR+5	5,762	-	-	5,762
Debt restructuring plan	0.5	41	-	-	41
Total		8,796	1,655	-	10,451

G Steel Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2017

		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
2016					
<i>Financial assets :</i>					
Cash and cash equivalents	0 - 0.75	623	-	-	623
Deposits at financial institution	1.375	1	-	-	1
Total		624	-	-	624
<i>Financial liabilities:</i>					
Short term loans from financial institutions	MLR-1, MLR	316	-	-	316
Short-term loans from related party	12.0	30	-	-	30
Short-term loans from other parties	7.75 - 15.0	138	-	-	138
Long-term loans from related party	12.0	108	242	-	350
Bonds	3.0	558	-	-	558
Trade accounts payable	1.0 - 7.5	3,731	-	-	3,731
Other payables and accrued expense	7.5 , MLR+3	2,316	-	-	2,316
Debt restructuring plan	0.5	234	-	-	234
Total		7,431	242	-	7,673

G Steel Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2017

	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	
2017					
<i>Financial assets :</i>					
Cash and cash equivalents	0.25-0.625	11	-	-	11
Total		11	-	-	11
<i>Financial liabilities :</i>					
Short-term loans from financial institutions	MLR	213	-	-	213
Short-term loans from related parties	1.25-12.00	1,151	-	-	1,151
Short-term loans from other parties	7.75 - 15.0	107	-	-	107
Long-term loans from related party	3.0 - 12.0	138	1,262	-	1,400
Long-term loans from other parties		-	-	-	-
Bonds	3.0	510	-	-	510
Trade accounts payable	5.0 - 7.5	488	-	-	488
Other payables and accrued expense	7.5,MLR+3,MLR+5	5,758	-	-	5,758
Debt restructuring plan	0.5	41	-	-	41
Total		8,406	1,262	-	9,668

G Steel Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2017

	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	
2016					
<i>Financial assets :</i>					
Cash and cash equivalents	0 - 0.5	10	-	-	10
Total		10	-	-	10
<i>Financial liabilities :</i>					
Short-term loans from financial institutions	MLR-1, MLR	316	-	-	316
Short-term loans from related parties	3.25 – 15.0	1,351	-	-	1,351
Short-term loans from other parties	7.75 - 15.0	119	-	-	119
Long-term loans from related party	3.0 - 12.0	108	1,328	-	1,436
Long-term loans from other parties		-	-	-	-
Bonds	3.0	558	-	-	558
Trade accounts payable	5.0 - 7.5	2,176	-	-	2,176
Other payables and accrued expense	7.5, MLR+3	1,688	-	-	1,688
Debt restructuring plan	0.5	234	-	-	234
Total		6,550	1,328	-	7,878

G Steel Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2017

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 2017 and 2016, the Group was exposed to foreign currency risk in respect of financial assets and liabilities denominated in the following currencies:

		Consolidated		Separate	
		financial statements		financial statements	
	Note	2017	2016	2017	2016
		(in million Baht)			
United States Dollars					
Cash and cash equivalents	7	8	8	3	3
Trade accounts receivable	8	101	111	101	111
Other current assets	11	376	134	255	30
Bonds	21	(510)	(558)	(510)	(558)
Trade accounts payable	21	(416)	(6,513)	(288)	(4,928)
Other payables and accrued expenses	22	(4,315)	(978)	(4,286)	(320)
Accrued interest expenses	24	(4,483)	(3,375)	(4,336)	(2,046)
Other current liabilities	26	(51)	(56)	(25)	(27)
Liabilities under rehabilitation plan	27	(91)	(100)	-	-
Gross exposure in statements of financial position		(9,381)	(11,327)	9,086	(7,735)
Estimated forecast purchases		(1,511)	(2,101)	(788)	(1,369)
Gross exposure		(10,892)	(13,428)	(9,874)	(9,104)
Others					
Other current assets	11	28	32	8	16
Trade accounts payable	21	(42)	(42)	(40)	(40)
Other payables and accrued expenses	22	(24)	(68)	-	(57)
Accrued interest expenses	24	(28)	(36)	(22)	(31)
Other current liabilities	26	(2)	(2)	-	-
Liabilities under rehabilitation plan	27	(12)	(12)	-	-
Gross exposure in statements of financial position		(80)	(128)	(54)	(112)
Estimated forecast purchases		(51)	(141)	-	-
Gross exposure		(131)	(269)	(54)	(112)

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. Due to the normal credit term granted by the Group and the Company are by cash and not over 5-7 working date (Refer to Note 8 to financial statement)

The maximum exposure to credit risk is represented by the carry amount of each financial asset in the statement of financial position.

G Steel Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2017

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 2017 and 2016.

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.

G Steel Public Company Limited and its Subsidiaries**Notes to the financial statements****For the year ended 31 December 2017****45 Commitments with non-related parties****45.1 Commitments**

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in million Baht)</i>			
Capital commitment				
<i>Contracted but not provided for</i>				
Buildings and other constructions	25	25	25	25
Machinery and equipment	1	1	1	1
Total	26	26	26	26
Lease and service agreement commitments				
Within one year	14	11	6	6
After one year but within five years	6	11	1	7
Total	20	22	7	13
Other commitments				
Bank guarantees	157	157	-	-

45.2 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.

G Steel Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2017

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in million Baht)</i>			
<i>Long-term agreement commitments of the Company</i>				
Within one year	186	187	115	116
After one year but within five years	282	398	-	116
After five years	130	200	-	-
Total	598	785	115	232

- 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

The company has to comply with the temporary Power Purchase Agreement date April 1, 2014 .

G Steel Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2017

On 16 July 2015, the Company enters into an amended and restated energy services agreement (“ESA”) with the electricity supply company in order to replace the previous ESA dated 19 August 2008. Details of the Energy Service Agreement are summarize as follows:

the agreement shall continue in effect until the earliest of 29 December 2035 and a termination of the agreement by mutual agreement

- all electricity charges that may be imposed by PEA will be charged by the electricity supply company
- the contract contains a minimum “Take or Pay” clause
- the Company needs to provide payment security of Baht 60 million
- “Take or Pay” and payment security shall not apply during the period of one year from the effective date

On 16 September 2016, the Company has a memorandum that “Take or pay” and payment security shall not apply is extended for a further period from 17 July 2016 to 31 December 2016. This extension shall be extended automatically on a rolling 3 months basis for a maximum of 3 extensions and is automatically terminated immediately upon any default of payment.

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. Subsequently, on 1 February 2017, it was renewed for another 2 years..
- b) On 1 November 2004, G J Steel entered into a twenty-years 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 2017 2016 (in million Baht)

Long-term agreement commitments of G J Steel

Within one year	71	71
After one year but within five years	282	282
After five years	130	200
Total	483	553

- c) On 20 January 2017, G J Steel entered into agreement for business advisory and review with the foreign company for consultancy service in aspect of the capacity utilization efficiency, EBITDA and maximized the cash flow with a monthly service fee of USD 41,667. This agreement has not specified the termination period but G J Steel can cancel this agreement with immediate effect if given in a written.

G Steel Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2017

45.3 Raw material purchase orders

The Company

As at 31 December 2017, the Company had outstanding purchase orders for raw materials that have not been delivered to the Company totaling Baht 992 million (*31 December 2016 : Baht 1,569 million*).

As at 31 December 2017, 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 as described in Note 25 Provisions.

As at 31 December 2017, 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) (*2016 : 1.5 % - 3.0 % per annum*).

G J Steel

As at 31 December 2017, G J Steel had outstanding purchase orders for raw materials that have not been delivered to G J Steel totalling Baht 1,172 million (*2016: Baht 675 million*). As at 31 December 2017 and 2016, 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 recognised in the such period.

As 31 December 2017, 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 Holding Cost at the rate of 1% per annum on the unreleased raw materials in addition to the payables balance (*2016 : 1.00% - 5.86% per annum*).

45.4 Customer advances

As of 31 December 2017, the Company had advances received from customers totaling Baht 178 million (*2016: Baht 14 million*) and had the obligation to deliver goods to the customers in the future. G J Steel had similar advances received totaling Baht 192 million as at 31 December 2017 (*2016: Baht 190 million*).

G Steel Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2017

46 Litigation

The Company and G J Steel have complaint cases as follows :

The Company

Litigation against creditors

Currently, the Company has cases filed by the creditors against the company which are under consideration by the court, details as follows:

Case No. 1

Debt creditors have demanded the Company to repay for the goods according to Singapore's Arbitration award; for principle and interest before the decision of USD 93.72 Million, costs of the arbitration process of USD 0.39 Million, and interest after the decision of USD 11 Million. The total amount of disputed amount is USD 105 Million, which the Company has already set for the provision for full amount.

On 27 June 2014, The Central Intellectual Property and International Trade Court has made the decision. On 15 August 2014, the Company appealed against the verdict of the trial court to the Supreme Court. On 29 September 2014, the applicant lodged an appeal against the Company's to the Central Intellectual Property and International Trade Court, and currently under consideration by the Supreme Court.

On 31 July 2017, the applicant and the Company have jointly filed an appeal to request the Supreme Court to order the distribution of cases from the directory, and currently under consideration by the Supreme Court.

On 20 December 2017, the Central Intellectual Property and International Trade Court allow to withdraw the appeal.

Case No. 2

On 21 August 2017, a debt creditor has filed a case to the Central Bankruptcy Court requests the Company to repay outstanding debts totaling Baht 110.95 Million; divided into principal of Baht 75.54 Million, and interest rate at 7.5% per annum of principal till the filling date of Baht 35.41 Million.

Central Bankruptcy Court has a compromise by court judgment provide the Company to repay debt to the creditor amounting Baht 78 million by 60 monthly installments, each Baht 1.30 million. First payment starts at the end of November 2017 until payment is completed.

Case No. 3

On 28 August 2017, a debt creditor has filed a case to the Bangkok South Civil Court requests the Company to repay outstanding debts totaling USD 1.32 Million (equivalent to Baht 45.66 Million); divided into principal of USD 0.90 Million (equivalent to Baht 31.34 Million), together with interest rate at 7.5% per annum of principal of USD 0.41 Million (equivalent to Baht 14.31 Million).

On 16 October 2017, South Civil Court has a compromise by court judgment provide the Company to repay debt to the creditor amounting Baht 46 million by 60 monthly installments, each Baht 0.76 million. First payment starts at the end of November 2017 until payment is completed.

G Steel Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2017

Case No. 4

On 13 September 2017, a debt creditor has filed a case to the Central Bankruptcy Court requests the Company to repay outstanding debts totalling Baht 181.46 Million; divided into principal of Baht 117.55 Million, and interest rate at 7.5% per annum of principal till the filling date of Baht 63.91 Million.

On 31 October 2017, The Central Bankruptcy Court has a decision that the Company has to repay the outstanding debt in an amount of Baht 121.81 Million, in 60 instalments of Baht 2.03 Million per month. The first instalment will be paid by the end of November 2017 until full payment is made. If any default period is considered a default, the Company will be responsible for default interest at the rate of 7.5 present per annum of the principal due on the date of default.

Case No. 5

On 28 September 2017, a debt creditor has filed a case to the Bangkok South Civil Court requests the Company to repay outstanding debts totalling Baht 77.50 Million, and interest rate at 7.5% per annum of principal from the filling date until payment is made.

On 9 November 2017, South Civil Court has judgment for the Company to repay debt amounting Baht 77.50 million, totaling 36 monthly installments, each Baht 2.15 million. First payment starts in December 2017 until payment is completed.

Events after the reporting period

Case No. 6

On 3 November 2017, a debt creditor has filed a case to the Bangkok South Civil Court requests the Company to repay outstanding debts totalling Baht 988.06 Million; divided into principal of Baht 868.51 Million, and interest rate at 8.0% per annum of principal from default date till the filling date of Baht 119.55 Million. Currently, it is pending at South Civil Court.

Subsequently, on 5 February 2018, the court ordered to suspend the trial and appoint litigant to hear the result of rehabilitation case of the Company.

G Steel Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2017

G J Steel

Suppliers complaint pending litigation

Six suppliers filed a complaint against G J Steel for breach of the rehabilitation plan. Five supplier with the litigation amount of Baht 7 million together with interest at the rate of 7.5% per annum from the date of filing the complaint until the dates of full repayment is on the Court process and one supplier with the litigation amount of Baht 2 million have been compromised and settled.

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 7.5% per annum from the date of filing. On 12 July 2017, G J Steel received the Court's order that the Supreme Court has the judgment to dismiss the claim and G J Steel do not pay compensation.

47 Contingent liabilities

G J Steel

On 9 October 2015, the Board of Investment ("BOI") has been resolved to G J Steel pay the custom duties on the imported raw materials date in year 1998. On November 2016 G J Steel had made a request to join the tax audit assessment program for entrepreneurs. In order to terminate the liability issue which may arise in such circumstances on 16 January 2017, G J Steel had made a proposal letter to Customs Department for custom duties, VAT and penalties in amount of Baht 132 million. As at 31 December 2016, G J Steel had recorded the provision for such liabilities of duties and penalties in financial statements in amount of Baht 72 million.

After that on 27 February 2017, Customs Department issued an order for the collection of import duty, special duty and VAT totaling Baht 133 million. G J Steel has therefore transferred such provision to others payable and accrued expenses.

OAC

On 28 June 2016, OAC received the notice to pay tax liabilities from the Revenue Department. Then OAC has issued a requested letter dated 12 July 2016, to the Revenue Department for attenuation of tax payment.

Later, on 23 August 2016, the Revenue Department reply that OAC cannot extend for tax payment.

G Steel Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2017

48 Events after the reporting period

48.1 Rehabilitation plan

On 5 February 2018 the Central Bankruptcy Court has preliminary hearing of the emergency working capital in the form of loan from other related party amounting USD 65 million, the Court did not approve yet since there is a related party file an objection. Therefore, the Court will have another hearing for the emergency working capital on 26 February 2018.

48.2 Other payables and accrued expenses

On 25 January 2018 under other liabilities, G J Steel has fully paid debts to such supportive customer of Baht 49.7 million.

48.3 Loan from related party

Since 1 January 2018 to the reporting date, G J Steel has drawdown the third loan facility for Tolling Standby Letter of Credit in the purpose of Metallica Purchase Contract of USD 9.9 million and has drawdown the second loan facility for Non-Tolling Standby Letter of Credit in the purpose of working capital for Metallica Purchase Contract of USD 18.3 million.

49 Reclassification of accounts

Certain accounts in the consolidate and separate statement of financial position as at 31 December 2016 which are included in the 2017 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 2017.

	Consolidate financial statements		
	Before reclassification	Reclassification (Baht)	After reclassification
Statement of income			
for the year ended 31 December 2016			
Expenses			
- Other expenses	270,856,264	(256,991,304)	13,864,960
- Finance costs	676,024,307	256,991,304	933,015,611
		<u>-</u>	

	Separate financial statements		
	Before reclassification	Reclassification (Baht)	After reclassification
Statement of income			
for the year ended 31 December 2016			
Expenses			
- Other expenses	271,602,889	(256,991,304)	14,611,585
- Finance costs	578,824,912	256,991,304	835,816,216
		<u>-</u>	



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